

John Otto
Chairman



Sylvester Turner
Vice-Chair

**TEXAS HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS**

AGENDA

**SUBCOMMITTEE ON ARTICLE III
CHAIRMAN ASHBY**

MONDAY, FEBRUARY 16, 2015
7:30 A.M.
ROOM E1.030

- I. CALL TO ORDER**
- II. CHAIRMAN'S OPENING REMARKS**
- III. HIGHER EDUCATION COORDINATING BOARD**
 - Greg Owens, Analyst - Legislative Budget Board
 - Tedd Holladay, Legislative Budget Board, GEER Report
 - *Align Graduate Medical Education Funding with the Healthcare Needs of the State*
 - Meredith Melecki, Supervisor, Legislative Budget Board, GEER Report
 - *Evaluate the Nursing Field of Study Curriculum to Increase the Number of Nurses with Advanced Degrees*
 - Meredith Melecki, Supervisor, Legislative Budget Board, GEER Report
 - *Clarify Eligibility for Professional Nursing Shortage Reduction Program Funds to Increase Awards for Texas Students*
 - Bobby Jenkins, Vice Chair - Higher Education Coordinating Board
 - Dr. Raymund A. Paredes, Commissioner - Higher Education Coordinating Board
- IV. HIGHER EDUCATION FUND, AVAILABLE UNIVERSITY FUND, NATIONAL RESEARCH UNIVERSITY FUND, AND PERMANENT FUND SUPPORTING MILITARY VETERANS EXEMPTIONS**
 - Emily Deardorff, Analyst - Legislative Budget Board
 - Tedd Holladay, Analyst, Legislative Budget Board, GEER Report
 - *Overview of Current Practices and Alternatives for Higher Education Capital Funding*
 - Emily Hoffman, Legislative Budget Board, *Hazlewood Report*
- V. HIGHER EDUCATION GROUP INSURANCE CONTRIBUTIONS**
 - Emily Deardorff, Analyst - Legislative Budget Board
- VI. GENERAL ACADEMIC INSTITUTIONS, LAMAR STATE COLLEGES, AND TEXAS STATE TECHNICAL COLLEGES**
 - Jeff Pool, Analyst - Legislative Budget Board
 - Brendon Riggs, Analyst, Legislative Budget Board, GEER Report
 - *Strengthen the Returned Value Funding Approach for the Texas State Technical College System*

VII. SPECIAL PROVISIONS RELATING ONLY TO STATE AGENCIES OF HIGHER EDUCATION AND SPECIAL PROVISIONS RELATING ONLY TO COMPONENTS OF TEXAS STATE TECHNICAL COLLEGE

- Demetrio Hernandez, Higher Education Team Manager, Legislative Budget Board

UNIVERSITY OF HOUSTON SYSTEM, Dr. Renu Khator, Chancellor

University of Houston - Dr. Renu Khator, President

University of Houston - Clear Lake - Dr. William A. Staples, President

University of Houston - Downtown - Dr. Bill Flores, President

University of Houston - Victoria - Dr. Raymond Morgan, Interim President

VIII. PUBLIC TESTIMONY AND ADJOURNMENT

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Higher Education Coordinating Board, 781**

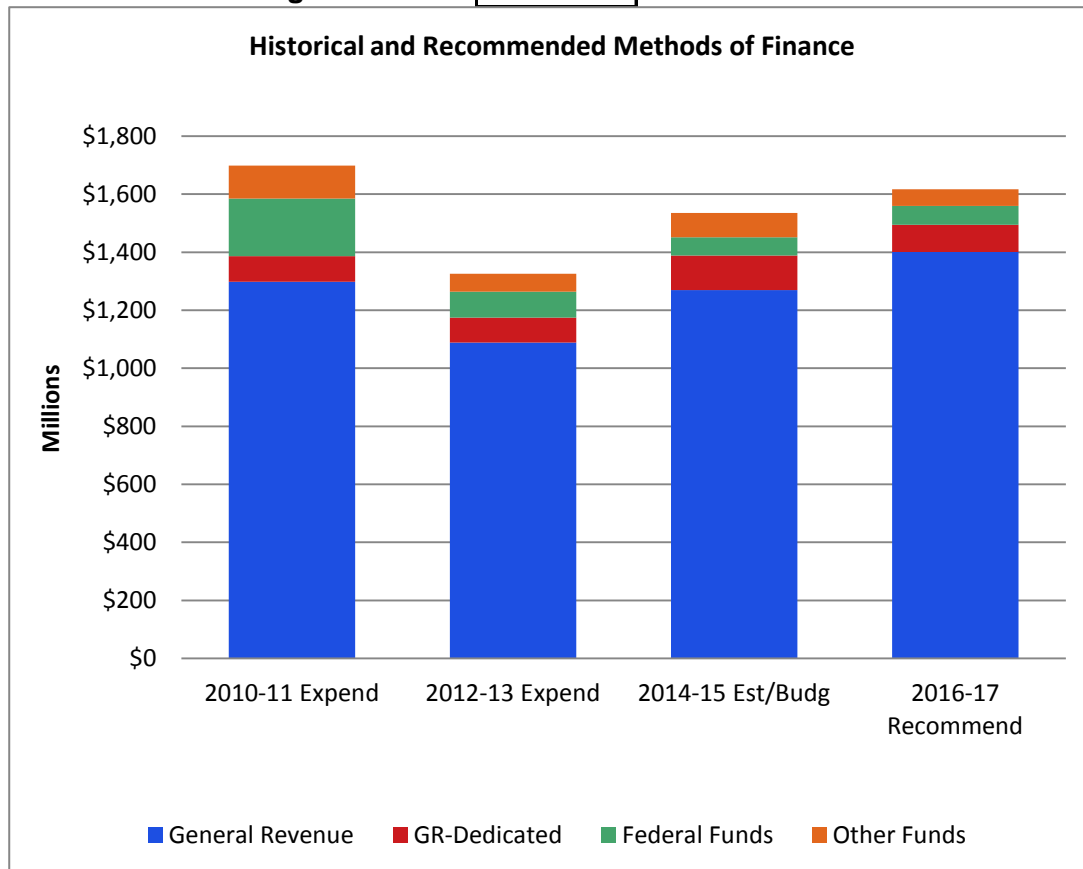
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review

Schedule 1: Agency Overview

Mission Statement: The mission of the Higher Education Coordinating Board is to promote access, affordability, quality, success, and cost efficiency in the state's institutions of higher education, through Closing the Gaps and its successor plan.

Legal Authority: Texas Constitution, Section III, Section 50-4b-7b, Texas Education Code, Ch. 21, 29, 51, 52, 53, 56, 58, 61, 62, 63, 130, 132, 135, 152, Health and Safety Code, 780.003, Transportation Code, Chapter 504. Federal Authority: Title II of the 2001 No Child Left Behind, and 20 U.S Code Section 2301.

Total Number of Programs: 77



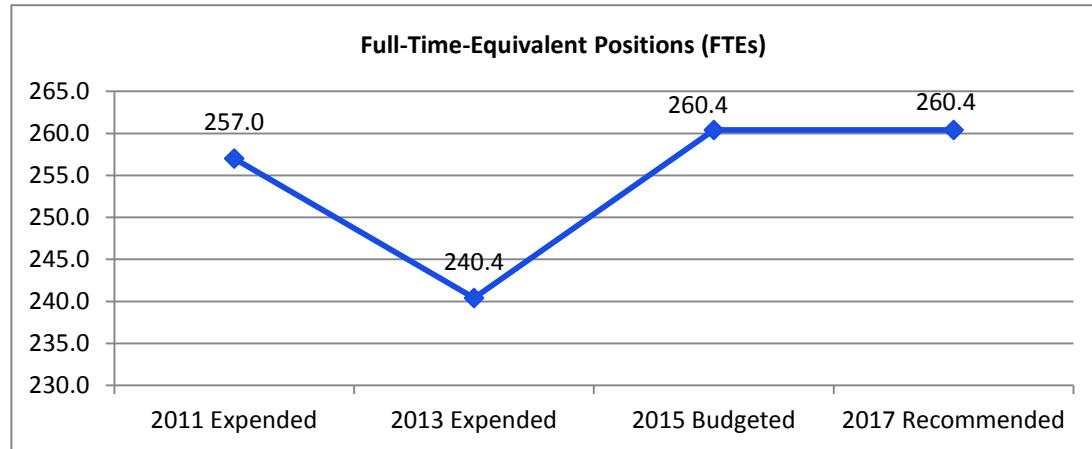
Overview and Significant Findings

■ **Methods of Finance.** Appropriations to the Higher Education Coordinating Board are composed of General Revenue, General-Revenue-Dedicated (GR-D), including designated tuition set asides (B-On-Time Student Loan Account 5103) and a tax on smokeless tobacco and medical school tuition set asides (Physician Education Education Loan Repayment Account 5144), Federal Funds and Other Funds, which includes donations.

■ **Ranking of programs.** The agency's 77 programs include 49 programs that have been ranked by the agency, one program that was funded in the 83rd Session but not ranked (Hazlewood Tuition Exemption), three indirect administration programs and 24 programs that were not funded in the 2014-15 biennium. The agency provided funding alternatives for 25 programs and generally used the default 20 percent adjustment. Of the 49 ranked programs, 22 programs had strong statutory authority and strong mission centrality.

■ **Administrative Goals.** The agency has two administrative goals. Goal A, Coordinate Higher Education, includes five programs, Planning, Information and Evaluation, Workforce, Academic Affairs and Research, Student Grants and Special Programs, State Loan Programs and College Readiness Success. Funding in Goal A programs that is used for administration of the agency's trustee programs, such as financial aid programs, has been reflected at the trustee program level and has been included in recommended funding levels. Goal A programs, which includes data collection, has been ranked very high by the agency. Goal H includes programs tied to indirect administration that were not ranked by the agency.

Schedule 1: Agency Overview



■ **Administrative Costs.** SFR totals do not correspond exactly to totals reflected in the House Bill 1 Summary of Recommendations packet. In the SFR analysis, administrative costs are reflected in programs totals. In the Summary of Recommendations, administrative costs are reflected in the agency's administrative goals.

■ **Program Reductions.** Recommendations reduce funding for seven programs. These programs include B-On-Time General Revenue for private institutions, B-On-Time General Revenue-Dedicated for public institutions, Office of Attorney General Loan Repayment Program, Top Ten Percent Scholarship Program, Texas Armed Forces Scholarship Program, University of North Texas Health Science Center School of Pharmacy, and the Hazlewood Tuition Exemption Program.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Higher Education Coordinating Board, 781

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	Planning, Information and Evaluation	1971	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
2	Workforce, Academic Affairs and Research	1969	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
3	Student Grants and Special Programs	1989	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
4	State Loan Programs	1971	Constitution, Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
5	College Readiness and Success	2003	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	Yes
6	TEXAS Grant Program	1999	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
7	Texas Educational Opportunity Grant Program	1999	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
8	Graduate Medical Education Expansion	2013	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
9	Texas B-On-Time Program-Public General Revenue-Dedicated	2003	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
10	Texas B-On-Time Program-Private General Revenue	2003	Statute and Rider	NA	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
11	Primary Care Innovation Grants	2013	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
12	Accelerate Texas Community College Grants	2010	Rider	NA	Weak	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	Yes
13	Physician Education Loan Repayment Program	1985	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
14	Professional Nursing Shortage Reduction Program	2006	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
15	Texas College Work Study	1989	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
16	Advise Texas	2011	GAA General Provision	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
17	Top 10% Scholarships Program	2007	Rider	NA	Weak	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
18	Developmental Education	2009	Statute and Rider	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	Yes

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Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
19	Family Practice Residency Program	1977	Statute	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
20	Teach for Texas Loan Repayment Program	2001	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
21	Baylor College of Medicine Graduate Medical Education	1981	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
22	Baylor College of Medicine Undergraduate Medical Education	1971	Statute and Rider	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	Qualified	No
23	Texas Research Incentive Program	2009	Statute	NA	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
24	Tuition Equalization Grants	1973	Statute	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
25	Doctoral Incentive Loan Repayment Program	2009	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
26	Engineering Recruitment Program	2011	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
27	T-STEM Challenge Program	2011	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
28	Trauma Care Program	2011	Statute and Rider	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
29	Joint Admission Medical Program	2001	Statute	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
30	Advanced Research Program	1987	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
31	Texas Teacher Residency Program	2013	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
32	Border Faculty Loan Repayment Program	2001	Statute	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
33	Centers for Teacher Education	1995	Rider	NA	Weak	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	Yes
34	Texas Armed Forces Scholarship Program	2009	Statute	NA	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
35	University of North Texas Health Science Center College of Pharmacy	2013	Rider	NA	Weak	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
36	Dental Education Loan Repayment Program	1999	Statute	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
37	OAG Lawyer's Loan Repayment Program	2001	Statute and Rider	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
38	Tobacco Earnings-Minority Health	1991	Statute and Rider	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
39	Baylor College of Medicine Permanent Health Fund	1999	Statute and Rider	NA	Moderate	Weak	Higher Education Instruction, Financial Aid & Research	Regional	No	No
40	Baylor College of Medicine Permanent Endowment Fund	1999	Statute and Rider	NA	Moderate	Weak	Higher Education Instruction, Financial Aid & Research	Regional	No	No
41	Tobacco Earnings Allied Health	1999	Statute and Rider	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
42	Career/Technical Education		Statute	Statute	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
43	Teacher Quality Grants	2003	Statute	Statute	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
44	Other Federal Grant Programs-John R. Justice Programs	2008	Statute	Statute	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
45	St. David's Loan Repayment Program	2014	None	NA	Weak	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
46	Speech Pathologist Repayment Program	2014	Statute	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
47	License Plate Scholarships	2003	Statute and Rider	NA	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
48	UT-Brownsville/ Texas Southmost College Transition Funding	2013	Rider	NA	Weak	Weak	Higher Education Instruction, Financial Aid & Research	Regional	No	No
49	Higher Education Policy Institute	2012	Statute	NA	Moderate	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
	Hazlewood Tuition Exemption	2013	The program is in statute but it is now administered by Texas Veterans Commission	NA	NA	NA	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
	Central Administration		Statute	NA	NA	NA	Higher Education Instruction, Financial Aid & Research	NA	No	No
	Information Resources		Statute	NA	NA	NA	Higher Education Instruction, Financial Aid & Research	NA	No	Yes
	Other Support Services		Statute	NA	NA	NA	Higher Education Instruction, Financial Aid & Research	NA	No	No

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Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
	The following programs are no longer funded or have been transferred to different agencies.									
	African American Museum. The program was transferred to the University of Texas at Dallas in the 83rd Session.	1974	Authority for the program was through Rider #49 in the 2012-13 biennium. The program was transferred to The University of Texas at Dallas in the 2014-15 biennium.	NA	NA	NA	NA	NA	NA	NA
	Alternative Teaching Certificate Programs.	2010	Rider.	NA	NA	NA	NA	NA	NA	NA
	Baccalaureate Degree Study. The study has been completed.	2010	Rider.	NA	NA	NA	NA	NA	NA	NA
	Children's Medicaid Loan Repayment Program-This funding was transferred to the agency from the Health and Human Services Commission in 2010-11. The program was suspended for FY 2012-13 because no funding was authorized.	2010	This funding was transferred to the agency from the Health and Human Services Commission in 2010-11. The program was suspended for FY 2012-13 because no funding was authorized.	NA	NA	NA	NA	NA	NA	NA
	College Access Challenge Grants	2007	Public Law	NA	NA	NA	NA	NA	NA	NA
	College Readiness Initiatives			NA	NA	NA	NA	NA	NA	NA
	Consortium of Alzheimer's Disease Centers	1999	Beginning in the 2014-15 biennium funding for this program was appropriated to The University of Texas System.	NA	NA	NA	NA	NA	NA	NA

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
	Early High School Graduation Scholarship Program	1995	This program was supported through transfers from the Texas Education Agency (TEA). The program has not been funded since the 2010-11 biennium.	NA	NA	NA	NA	NA	NA	NA
	Educational Aide Program	1997	This program was supported through transfers from TEA. The program has not been funded since the 2010-11 biennium.	NA	NA	NA	NA	NA	NA	NA
	Fifth-year Accounting Students Program	1998	None	NA	NA	NA	NA	NA	NA	NA
	Financial Aid for Licensed Vocational Nursing Students	1989	Statute	NA	NA	NA	NA	NA	NA	NA
	Financial Aid for Professional Nursing Students	1989	Statute	NA	NA	NA	NA	NA	NA	NA
	General Academic Institution Enrollment Growth	2000	Rider	NA	NA	NA	NA	NA	NA	NA
	Graduate Medical Education Program	1997	Statute	NA	NA	NA	NA	NA	NA	NA
	Higher Education Performance Incentive Initiative	2009	When funding was appropriated to the agency in the 2008-09 biennium, the authority was through rider. In the 2010-11 biennium, House Bill 51 established the program in statute and the program was supported by ARRA funds.	NA	NA	NA	NA	NA	NA	NA
	New Community College Campuses	1998	Prior to 2012-13, authority for the program was through rider.	NA	NA	NA	NA	NA	NA	NA
	Preceptorship Program	1995	Statute	NA	NA	NA	NA	NA	NA	NA
	Primary Care Residency Program	1995	Statute	NA	NA	NA	NA	NA	NA	NA

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
	Student Financial Assistance Programs-Federal funding for the program has expired.	1976	NA	NA	NA	NA	NA	NA	NA	NA
	Temporary Assistance for Needy Families Scholarship Program	1995	Statute	NA	NA	NA	NA	NA	NA	NA
	Texas Career Opportunity Grant Programs	2009	Statute	NA	NA	NA	NA	NA	NA	NA
	Texas Hospital-Based Nursing Education Partnership Grants	2007	Statute	NA	NA	NA	NA	NA	NA	NA
	Tuition Reimbursement	2009	Statute	NA	NA	NA	NA	NA	NA	NA
	Two-Year Institution Enrollment Growth	2000	Prior to 2012-13, authority for the program was through rider.	NA	NA	NA	NA	NA	NA	NA

Program Summary Included

Notes: *Significant Audit and/or Report Findings.* Internal audits resulted in internal controls implemented for (4) State Loan Programs, (9) B-On-Time Program-Public, (10) B-On-Time Program-Private, (19) Family Practice Residency Program, (23) Texas Research Incentive Program, (34) Texas Armed Forces Scholarship Program and (42) Career and Technical Education.

Significant Audit and/or Report Findings. Senate Bill 215 required the agency to engage in negotiated rule making for (6) Texas Grants, (7) Texas Educational Opportunity Grants, (9) B-On-Time Public, (10) B-On-Time Private, (11) Primary Care Innovation Grant Program, (15) Texas College Work Study and (24) Tuition Equalization Grants, which the agency has completed.

Significant Audit and/or Report Findings. The following programs have undergone significant internal/external reviews: (8) Graduate Medical Education, (9) B-On-Time-Public, (10) B-On-Time-Private, (12) Accelerate Texas Community College Grants, (13) Physician Education Loan Repayment Program, (16) Advise Texas, (18) Developmental Education, (22) Baylor College of Medicine, (29) Joint Admission Medical Program, (30) Advanced Research Program, (33) Centers for Teacher Education and Hazlewood Tuition Exemption Program (LBB Report).

Qualified indicates that there may be issues relating to agency operations that have not be documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis and Funding								Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?			
1	Planning, Information and Evaluation	\$ -	\$ 4,513,313	\$ 3,690,803	\$ 4,540,892	31.8	\$ 4,322,537	31.8	-4.8%	0.0	Yes	NA	No	
2	Workforce, Academic Affairs and Research	\$ -	\$ 3,233,632	\$ 2,815,839	\$ 2,781,326	11.7	\$ 2,781,464	11.7	0.0%	0.0	Yes	NA	No	
3	Student Grants and Special Programs	\$ -	\$ 270,037	\$ 225,392	\$ 231,879	2.0	\$ 231,879	2.0	0.0%	0.0	Yes	NA	No	
4	State Loan Programs	\$ -	\$ 7,767,026	\$ 8,771,770	\$ 9,040,000	50.0	\$ 9,040,000	50.0	0.0%	0.0	No	NA	No	
5	College Readiness and Success	\$ -	\$ -	\$ 1,628,226	\$ 3,487,883	14.2	\$ 3,253,578	14.2	-6.7%	0.0	No	NA	No	
6	TEXAS Grant Program	\$ 147,670,000	\$ 612,420,337	\$ 579,040,774	\$ 683,679,177	2.9	\$ 693,943,796	2.9	1.5%	0.0	No	NA	Partial	
7	Texas Educational Opportunity Grant Program	\$ 11,889,496	\$ 23,465,687	\$ 20,961,496	\$ 65,416,274	2.6	\$ 65,416,274	2.6	0.0%	0.0	No	NA	No	
8	Graduate Medical Education Expansion	\$ 4,250,000	\$ -	\$ -	\$ 14,548,283	2.5	\$ 28,898,284	2.5	98.6%	0.0	No	NA	Partial	
9	Texas B-On-Time Program-Public General Revenue-Dedicated	\$ 25,790,696	\$ 65,159,732	\$ 79,016,098	\$ 79,660,691	8.4	\$ 56,724,900	8.4	-28.8%	0.0	Yes	Qualified	Yes	
10	Texas B-On-Time Program-Private General Revenue	\$ 17,915,413	\$ 38,436,658	\$ 23,242,622	\$ 31,752,100	3.6	\$ 19,843,800	3.6	-37.5%	0.0	No	NA	Yes	
11	Primary Care Innovation Grants	\$ 2,100,000	\$ -	\$ -	\$ 2,144,881	0.8	\$ 2,144,742	0.8	0.0%	0.0	No	NA	No	
12	Accelerate Texas Community College Grants	\$ 1,502,760	\$ 9,926,007	\$ 6,143,867	\$ 4,177,420	0.8	\$ 4,177,420	0.8	0.0%	0.0	No	NA	No	
13	Physician Education Loan Repayment Program	\$ 979,362	\$ 18,730,904	\$ 5,842,623	\$ 34,064,036	2.2	\$ 34,064,036	2.2	0.0%	0.0	Yes	Compliant	No	
14	Professional Nursing Shortage Reduction Program	\$ 3,000,000	\$ 47,543,478	\$ 29,083,886	\$ 33,750,000	4.0	\$ 33,750,000	4.0	0.0%	0.0	No	NA	No	
15	Texas College Work Study	\$ 1,911,219	\$ 17,891,294	\$ 17,245,805	\$ 18,941,107	1.1	\$ 18,941,107	1.1	0.0%	0.0	No	NA	No	
16	Advise Texas	\$ -	\$ 1,603,565	\$ 15,124,977	\$ 386,654	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No	
17	Top 10% Scholarships Program	\$ 24,999,548	\$ 49,647,334	\$ 46,650,251	\$ 39,813,220	1.6	\$ 18,411,376	1.6	-53.8%	0.0	No	NA	Yes	
18	Developmental Education	\$ 5,106,849	\$ 5,137,242	\$ 5,684,771	\$ 4,271,913	1.3	\$ 4,271,913	1.3	0.0%	0.0	No	NA	No	
19	Family Practice Residency Program	\$ 10,932,253	\$ 21,110,945	\$ 5,708,919	\$ 12,906,376	0.6	\$ 12,906,376	0.6	0.0%	0.0	No	NA	No	
20	Teach for Texas Loan Repayment Program	\$ 5,000,000	\$ 15,174,460	\$ 2,732,635	\$ 4,543,647	1.0	\$ 4,543,647	1.0	0.0%	0.0	No	NA	No	
21	Baylor College of Medicine Graduate Medical Education	\$ 2,599,962	\$ 14,321,128	\$ 10,353,014	\$ 11,944,222	0.0	\$ 12,773,967	0.0	6.9%	0.0	No	NA	No	
22	Baylor College of Medicine Undergraduate Medical Education	\$ 39,359,439	\$ 78,072,324	\$ 75,873,654	\$ 73,694,320	0.1	\$ 77,059,466	0.1	4.6%	0.0	No	NA	No	

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis and Funding							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?		
23	Texas Research Incentive Program (prior to 2012-13, this funding was in the Performance Incentive Initiative strategy). The 83rd Legislature appropriated an additional \$34 million to the program in House Bill 1025 which is included in the 2012-13 expended amounts.	\$ 17,812,500	\$ 47,500,000	\$ 70,064,157	\$ 35,671,179	0.4	\$ 177,780,382	0.4	398.4%	0.0	No	NA	Yes
24	Tuition Equalization Grants	\$ 62,200,337	\$ 205,744,218	\$ 168,675,514	\$ 180,302,815	1.8	\$ 180,302,815	1.8	0.0%	0.0	No	NA	No
25	Doctoral Incentive Loan Repayment Program	\$ -	\$ 1,891,108	\$ -	\$ -	0.0	\$ -	0.0	0.0%	0.0	Yes	NA	No
26	Engineering Recruitment Program	\$ 1,000,000	\$ 1,959,146	\$ 145,871	\$ 651,651	1.0	\$ 651,651	1.0	0.0%	0.0	No	NA	No
27	T-STEM Challenge Program	\$ 1,477,500	\$ -	\$ 5,736,622	\$ 5,994,202	1.0	\$ 13,213,202	1.0	120.4%	0.0	Yes	NA	No
28	Emergency and Trauma Care Education Partnership Program	\$ 2,187,642	\$ -	\$ 4,380,002	\$ 4,500,000	1.0	\$ 4,500,000	1.0	0.0%	0.0	Yes	Compliant	No
29	Joint Admission Medical Program	\$ 4,000,000	\$ 11,017,521	\$ 7,617,610	\$ 10,915,511	3.4	\$ 10,915,511	3.4	0.0%	0.0	No	NA	No
30	Norman Hackerman Advanced Research Program	\$ 19,604,927	\$ 15,596,497	\$ 1,179,100	\$ 1,454,954	2.2	\$ 1,454,954	2.2	0.0%	0.0	No	NA	No
31	Texas Teacher Residency Program	\$ 655,493	\$ -	\$ -	\$ 1,336,091	0.2	\$ 1,336,091	0.2	0.0%	0.0	Yes	NA	No
32	Border Faculty Loan Repayment Program	\$ 50,000	\$ 378,470	\$ 378,363	\$ 378,592	0.0	\$ 378,592	0.0	0.0%	0.0	No	NA	No
33	Centers for Teacher Education	\$ 3,750,000	\$ 6,510,853	\$ 3,138,247	\$ 3,097,386	0.3	\$ 3,097,386	0.3	0.0%	0.0	No	NA	No
34	Texas Armed Forces Scholarship Program	\$ 637,304	\$ 734,392	\$ 3,659,620	\$ 7,233,000	1.0	\$ 5,453,000	1.0	-24.6%	0.0	No	NA	No
35	University of North Texas Health Science Center College of Pharmacy	\$ 2,700,000	\$ -	\$ -	\$ 5,400,000	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No
36	Dental Education Loan Repayment Program	\$ -	\$ 813,871	\$ -	\$ -	0.0	\$ 220,000	0.0	NA	0.0	Yes	Compliant	Yes
37	OAG Lawyer's Loan Repayment Program	\$ 737,434	\$ 1,185,372	\$ 494,284	\$ 500,027	0.0	\$ -	0.0	-100.0%	0.0	Yes	Compliant	No
38	Tobacco Earnings-Minority Health	\$ 1,125,000	\$ 1,551,552	\$ 1,518,789	\$ 5,650,879	0.4	\$ 5,650,880	0.4	0.0%	0.0	No	NA	No
39	Baylor College of Medicine Permanent Health Fund	\$ 1,915,830	\$ 4,406,061	\$ 4,357,095	\$ 4,060,000	0.3	\$ 4,060,000	0.3	0.0%	0.0	No	NA	No
40	Baylor College of Medicine Permanent Endowment Fund	\$ 1,125,000	\$ 2,999,204	\$ 2,861,257	\$ 2,860,416	0.1	\$ 2,860,416	0.1	0.0%	0.0	No	NA	No
41	Tobacco Earnings Allied Health	\$ 2,025,000	\$ 4,399,486	\$ 955,281	\$ 9,792,049	0.4	\$ 9,792,050	0.4	0.0%	0.0	No	NA	No
42	Career/Technical Education	\$ 41,319,969	\$ 71,966,395	\$ 54,735,474	\$ 51,604,218	8.1	\$ 55,208,436	8.1	7.0%	0.0	No	NA	No
43	Teacher Quality Grants	\$ 4,280,785	\$ 11,053,331	\$ 11,440,408	\$ 10,387,826	2.5	\$ 9,807,652	2.5	-5.6%	0.0	No	NA	No
44	Other Federal Grant Programs	\$ -	\$ 2,188,553	\$ 389,142	\$ 1,112,398	0.0	\$ 210,604	0.0	-81.1%	0.0	No	NA	No
45	St. David's Loan Repayment Program	\$ -	\$ -	\$ -	\$ 2,250,609	0.0	\$ 1,275,306	0.0	-43.3%	0.0	Yes	NA	No
46	Speech Pathologist Repayment Program	\$ -	\$ -	\$ -	\$ 300,000	0.0	\$ -	0.0	-100.0%	0.0	Yes	NA	No

Schedule 2B: Program Listing -- Fiscal

Agency Submission				Review, Analysis and Funding									
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
47	License Plate Scholarships	\$ 53,000	\$ 386,690	\$ 314,383	\$ 1,214,712	0.0	\$ 305,500	0.0	-74.9%	0.0	Yes	Compliant	No
48	UT-Brownsville/ Texas Southmost College Transition Funding-In the 2014-15 Biennium, the agency was appropriated \$15.6 million in transition funding for the two institutions. This funding was shown as expended at the respective institutions.	\$ -	\$ -	\$ -	\$ -	0.0	\$ -	0.0	0.0%	0.0	No	Compliant	No
49	Higher Education Policy Institute	\$ -	\$ -	\$ 431,739	\$ 127,200	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No
	Hazlewood Exemption	\$ 30,000,000	\$ -	\$ -	\$ 30,000,000	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No
	Central Administration	\$ 1,382,000	\$ 9,745,847	\$ 9,442,401	\$ 10,049,811	57.0	\$ 9,905,802	57.0	-1.4%	0.0	No	NA	No
	Information Resources	\$ -	\$ 9,950,388	\$ 8,851,406	\$ 9,044,953	34.0	\$ 9,088,113	34.0	0.5%	0.0	No	NA	No
	Other Support Services	\$ -	\$ 4,520,127	\$ 3,528,465	\$ 3,740,365	2.0	\$ 1,340,366	2.0	-64.2%	0.0	No	NA	No
	The following programs were not funded in the 2014-15 General Appropriations Act.												
	African American Museum. The program was transferred to the University of Texas at Dallas in the 83rd Session.	\$ -	\$ 182,590	\$ 133,432	\$ -		\$ -		NA	NA	No	NA	NA
	Alternative Teaching Certificate Programs. The program has not been funded since 2010-11.	\$ 1,125,000	\$ 2,238,422	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Baccalaureate Degree Study. The study has been completed.	\$ 125,000	\$ 72,148	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Children's Medicaid Loan Repayment Program-This funding was transferred to the agency from the Health and Human Services Commission in 2010-11. The program was suspended for FY 2012-13 because no funding was authorized.	\$ -	\$ 25,641,258	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	College Access Challenge Grants. Federal Program	\$ -	\$ 16,037,404	\$ 9,686,699	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	College Readiness Initiatives. The program has not been funded since 2010-11.	\$ -	\$ 30,680,155	\$ 6,689,122	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Consortium of Alzheimer's Disease Centers. This program was transferred to The University of Texas System in the 83rd Session.	\$ -	\$ 6,501,977	\$ 5,230,625	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis and Funding								Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?			
	Early High School Graduation Scholarship Program. The program has not been funded since the 2010-11 biennium. It was supported through transfers from the Texas Education Agency.	\$ -	\$ 17,245,544	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Educational Aide Program	\$ -	\$ 26,900,383	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Fifth-year Accounting Students Program. In the 81st Session, the program was transferred to the State Board of Public Accountancy.	\$ -	\$ 3,054,014	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Financial Aid for Licensed Vocational Nursing Students. The program has not been funded since the 2010-11 biennium.	\$ -	\$ 90,701	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Financial Aid for Professional Nursing Students	\$ -	\$ 1,829,483	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	General Academic Institution Enrollment Growth	\$ 1,750,000	\$ 3,518,784	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Graduate Medical Education Program (GME). In the 2008-09 biennium funding from this program was used to support a new Health Related GME formula. The funding that remained was for entities not affiliated with a medical school.	\$ -	\$ 570,000	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Higher Education Performance Incentive Initiative. In 2010-11, this program supported two initiatives, performance based funding, which was supported by ARRA funds and the Texas Research Incentive Program, which was supported by General Revenue and reflected above. In 2012-13, the Texas Research Incentive Program became its own strategy in the agency's bill pattern.	\$ -	\$ 79,999,993	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	New Community College Campuses. The program has not been funded since 2010-11.	\$ 1,750,000	\$ 2,635,690	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Preceptorship Program. The program has not been funded since 2010-11.	\$ -	\$ 838,516	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Primary Care Residency Program. The program has not been funded since 2010-11.	\$ -	\$ 3,633,022	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	
	Student Financial Assistance Programs. Federal Grants. The program has not been funded since 2010-11.	\$ -	\$ 15,941,435	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA	

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis and Funding							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?		
	Temporary Assistance for Needy Families Scholarship Program. The program has not been funded since 2010-11.	\$ -	\$ 94,400	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Texas Career Opportunity Grant Programs. The program has not been funded since the 2010-11 biennium.	\$ 675,000	\$ 1,234,170	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Texas Hospital-Based Nursing Education Partnership Grants. The program has not been funded since the 2010-11 biennium.	\$ 2,500,000	\$ 4,416,538	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Tuition Reimbursement. The program has not been funded since the 2010-11 biennium.	\$ 349,500	\$ 921,739	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
	Two-Year Institution Enrollment Growth. The program has not been funded since 2010-11.	\$ -	\$ 3,518,784	\$ -	\$ -	0.0	\$ -	0.0	NA	0.0	No	NA	NA
Total			\$ 1,698,721,335	\$ 1,325,872,530	\$ 1,535,407,145	260.4	\$ 1,616,309,271	260.4	5.3%	0.0			

Program Summary Included

Notes: Data included in the column labeled *1st Year of Full Implementation* may reflect several different fiscal years and therefore it is not summed.

Qualified indicates that the agency may be using the funds for the purpose(s) intended or for similar purposes which are not specifically authorized by the constitution or statute, or that there may be conflicts within authorizing laws. One program was designated as qualified. The B-On-Time Program General Revenue-Dedicated was designated as qualified because the agency transferred tuition set asides to private institutions.

Partial indicates that the LBB Recommendations contain some portion of the agency's funding alternative either in terms of amounts or methodology.

Revenue Supported includes fees, tuition set asides and donations.

***SFR totals do not correspond exactly to totals reflected in the Senate Bill 2 Summary of Recommendations packet. In the SFR analysis, administrative costs are reflected in programs totals. In the Summary of Recommendations, administrative costs are reflected in the agency's administrative goals.**

The biennial change reflects the agency's reallocation of funds among programs to address ongoing administrative cost adjustments.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Higher Education Coordinating Board, 781



Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of HB 1 as Introduced
1	Planning, Information and Evaluation	↓	Funding: Recommendations reflect an anticipated decrease of donations.
2	Workforce, Academic Affairs and Research	▬	Funding: Recommendations maintain 2014-15 funding level.
3	Student Grants and Special Programs	▬	Funding: Recommendations maintain 2014-15 funding level.
4	State Loan Programs	▬	Funding: Recommendations maintain 2014-15 funding level.
5	College Readiness and Success	▬	Funding: Recommendations maintain 2014-15 funding level.
6	TEXAS Grant Program	↑	Funding: Recommendations reflect a \$41.3 million increase General Revenue funding offset by a \$31.0 million decrease in donations from the Texas Guaranteed Student Loan Corporation. The agency's baseline funding would serve approximately 65,000 students per year or 84 percent of eligible undergraduates. To fully fund the program at a \$5,000 award amount would require \$93.4 million over the baseline request.
7	Texas Educational Opportunity Grant Program	▬	Funding: Recommendations maintain 2014-15 funding level. The agency's baseline request would serve approximately 19,500 students per year, which equals all renewal students and 8.5 percent of eligible entering students.
8	Graduate Medical Education Expansion	↑	Funding: Recommendations reflect a \$14.4 million increase in General Revenue funding.
9	Texas B-On-Time Program General Revenue-Dedicated	↓	Funding. Recommendations reflect a \$22.9 million decrease in General Revenue-Dedicated funding which would support renewal students in the program only.
10	Texas B-On-Time Program General Revenue	↓	Funding. Recommendations reflect a \$12.2 million decrease in General Revenue which would support renewal students in the program, approximately 2,300 students.
11	Primary Care Innovation Grants	▬	Funding. Recommendations maintain 2014-15 funding level.
12	Accelerate Texas Community College Grants	▬	Funding: Recommendations maintain 2014-15 funding level.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of HB 1 as Introduced
13	Physician Education Loan Repayment Program	=	Funding: Recommendations maintain 2014-15 funding level.
14	Professional Nursing Shortage Reducation Program	=	Funding: Recommendations maintain 2014-15 funding level.
15	Texas College Work Study	=	Funding: Recommendations maintain 2014-15 funding level.
16	Advise Texas	↓	Funding. Recommendations reflect a decrease of approximately \$0.4 million in General Revenue. Recommendations do not fund the program.
17	Top 10% Scholarships Program	↓	Funding. Recommendations reflect a \$21.4 million decrease in General Revenue. Recommendations, which implement a funding alternative provided by the agency, would support renewal students.
18	Developmental Education	=	Funding: Recommendations maintain 2014-15 funding level.
19	Family Practice Residency Program	=	Funding: Recommendations maintain 2014-15 funding level.
20	Teach for Texas Loan Repayment Program	=	Funding: Recommendations maintain 2014-15 funding level. The agency's baseline request would allow the agency to make annual loan repayment awards in the amount of \$2,500 to 885 teachers in each year of the biennium.
21	Baylor College of Medicine Graduate Medical Education	↑	Funding. Recommendations for 2016-17 reflect an increase of approximately \$0.8 million in General Revenue tied to an increase in residents.
22	Baylor College of Medicine Undergraduate Medical Education	↑	Funding. Recommendations for 2016-17 reflect an increase of approximately \$3.4 million in General Revenue tied to an increase in medical students.
23	Texas Research Incentive Program	↑	Funding. Recommendations increase funding by \$142.1 million. Funding for the eight emerging research universities, which previously included the Research Development Fund(RDF) and the Texas Competitive Knowledge Fund(TCKF), has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million. An additional \$35 million was appropriated to the TRIP Program
24	Tuition Equalization Grants	=	Funding: Recommendations maintain 2014-15 funding level.
25	Doctoral Incentive Loan Repayment Program	=	Funding. Program was not funded in the 2014-15 biennium. Recommendations do not fund program.
26	Engineering Recruitment Program	=	Funding: Recommendations maintain 2014-15 funding level.
27	T-STEM Challenge Program	↑	Funding. Recommendations reflect the allocation between the two biennia of donations received by the Texas Guaranteed Student Loan Corporation.
28	Trauma Care Program	=	Funding: Recommendations maintain 2014-15 funding level.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of HB 1 as Introduced
29	Joint Admission Medical Program	=	Funding: Recommendations maintain 2014-15 funding level.
30	Norman Hackerman Advanced Research Program	=	Funding: Recommendations maintain 2014-15 funding level.
31	Texas Teacher Residency Program	=	Funding: Recommendations maintain 2014-15 funding level.
32	Border Faculty Loan Repayment Program	=	Funding: Recommendations maintain 2014-15 funding level.
33	Centers for Teacher Education	=	Funding: Recommendations maintain 2014-15 funding level.
34	Texas Armed Forces Scholarship Program	↓	Funding: Recommendations reduce funding by \$1.8 million, or 25 percent of 2014-15 amounts.
35	University of North Texas Health Science Center College of Pharmacy	↓	Funding: Recommendations do not fund program.
36	Dental Education Loan Repayment Program	↑	Funding: Recommendations reflect \$220,000 in dental school tuition set asides to support Dental Education Loan Repayment Program.
37	OAG Lawyer's Loan Repayment Program	↓	Funding: Recommendations reduce funding by \$0.1 million, or 25 percent of 2014-15 amounts. Recommendations clarify the funding is through law school tuition set asides.
38	Tobacco Earnings-Minority Health	=	Funding: Recommendations maintain 2014-15 funding level.
39	Baylor College of Medicine Permanent Health Fund	=	Funding: Recommendations maintain 2014-15 funding level.
40	Baylor College of Medicine Permanent Endowment Fund	=	Funding: Recommendations maintain 2014-15 funding level.
41	Tobacco Earnings Allied Health	=	Funding: Recommendations maintain 2014-15 funding level.
42	Career/Technical Education	↑	Funding: Recommendations reflect an anticipated increase in Perkins funds.
43	Teacher Quality Grants	↓	Funding: Recommendations reflect an anticipated decrease in Teacher Quality State Grants.
44	Other Federal Grant Programs	↓	Funding: Recommendations reflect a decrease in federal funds for Statewide Data Systems.
45	St. David's Loan Repayment Program	↓	Funding: Recommendations reflect an anticipated decrease of donations.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of HB 1 as Introduced
46	Speech Pathologist Repayment Program	↓	Funding. Recommendations reflect an anticipated decrease of donations.
47	License Plate Scholarships	↓	Funding. Recommendations reflect funding for license plate programs administered by the agency. The 2014-15 base amounts included license plate revenue that was administered by General Academic Institutions. This revenue will now be appropriated to the institutions via a rider in Special Provisions Relating to Agencies of Higher Education.
48	UT-B TSC Transition	↓	Funding. Recommendations do not fund program. In the 2014-15 biennium, the agency was trusteeed formula funding for The University of Texas at Brownsville and Texas Southmost College.
49	Higher Education Policy Institute	↓	Funding. Recommendations reflect an anticipated decrease in donations. The program is not funded in recommendations.
	Hazlewood Program	↓	Funding. Recommendations do not include funding for the program. Funding for the program is included in recommendations for the Texas Veterans Commission, the agency that administers the program.

Program Summary Included

Note: Recommendations that maintain funding in 2016-17 may show a minimal increase or decrease in Schedule 2B due to variation in the direct administrative costs for the program.

**Strategic Fiscal Review 2016-17
 House Budget Recommendations: HB 1 as Introduced
 Schedule 3: Assessments of Mission Centrality and Authority
 Significant Changes to Program Funding Levels**

Higher Education Coordinating Board, 781

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY

		Weak	Moderate	Strong
A U T H O R I T Y	Strong		Texas B-On-Time Private (10) Texas Armed Forces Scholarship (34)	TEXAS Grants (6) Texas B-On-Time Public (9)
	Moderate		OAG Lawyer's Loan Repayment Program (37)	
	Weak	Hazlewood Exemption	UNT-Pharmacy School (35)	Top Ten Percent Scholarships (17)

Notes: The matrix does not include Indirect Administration programs.
 Programs in green represent an increase of funding in recommendations.
 Programs in red represent a decrease of funding in recommendations.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority
Other Programs

Higher Education Coordinating Board, 781

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY

		Weak	Moderate	Strong
A U T H O R I T	Strong		Texas Research Incentive Program (23) Teacher Quality Grants (43) License Plate Scholarships (47)	Texas Educational Opportunity Grants (7) GME Expansion (8) Primary Care Innovation Grant Program (11) Physician Education Loan Repayment Program (13) Professional Nursing Shortage Reduction Program (14) Texas College Work Study (15) Teach for Texas Loan Repayment Program (20) Baylor College of Medicine Graduate Medical Education (21) Doctoral Incentive Program (25) Engineering Recruitment Program (26) T-STEM Challenge Program (27) Emergency and Trauma Care Education Partnership (28) Norman Hackerman Advanced Research Program (30) Texas Teacher Residency Program (31) Career and Technical Education (42) Planning Information and Evaluation (1) Workforce Academic Affairs and Research (2) Student Grants and Special Programs (3) Administration of Loan Programs (4) College Readiness and Success (5)
	Moderate	Baylor College of Medicine Permanent Health Fund (39) Baylor College of Medicine Permanent Endowment Fund (40)	Advise TX (16) Baylor College of Medicine-Undergraduate Medical Education (22) Tuition Equalization Grants (24) John R. Justice Program (44)	Developmental Education (18) Family Practice Residency Program (19) Joint Admission Medical Program (29) Border Faculty Loan Repayment Program (32) Dentist Loan Repayment Program (36) Tobacco Earnings-Minority Health (38) Tobacco Earnings-Nursing Allied Health (41) Speech Pathology Repayment Program (46) Higher Education Policy Institute (49)
	Weak	UT-Brownsville/Texas Southmost Transition Funding (48)	Centers for Teacher Education (33)	Accelerate Texas Community College Grants (12) Saint David's Loan Repayment Program (45)

Notes: The matrix does not include Indirect Administration programs.
 Schedule 3: Assessment of Mission Centrality and Authority

**Strategic Fiscal Review 2016-17-House
House Budget Recommendations: HB 1 as Introduced
Higher Education Coordinating Board, 781**

Schedule 4: Constitutional and General Revenue-Dedicated Accounts

1	<p>Account: B-On-Time Student Loan Account No. 5103 Legal Cite(s): Education Code § 56.463 Authorized Use: Account in the General Revenue Fund composed of tuition set asides under § 56.463. Used to make loans to qualifying students.</p> <p>Revenue Source: Designated Tuition Set-Aside.</p>							
	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 HB 1 - Intro	Comments	
Program(s) Funded								
9	B-On-Time Program	\$ 25,790,696	\$ 65,762,729	\$ 80,557,791	\$ 80,557,791	\$ 55,222,000	This program will be discussed in detail in the B-On-Time Program summary.	
Total,	B-On-Time Student Loan Account No. 5103	\$ 65,762,729	\$ 80,557,791	\$ 80,557,791	\$ 80,557,791	\$ 55,222,000		
2	<p>Account: Physician Education Loan Repayment Program Account No. 5144 Legal Cite(s): Education Code § 61.5391 Authorized Use: The funding is used to provide loan repayment assistance to eligible physicians and nursing faculty. Revenue Source: Account composed of tobacco tax revenue and medical school tuition set-asides.</p>							
	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 HB 1 - Intro	Comments	
Program(s) Funded								
13	Physician Education Loan Repayment Program	\$ 979,362	\$ 18,230,462	\$ 5,600,000	\$ 33,800,000	\$ 33,800,000	This program will be discussed in detail in the Physician Education Loan Repayment Program summary.	
Total,	Physician Education Loan Repayment Program Account No.	\$ 18,230,462	\$ 5,600,000	\$ 33,800,000	\$ 33,800,000	\$ 33,800,000		
3	<p>Account: Emergency Trauma Care Legal Cite(s): Health and Safety Code § 780.003 Authorized Use: The funding can be used by the Higher Education Coordinating Board for graduate-level medical education or nursing education programs.</p> <p>Revenue Source: Account in the General Revenue Fund to receive 33 percent of additional court fines for persons convicted of traffic related offenses and 49.5 percent of the driver responsibility program surcharges.</p>							
	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 HB 1 - Intro	Comments	
Program(s) Funded								
28	Physician and Nurse Trauma Care Program	\$ -	\$ -	\$ -	\$ 4,500,000	\$ 4,500,000		
Total,	Emergency Trauma Care	\$ -	\$ -	\$ -	\$ 4,500,000	\$ 4,500,000		
Total		\$ 83,993,191	\$ 86,157,791	\$ 118,857,791	\$ 118,857,791	\$ 93,522,000		

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: TEXAS Grant Program

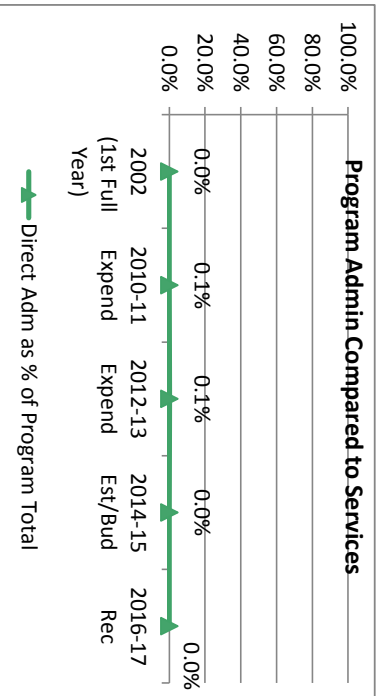
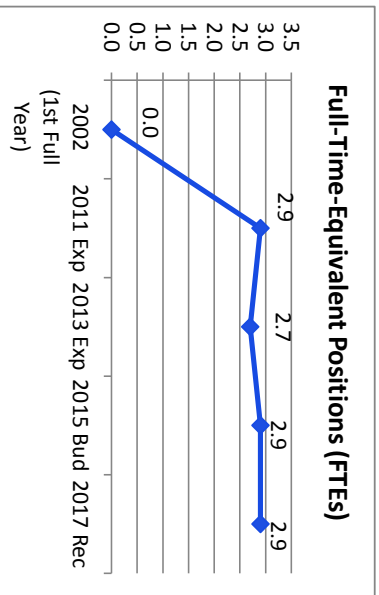
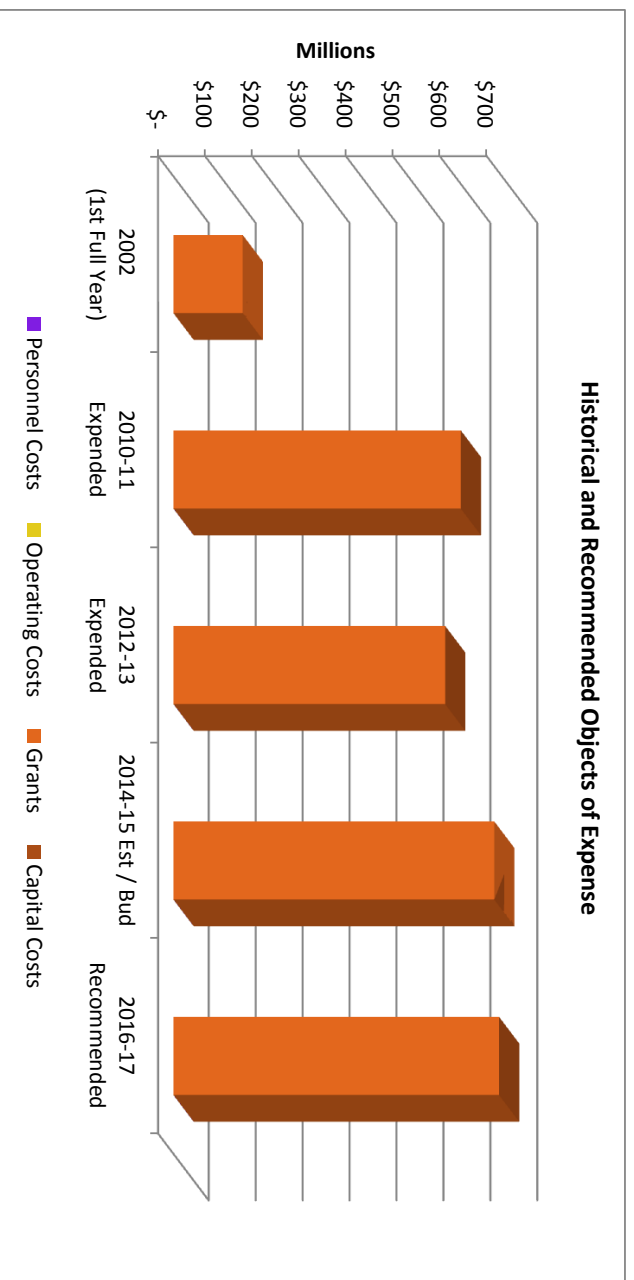
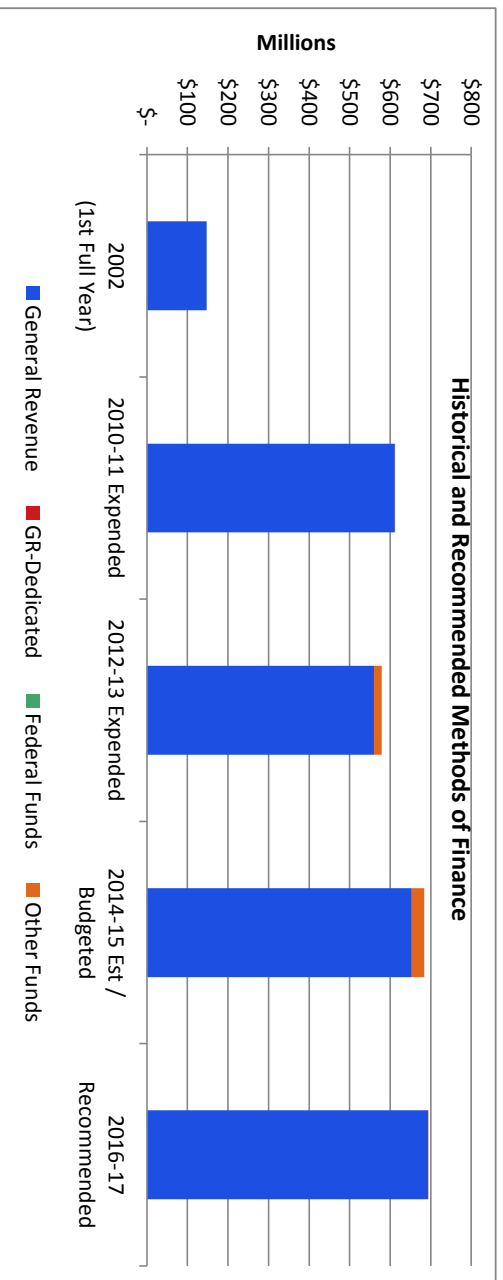
Agency Ranking **6**
out of 49

The program provides assistance to eligible financially-needy high school graduates (or recent recipients of associate's degrees) who enroll at a Texas public university on at least a three quarter time basis, and maintain at least a 2.5 college GPA. In the 83rd Session, Senate Bill 215, made the program a university-only program beginning in Fall 2014, students at 2-year institutions who otherwise would be eligible for a TEXAS Grant are now served through the TEOG Program. The program prioritizes initial awards for students who have completed certain academic requirements.

Legal Authority: Texas Education Code Section 56.301-56.311

Year Created	1999	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	Yes
							NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 338,990	2.9	\$ 338,990	2.9	0.05%
TEXAS Grant Program	\$ 683,640,187	0.0	\$ 693,604,806	0.0	99.95%
TOTAL	\$ 683,979,177	2.9	\$ 693,943,796	2.9	100.00%



Program: TEXAS Grant Program

Agency Ranking **6** out of 49

Summary of Recommendations

1 Funding for the TEXAS Grant Program increases General Revenue. Recommendations total \$693.9 million (including administrative funding), which is an increase of \$41.3 million in General Revenue funding at 2014-15 base levels. Recommendations reflect a \$31.0 million decrease in donations from the Texas Guaranteed Student Loan Corporation. These donations are other funds and are considered revenue for the purposes of SFR.

Summary of Fiscal and Policy Issues

1 TEXAS Grant Appropriations and Transfers to TEOG Program. The agency was appropriated \$724.6 million in the 2014-15 biennium. This amount included an estimate of \$5 million in unexpended balances but the agency did not UB any funding into FY 2014-15. Another adjustment from 2014-15 appropriated levels was tied to Rider 63 in the agency's bill pattern. Under this rider if Senate Bill 215 resulted in the reallocation of program funding for TEXAS Grants or other programs, the agency was required to submit for approval by the Legislative Budget Board information regarding the agency's plan for reallocation of funding. Senate Bill 215 made the TEXAS Grant program a university only program beginning in fiscal year 2015, and as a result funding previously appropriated for two year institutions was transferred to the Texas Educational Opportunity Grant Program (TEOG). In July 2014, a proposal to transfer \$37.3 million to the TEOG was approved with a distribution model that established a 90 percent floor so each institution (community colleges, Lamar State Colleges and Texas State Technical Colleges) would not receive less than 90 percent of what they would have received under the TEXAS Grant methodology.

2 Students Supported by House Bill 1 Funding Level. Recommended funding level of \$693.9 million would support approximately 71,000 students in fiscal year 2016 and 70,000 students in fiscal year 2017. The agency's funding alternative, a \$137.9 million increase to \$790.2 million would fully fund the program at the \$5,300 award amount. To fully fund the program at a \$5,000 award amount would require \$93.4 million in additional funding over the base requested amount, or \$745.7 million in total funding.

3 Performance Measure. The agency's performance measure, Number of Students Receiving Texas Grants, is 71,263 in fiscal year 2016 and 69,887 in fiscal year 2017.

4 Negotiated Rule-Making. Senate Bill 215, required the agency to engage in negotiated rule-making with stakeholders.

Performance and/or Operational Issues

1 Internal Audits. The agency reported several internal audits regarding institutions not complying with all student eligibility criteria in awarding grants. These issues have been corrected.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 The agency requested an alternative funding increase of \$137.9 million to fully fund the program. House Bill 1 includes \$41.3 million in additional funding.	\$ 137,900,000	\$ 137,900,000	0.0
2 Reduce TEXAS Grant Program by 20 percent.	\$ (130,522,718)	\$ (130,522,718)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas Educational Opportunity Grants

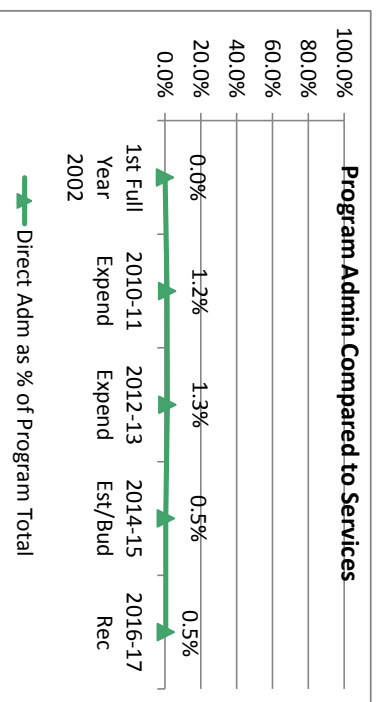
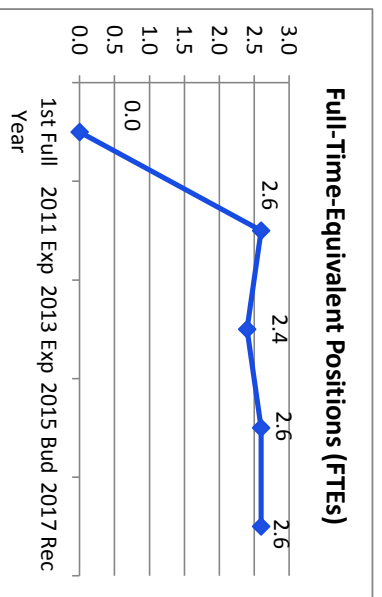
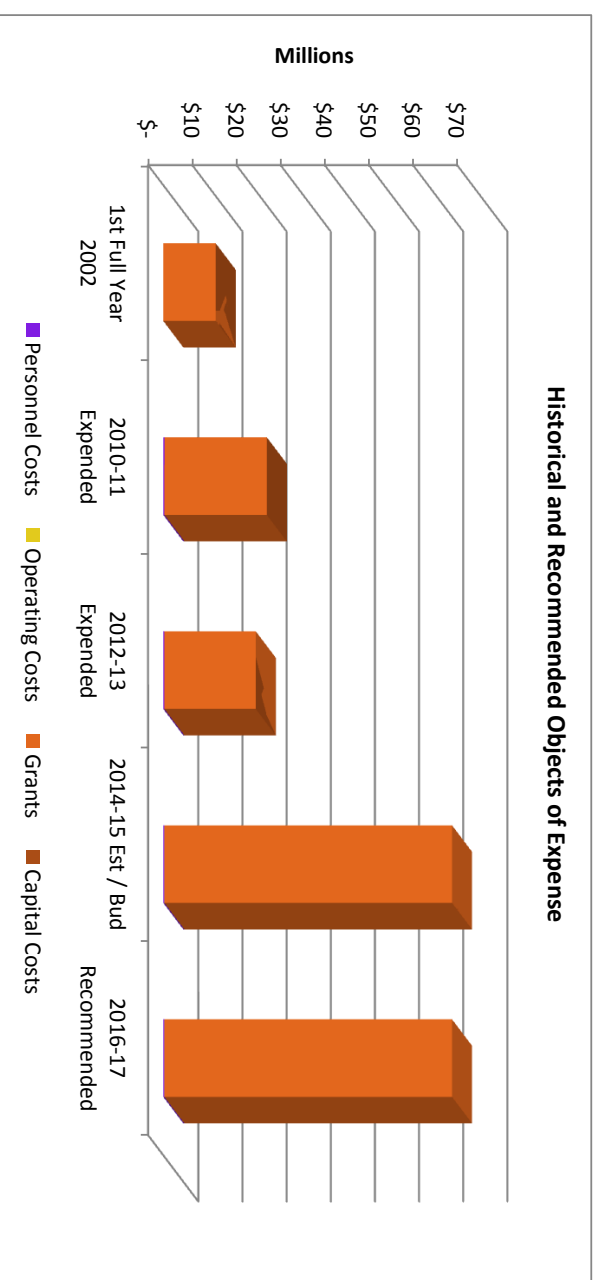
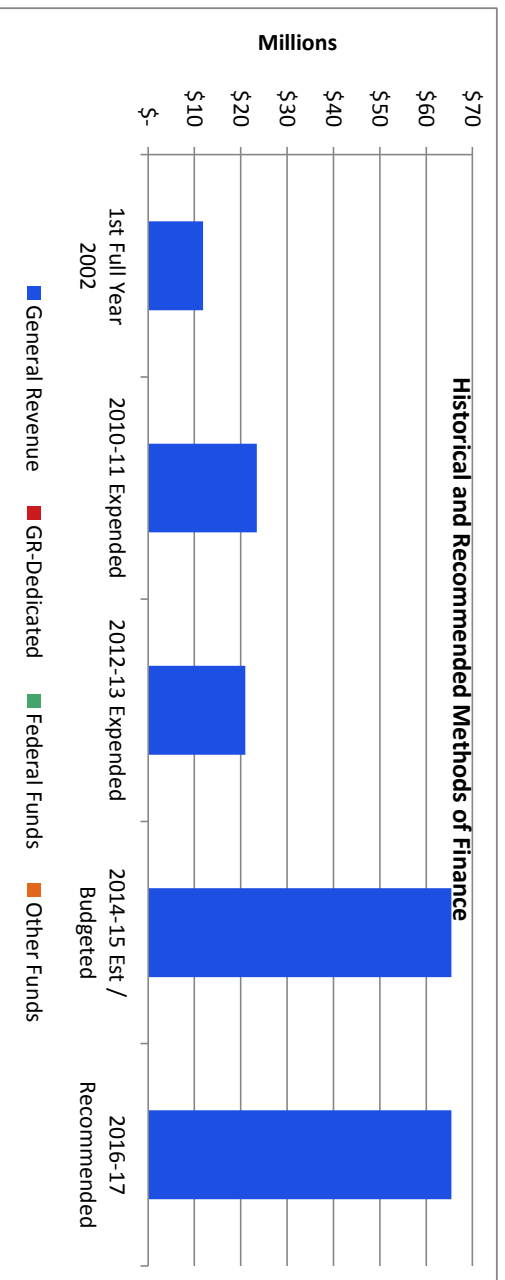
Agency Ranking
7 out of 49

The Texas Educational Opportunity Grant Program awards grants to students attending public community, technical, or state colleges, with the highest priority given to students with the greatest financial need. To be eligible, a student must be a Texas resident, enroll at least half-time, show financial need, and be working towards an associate's degree or certificate. To remain eligible, a student must complete at least 75 percent of his/her coursework and maintain a 2.5 GPA. A student cannot receive a Texas Educational Opportunity Grant for more than 75 hours or four years. The grant amount for each term will not exceed the statewide average of tuition and fees at the type of public institution the student is attending. With the enactment of Senate Bill 215, TEXAS Grants are no longer available for initial awards for students attending two-year institutions beginning in fiscal year 2015.

Legal Authority: Texas Education Code Section 56.401-56.407

Year Created	2001	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15		2015		2016-17		2017	
	Estimated	FTEs	Estimated	FTEs	Recommend	FTEs	Recommend	% of Total
Direct Administration	\$ 301,324	2.6	\$ 301,324	2.6	\$ 301,324	2.6	\$ 301,324	0.5%
Texas Educational Opportunity Grants	\$ 65,114,950	0.0	\$ 65,114,950	0.0	\$ 65,114,950	0.0	\$ 65,114,950	99.5%
TOTAL	\$ 65,416,274	2.6	\$ 65,416,274	2.6	\$ 65,416,274	2.6	\$ 65,416,274	100.0%



Program: Texas Educational Opportunity Grants

Agency Ranking **7** out of 49

Summary of Recommendations

1 Funding for the Texas Educational Opportunity Grant Program Maintains the 2014-15 General Revenue Funding Level. Recommendations total \$65.4 million (including administrative funding), which maintains the 2014-15 base levels.

Summary of Fiscal and Policy Issues

1 TEOG Appropriations and Transfers to TEOG Program. The agency was appropriated \$27.8 million in the 2014-15 biennium. As a result of Rider 63, \$37.3 million in TEXAS Grant funding was transferred to the Texas Educational Opportunity Grant program, increasing the 2014-15 base to \$65.4 million (including administrative funding).

2 Students Supported by House Bill 1 Funding Level. The recommended level of funding, \$65.4 million, would serve approximately 19,500 students per year, or approximately 8.5 percent of eligible students.

3 Negotiated Rule-Making. Senate Bill 215 required the agency to engage in negotiated rule-making with stakeholders. The negotiated rule making committee was disbanded on July 30th, when it was conceded that consensus could not be reached. Proposed rules, as drafted by HECB staff, were considered at the January 22nd Board Meeting. The proposed rules would base future allocations on each institution's share of statewide costs of attendance but also include a hold harmless clause so that no institution would receive less than 95 percent of the funds it received in fiscal year 2015. These rules were adopted by the Board. The HECB will pursue a legislative remedy.

Performance and/or Operational Issues

1 Internal Audits. The agency reported an internal audit related to controls needed to prevent unauthorized access to allocation data, reconciling databases and managing/ensuring program integrity. The agency has indicated that controls have been implemented.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 The agency requested an alternative funding increase of \$37.3 million to allow all returning eligible students and approximately 22 percent of entering eligible students to receive awards- approximately 11,600 additional awards for each year.	\$ 37,303,000	\$ 37,303,000	0.0
2 Reduce TEOG by 20 percent.	\$ (13,022,990)	\$ (13,022,990)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: B-On-Time Loan Program-Public and Private

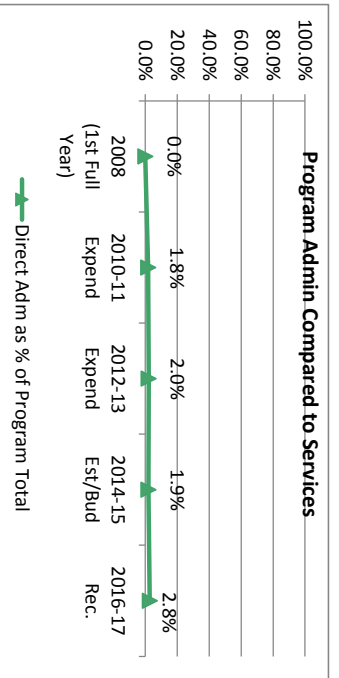
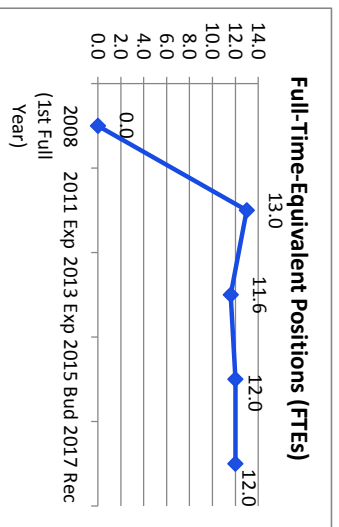
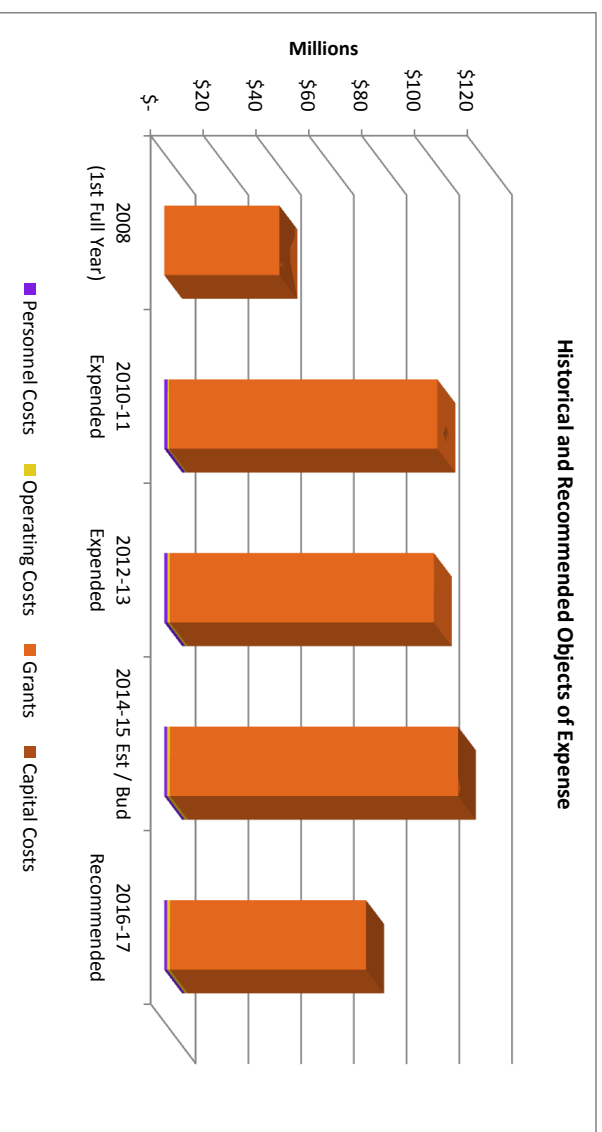
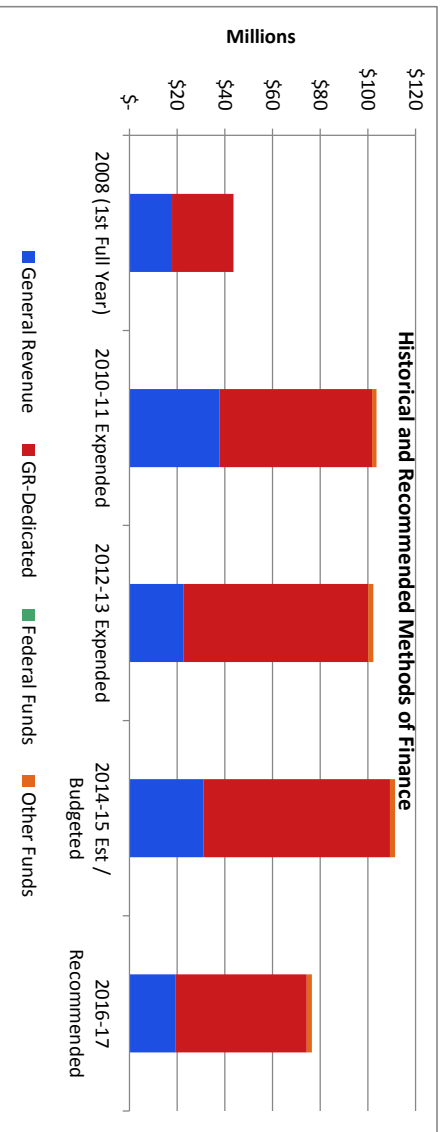
Agency Ranking
9 and 10
out of 49

The Texas B-On-Time Loan Program allows universities to offer students zero interest loans with provisions for forgiveness should the student meet certain academic and time-to-degree benchmarks. The program requires students to enter college having graduated from high school under a college preparatory curriculum and to meet continuing academic requirements to continue to receive the loans. Students must graduate on time, as defined, with a 3.0 or higher GPA to qualify for loan forgiveness. While those who do not qualify for loan forgiveness must make monthly payments toward loan principal, there are no interest costs for the life of the loan. B-On-Time loans to public university students are funded through a 5 percent designated tuition set-aside collected by institutions. A change made in Senate Bill 215 allows public universities to receive B-On-Time funding equivalent to the amount of tuition set-asides they collect, subject to available appropriations. Because private institutions are not subject to tuition set-aside requirements, the Legislature has used General Revenue funds to make B-On-Time loans to students at these universities.

Legal Authority: Texas Education Code Section 56.451-56.464

Year Created	2003	Performance and/or	Operational Issue Yes	Outsourced Services	No
Authority	Strong	Operational Issue Yes	Yes	Revenue Supported	Yes
Centrality	Moderate	Use of Dedicated Funds	Qualified		
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 2,147,000	12.0	\$ 2,147,000	12.0	2.8%
B-On-Time Student Loan Program	\$ 109,265,791	0.0	\$ 74,421,700	0.0	97.2%
TOTAL	\$ 111,412,791	12.0	\$ 76,568,700	12.0	100.0%



Program: B-On-Time Loan Program-Public and Private

Summary of Recommendations

1 Funding for the B-On-Time Program-Public Supports Renewal Students Only. Recommendations decrease General Revenue-Dedicated funding by \$22.9 million. Recommendations include \$55.2 million in General Revenue-Dedicated funding and \$1.5 million in Other Funds, student loan funds that are used for administration of program, and would support renewal awards only. Although the program has strong statutory authority and has strong ties to the agency's mission, there have been federal restrictions on promoting the B-On-Time Program. This issue is discussed below.

2 Funding for the B-On-Time Program-Private Supports Renewal Students Only. Recommendations decrease General Revenue funding by \$12.2 million. Recommendations include \$19.2 million in General Revenue funds and \$0.7 million in Other Funds, student loan funds used for administration of the program, and would support renewal awards in fiscal year 2016 and 2017.

Summary of Recommendations and Fiscal and Policy Issues

2 Public Students Supported by House Bill 1 Funding Level. The recommended base level of funding for public institutions would support approximately 6,500 students to participate in the B-On-Time Loan Program during the biennium.

2 Private Students Supported by House Bill 1 Funding Level. The recommended base level of funding for private institutions would support approximately 2,300 students to participate in the B-On-Time Loan Program during the biennium.

3 Balance in GR-Dedicated Account. The estimated B-On-Time General Revenue-Dedicated balance from fiscal year 2014 into fiscal year 2015 is approximately \$142.1 million. A contingency rider in Special Provisions Relating Only to State Agencies of Higher Education appropriates an estimated \$99.7 million in tuition set-asides to institutions of higher education. Based on 2014 actual amounts, the estimated revenue in tuition set-asides in 2014 and 2015, is \$64.9 million per year.

Performance and/or Operational Issues

1 Federal Issues with Promoting Program. The Health Care and Education Reconciliation Act of 2010 removed private lenders from Federal student loan programs. All new loans made after July 2010 are now funded through the Federal Direct Loan Program. In making this change, all providers of loans to students other than the Federal Direct Loan program were defined as private lenders and thus subject to the previous restrictions on identifying and promoting a specific lender. Because no provision was made to exempt loans made by states (such as B-On-Time loans), these state financial aid programs became difficult to promote or package financial aid awards.

2 B-On-Time Transfers. In the 2012-13 Biennium, the agency transferred \$9 million in General Revenue from the B-On-Time Program to other programs, including Texas College Work Study, the Top Ten Percent Scholarship Program and Adult Basic Education programs. This transfer violated threshold requirements in the B-On-Time rider. The agency used General Revenue-Dedicated amounts to backfill this amount and transferred this funding to private institutions. The agency completed an internal audit of the funds and requested input from the LBB on whether they are required to reimburse the public institutions for the set asides that were used and whether they are required to pay back the General Revenue that should have lapsed. This decision is currently pending. The agency has earmarked funding tied to their Hinson Hazlewood Student Loan Program called Texas Opportunity Plan (TOP) funds if they are required to pay back these amounts. More information regarding the Hinson Hazlewood Student Loan Program and TOP funds is included in the Summary of Recommendations packet. The State Auditor's Office is conducting a review of the program and a final report is anticipated to be released in February 2015.

3 Senate Bill 215. Senate Bill 215 made several significant changes to the B-On-Time Program. One change allows public universities to receive B-On-Time funding equivalent to the amount of tuition set-asides they collect, subject to available appropriations. The bill also removed all two-year institutions from participation in the program. The bill also required the agency to engage in negotiated rule-making with stakeholders.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Increase General Revenue	\$ 3,618,848	\$ 3,618,848	0.0
2 Increase General Revenue-Dedicated to compensate for the difference between the \$40.3 million per year and the amount of the anticipated set-asides per year, \$64.1 million.	\$ 47,584,138	\$ 47,584,138	2.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas College Work Study

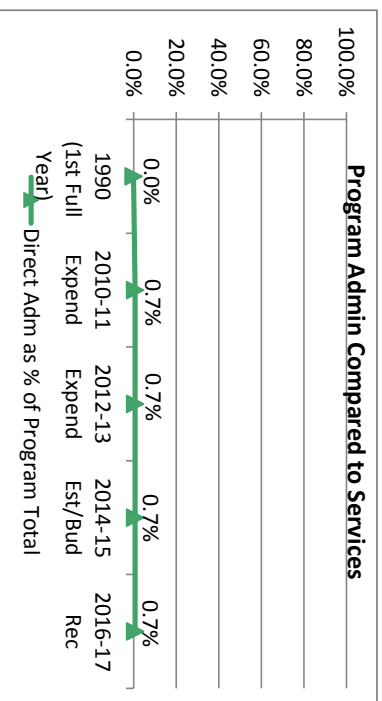
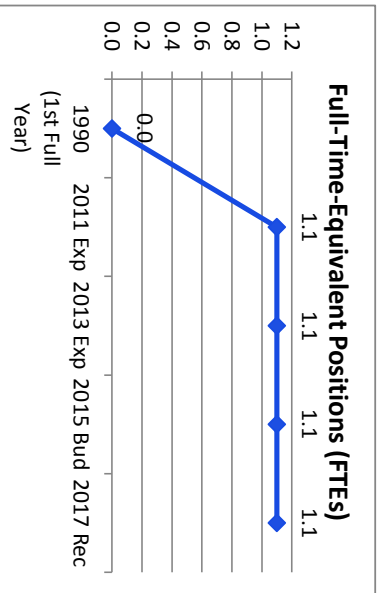
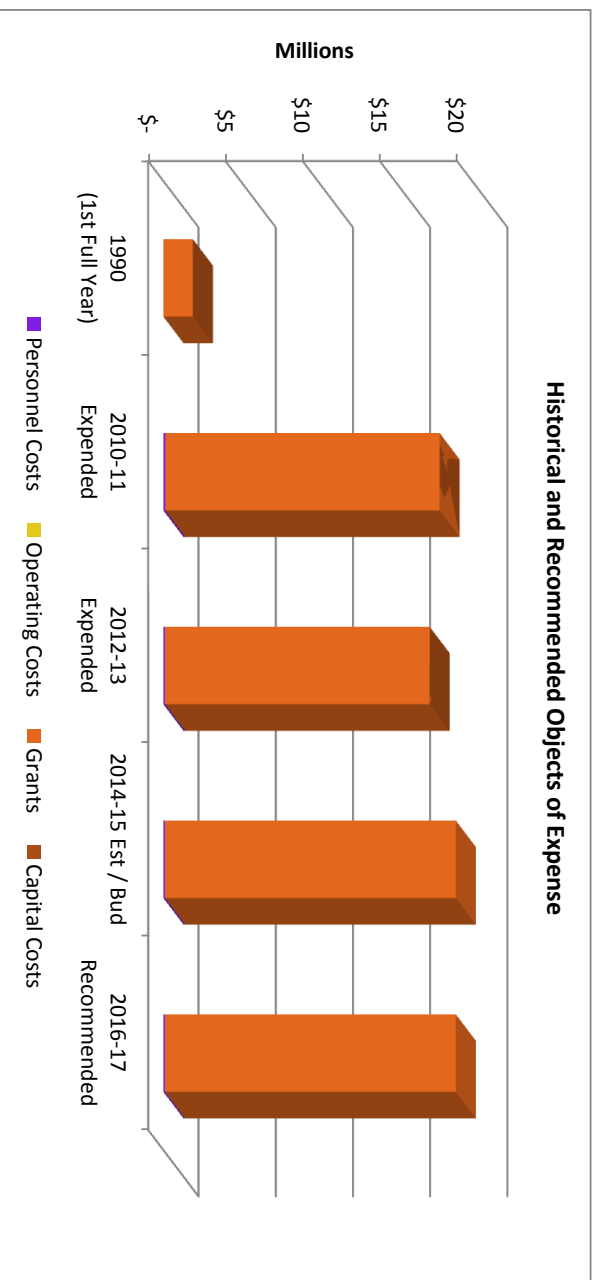
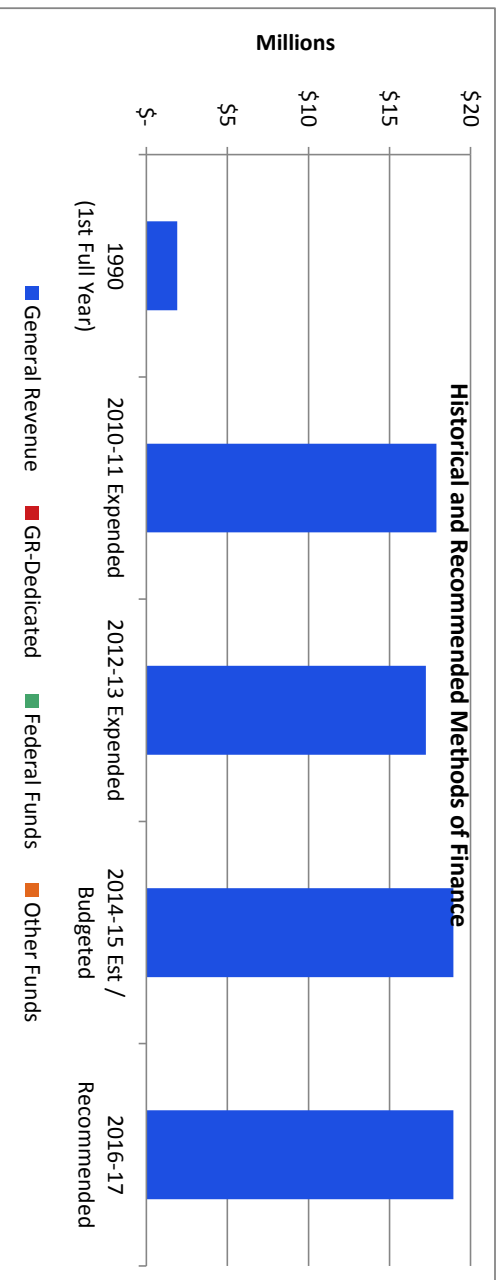
Agency Ranking
15 out of 49

The Texas College Work Study Program allows students to earn money to pay for at least part of their educational expenses. The program pays up to 75 percent of salaries for students working for nonprofit employers and up to 50 percent of salaries for students working for profit-making employers. Employers pay the balance of salaries and all other benefits.

Legal Authority: Texas Education Code Section 56.071-56.078

Year Created	1989	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 131,829	1.1	\$ 131,829	1.1	0.7%
Texas College Work Study	\$ 18,809,278	0.0	\$ 18,809,278	0.0	99.3%
TOTAL	\$ 18,941,107	1.1	\$ 18,941,107	1.1	100.0%



Program: Texas College Work Study

Agency Ranking **15** out of 49

Summary of Recommendations

1 Funding for the Texas College Work Study Maintains the 2014-15 General Revenue Funding Level. Recommendations total \$18.9 million (including administrative funding), which maintains General Revenue funding at 2014-15 base levels.

Summary of Fiscal and Policy Issues

1 Students Supported by House Bill 1 Funding Level. The recommended level of funding would support approximately 4,100 students each year at an average amount of \$1,680.

2 Negotiated Rule-Making. Senate Bill 215 required the agency to engage in negotiated rule-making with stakeholders.

Performance and/or Operational Issues

1 The agency indicates that participation in the program has a positive impact on a student's persistence and success.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 The agency requested an alternative funding increase of \$10 million to enable 7,400 more students in the biennium to receive awards.	\$ 10,000,000	\$ 10,000,000	0.0
2 Decrease funding by 20 percent. The decrease would reduce work-study awards by 1,186 per year.	\$ (3,761,856)	\$ (3,761,856)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Tuition Equalization Grants

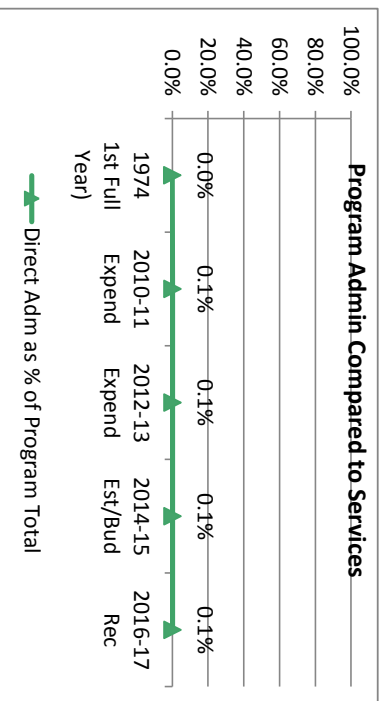
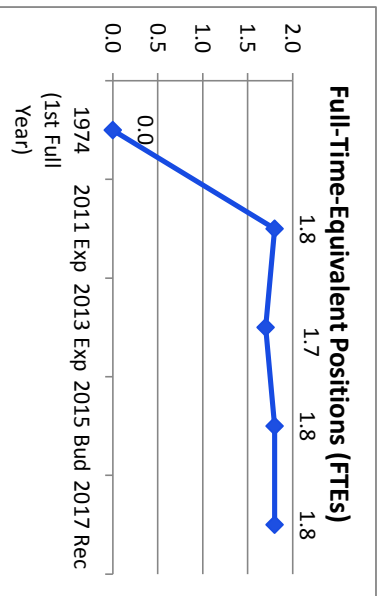
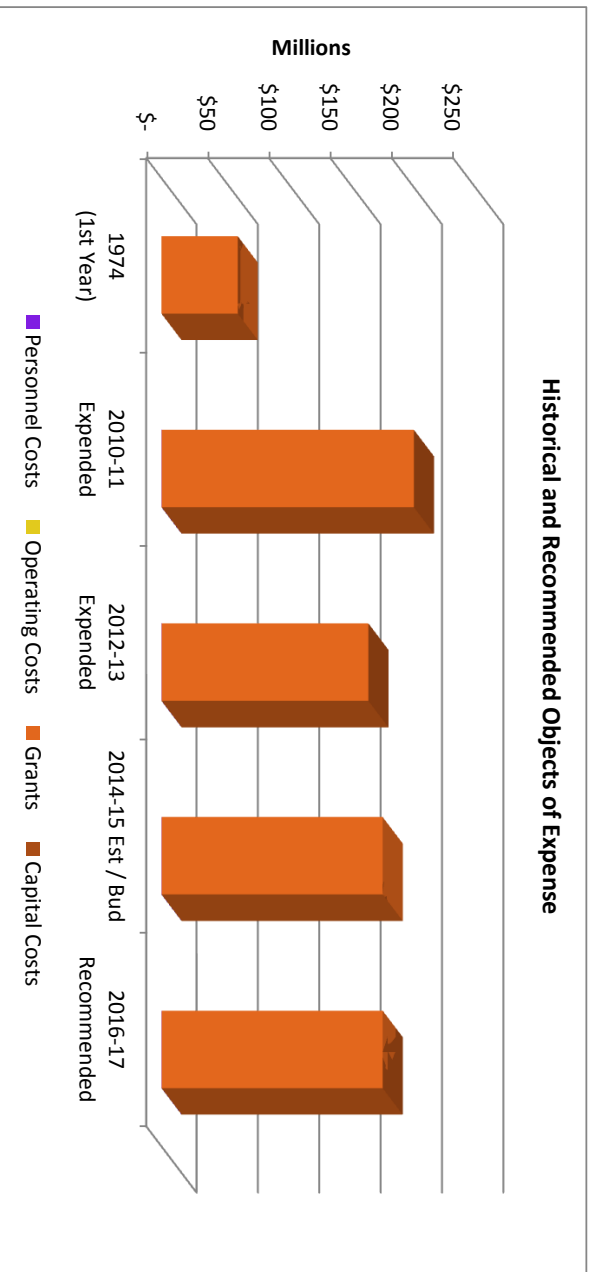
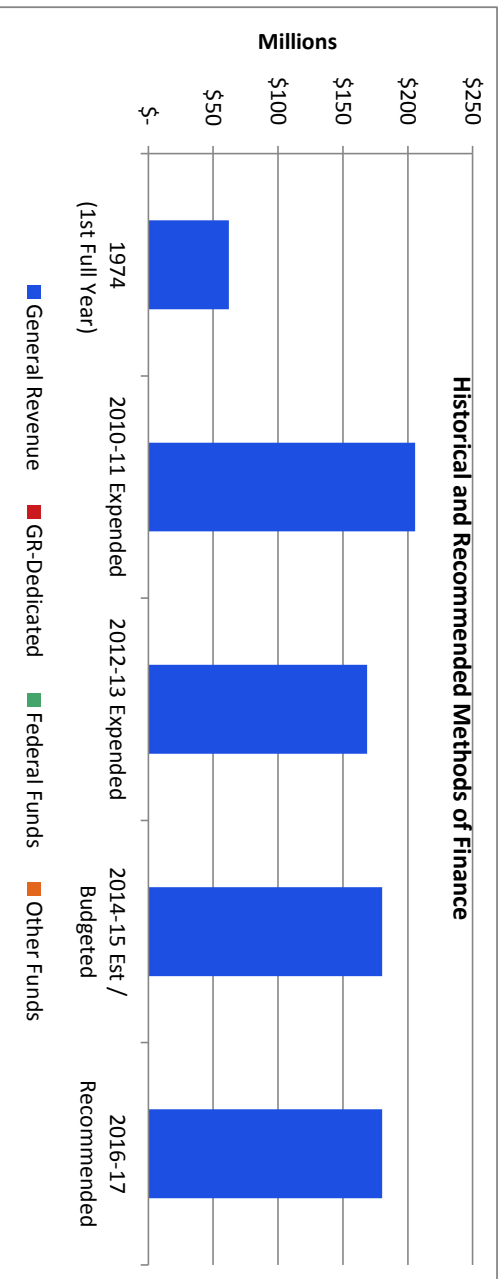
Agency Ranking **24**
out of 49

The Tuition Equalization Grant Program provides grants to needy students attending independent institutions in Texas. To qualify, recipients must be Texas residents or National Merit Finalists and enroll on at least a three-quarter basis. To remain eligible, a student must complete at least 75 percent of his/her coursework, complete at least 24 semester credit hours per year (18 if the recipient is a graduate student) and maintain at least a 2.5 college GPA.

Legal Authority: Texas Education Code Section 61.221-61.230

Year Created	1973	Performance and/or Authority	Moderate	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 207,161	1.8	\$ 207,161	1.8	0.1%
Tuition Equalization Grants	\$ 180,095,654	0.0	\$ 180,095,654	0.0	99.9%
TOTAL	\$ 180,302,815	1.8	\$ 180,302,815	1.8	100.0%



Program: Tuition Equalization Grants

Agency Ranking 24 out of 49

Summary of Recommendations

1 Funding for the Tuition Equalization Grant Program Maintains the 2014-15 General Revenue Funding Level. Recommendations total \$180.3 million (including administrative funding), which maintains General Revenue funding at 2014-15 base levels.

Summary of Fiscal and Policy Issues

- 1 Students Supported by House Bill 1 Funding Level.** Recommendations would support approximately 27,700 students per year at an average award of \$3,250.
- 2 Award Amount.** The maximum TEG grant per student is derived by determining the average General Revenue appropriations per FTE student at state universities in the previous biennium.
- 3 Negotiated Rule-Making.** Senate Bill 215 required the agency to engage in negotiated rule-making with stakeholders.

Performance and/or Operational Issues

- 1 Internal Audits.** The agency reported an internal audit related to an institution not promptly disbursed to eligible students and unused funds were not returned to the agency. The issue has reportedly been resolved.

Recommended Statutory Changes for Program Improvement

- 1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Increase funding by 10 percent. The increase would increase the number of recipients by approximately 2,700 students per year.	\$ 18,000,000	\$ 18,000,000	0.0
2 Decrease funding by 20 percent. The decrease would reduce the number of recipients per year by approximately 5,400.	\$ (36,000,000)	\$ (36,000,000)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Top Ten Percent Scholarship Program

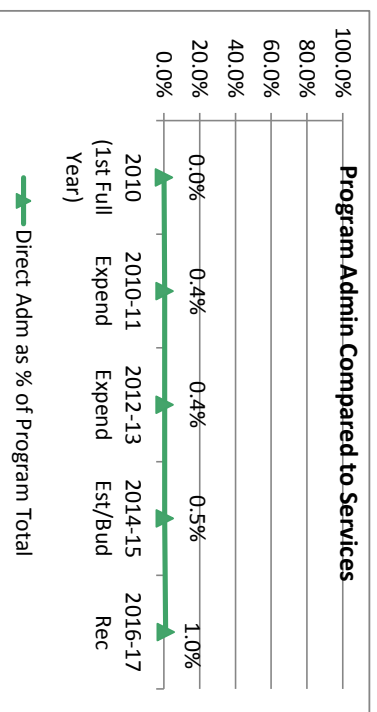
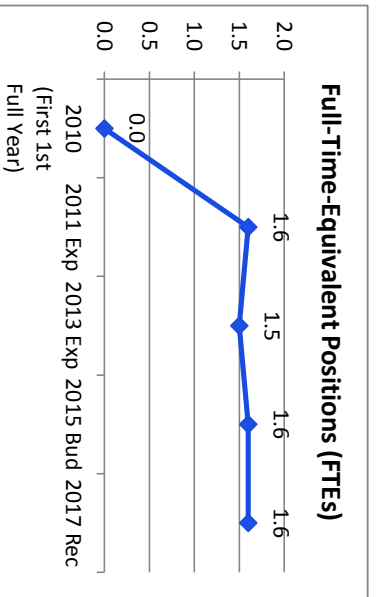
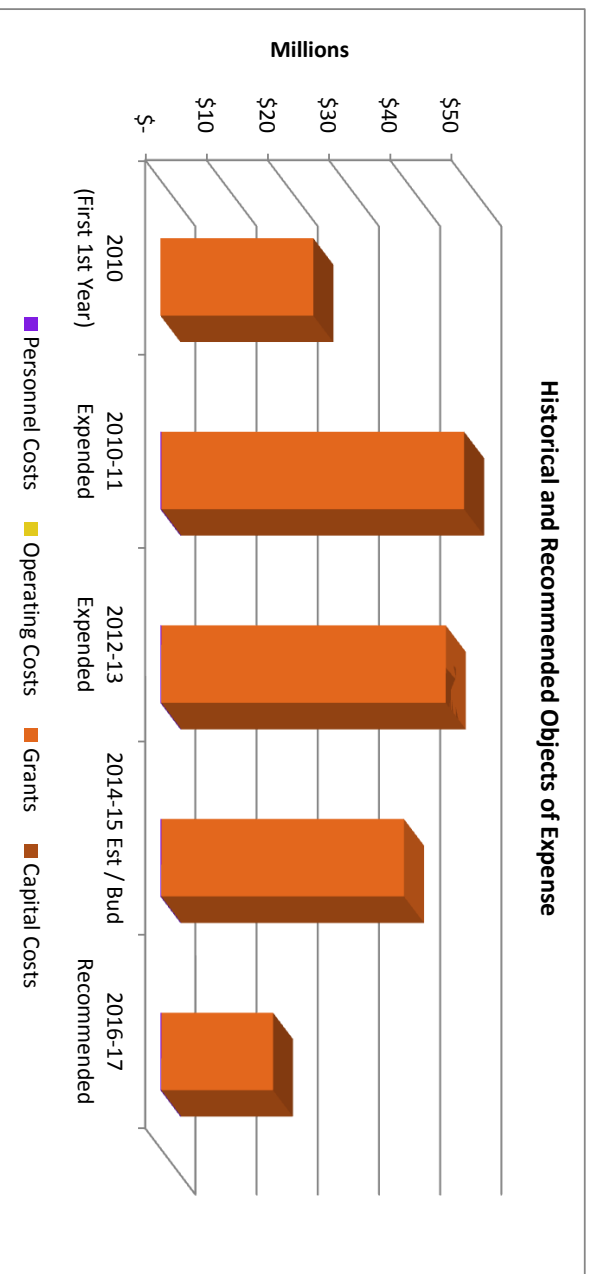
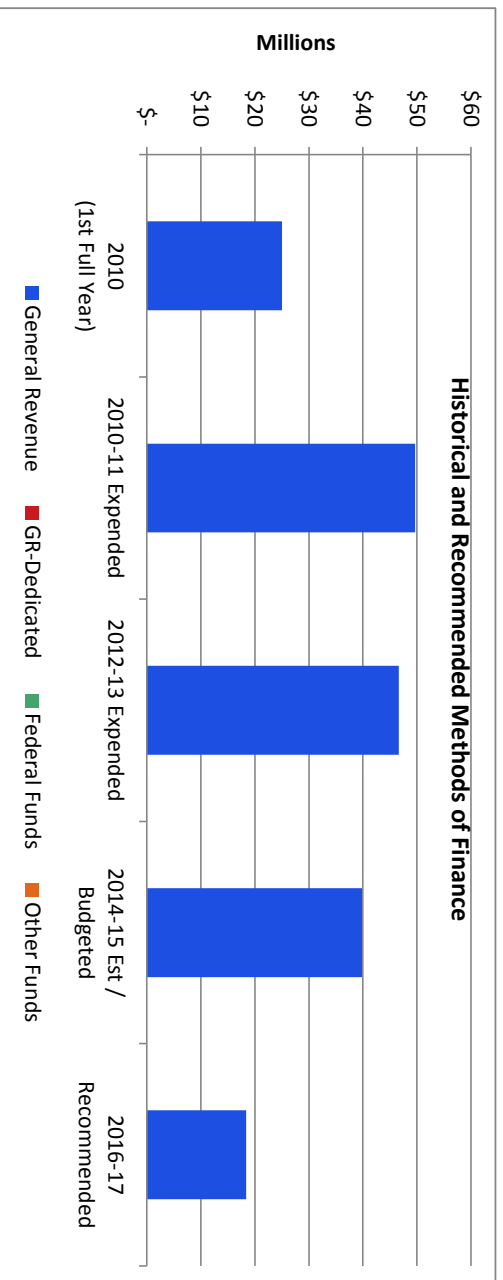
Agency Ranking **17**
out of 49

The program was established in rider (a different Top 10 Percent Scholarship Program was established in statute but never funded). The program was implemented by Coordinating Board rules and is a need-plus-merit program. Scholarships are awarded to high school graduates with need who graduate in the top 10 percent of their high school graduating class and enroll full-time. To be eligible for a continuation award, students must complete 30 SCH each year, maintain a cumulative GPA of 3.25, and complete at least 75 percent of the hours attempted.

Legal Authority: Rider #32, General Appropriations Act 2014-15 (III-53)

Year Created	2007	Performance and/or Authority	Weak	Operational Issue	Partial	Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 188,328	1.6	\$ 188,328	1.6	1.0%
Top Ten Percent Scholarship Program	\$ 39,624,892	0.0	\$ 18,223,048	0.0	99.0%
TOTAL	\$ 39,813,220	1.6	\$ 18,411,376	1.6	100.0%



Program: Top Ten Percent Scholarship Program

Agency Ranking 17 out of 49

Summary of Recommendations

1 Funding for the Top Ten Percent Scholarship Program Supports Renewal Students Only. Recommendations total \$18.4 million (including administrative funding) in General Revenue Funds which is a \$21.4 million decrease from 2014-15 Base Amounts. Recommendations cover renewal students in the program and incorporate a funding alternative proposed by the agency.

Summary of Fiscal and Policy Issues

1 Authorized through Rider. The program administered by the agency is authorized through rider. It is not the program established in statute and therefore has weak statutory authority. The agency has indicated that the program established through rider and board rules differ from the program in statute in several different ways such as statute requires the student to also be eligible for a TEXAS Grant while the rider and board rules have no requirement.

Performance and/or Operational Issues

1 Award Amounts. The agency indicates that current funding levels are not sufficient to make full awards (\$2,000) to all eligible students. At the agency's base level of funding (\$39.8 million), awards would be \$800 for new students and \$1,200 for renewal students.

Recommended Statutory Changes for Program Improvement

1 Since recommendations phase out the program, statutory changes are not necessary. If the program is not phased out, statutory changes could be considered to align the program in rider to the program in statute.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 The additional funds would fully fund the program and provide all eligible new and renewal students who meet the program deadline to receive a full \$2,000 award amount.	\$ 47,097,108	\$ 47,097,108	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Baylor College of Medicine Undergraduate Medical Education

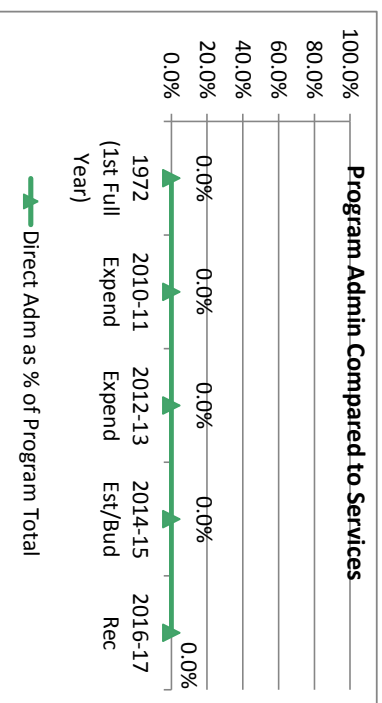
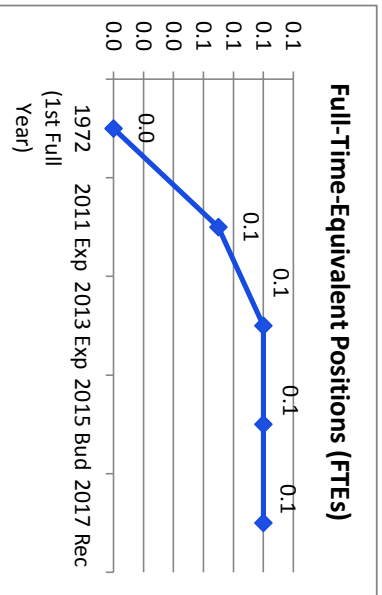
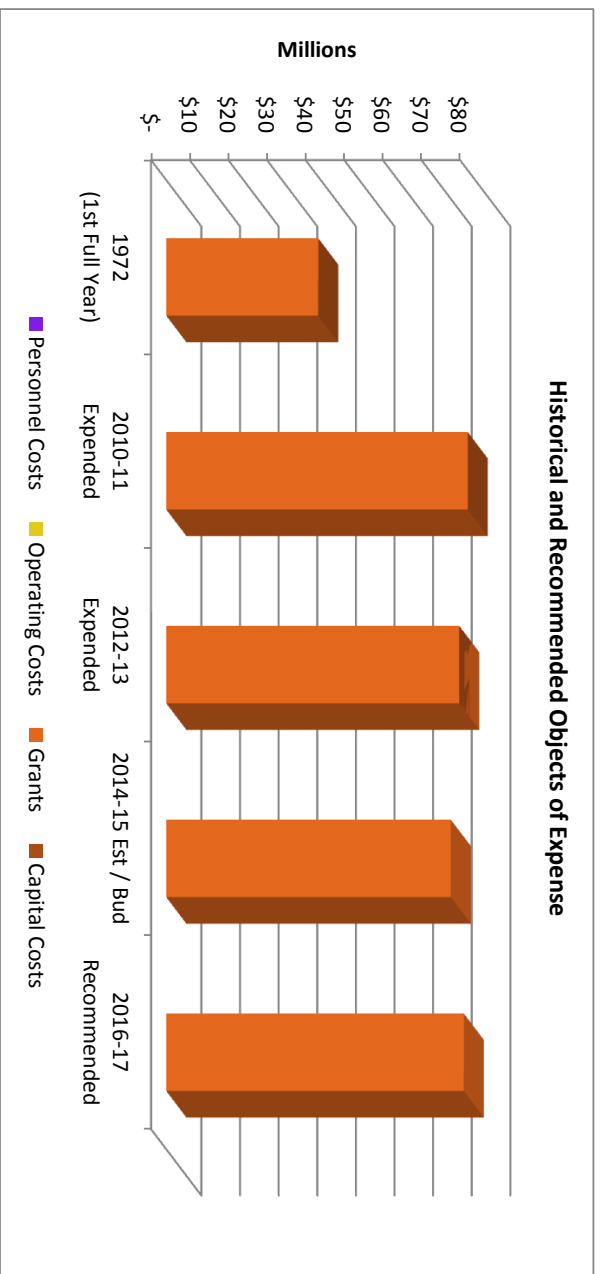
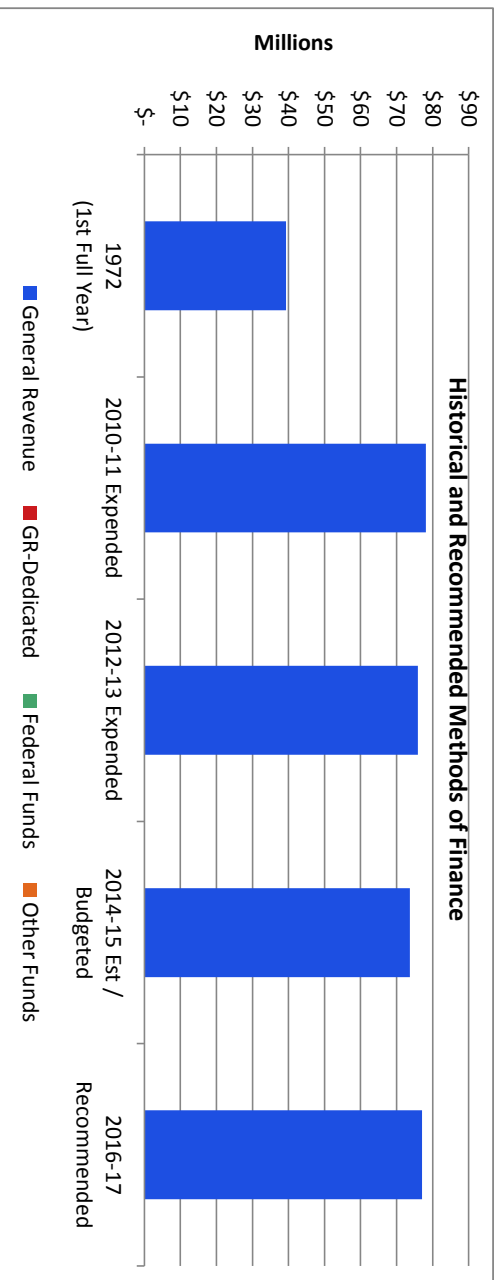
Agency Ranking
21 out of 49

The program provides medical education funding to Baylor College of Medicine. Funding for Baylor College of Medicine is tied to the medical education funding at the University of Texas Southwestern Medical Center at Dallas and The University of Texas Medical Branch at Galveston.

Legal Authority: Education Code 61.091 -61.096

Year Created	1971	Performance and/or Authority	Moderate	Operational Issue	Yes	Outsourced Services	No
Centrality	Moderate	Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 10,416	0.1	\$ 10,416	0.1	0.0%
Baylor College of Medicine UGME	\$ 73,683,904	0.0	\$ 77,049,550	0.0	100.0%
TOTAL	\$ 73,694,320	0.1	\$ 77,059,966	0.1	100.0%



Program: Baylor College of Medicine Undergraduate Medical Education

Agency Ranking **21** out of 49

Summary of Recommendations

1 Baylor College of Medicine Recommendations-Health Related Institution Formula. Recommendations total \$77.1 million in General Revenue Funds, which is a \$3.4 million increase from 2014-15 funding levels. In accordance with statute, appropriations for undergraduate medical education at Baylor College of Medicine has historically been based on funding provided to The University of Texas Medical Branch at Galveston and The University of Texas Southwestern Medical Center for the support of undergraduate medical students in the previous fiscal year. Using this calculation methodology, the undergraduate medical education for the 2016-17 biennium totals \$77.0 million, an increase of \$3.4 million from the 2014-15 appropriated levels.

Summary of Fiscal and Policy Issues

1 1115 Waiver. Beginning in fiscal year 2013 and through the 2014-15 biennium, Baylor College of Medicine transferred appropriations provided for undergraduate medical education and graduate medical education to the Health and Human Services Commission (HHSC) for participation in the Texas Health Care Transformation and Quality Improvement Program, or the 1115 Waiver. This funding provides the non-federal share of delivery system reform incentive payments (DSRIP) at Baylor College of Medicine and the non-federal share of uncompensated care and DSRIP for its two hospital partners. HHSC provides the partnering hospitals with the initial state match funding amount plus federal matching funds from HHSC, a percentage of which is provided back to Baylor College of Medicine. Based on information provided by the institution, Baylor College of Medicine received an additional \$30.2 million above total appropriations in fiscal year 2013, 2014 and 2015 from this practice. The institution plans to apply a portion of these additional funds to address the accreditation issues noted by LCME.

Performance and/or Operational Issues

- 1 Limited Oversight.** Baylor College of Medicine is not a state agency and therefore, there is limited oversight over the expenditures of these appropriations.
- 2 Probationary Status.** In June 2014, Baylor College of Medicine was accredited on probationary status by the Liaison Committee on Medical Education (LCME) due to 14 areas of concern related to process, policy, and documentation. Baylor College of Medicine will remain on probationary status until, at earliest, Spring of 2016.

Recommended Statutory Changes for Program Improvement

- 1 None

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Per LBB instructions the agency did not request formula funding for Baylor College of Medicine in their Legislative Appropriations Request. This is consistent with how formula funding for Health Related Institutions is treated. Therefore the agency was not requested to fill out funding alternatives for this program.	N/A	N/A	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas Research Incentive Program

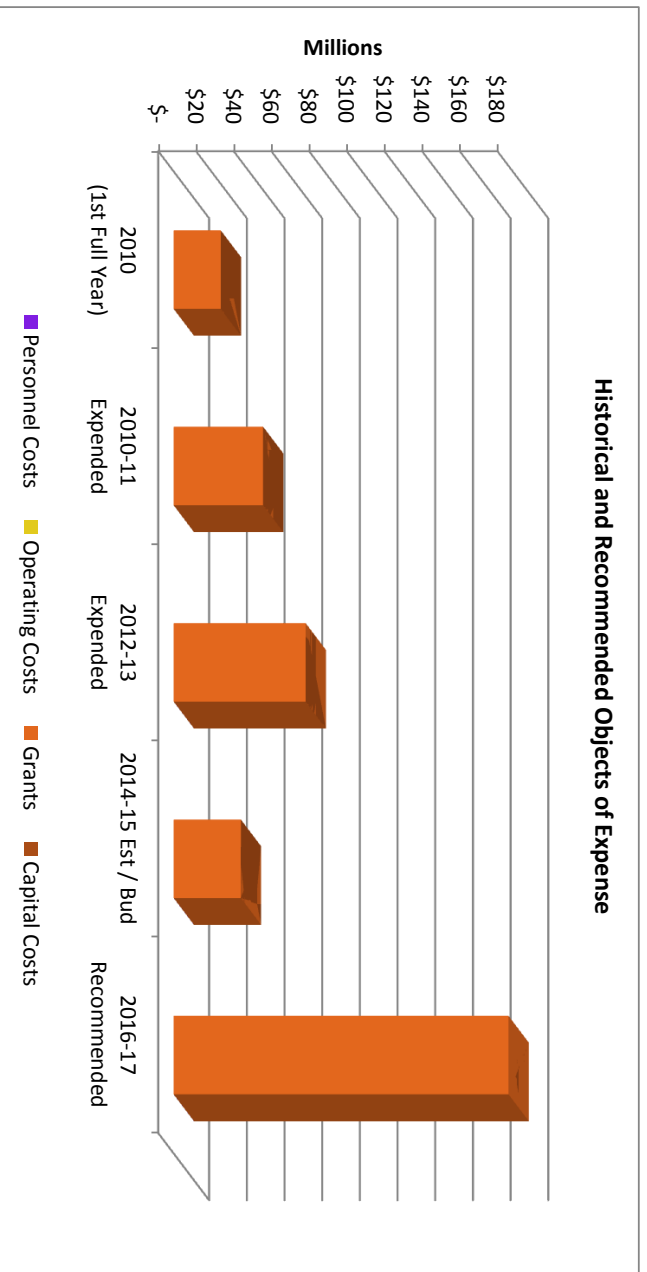
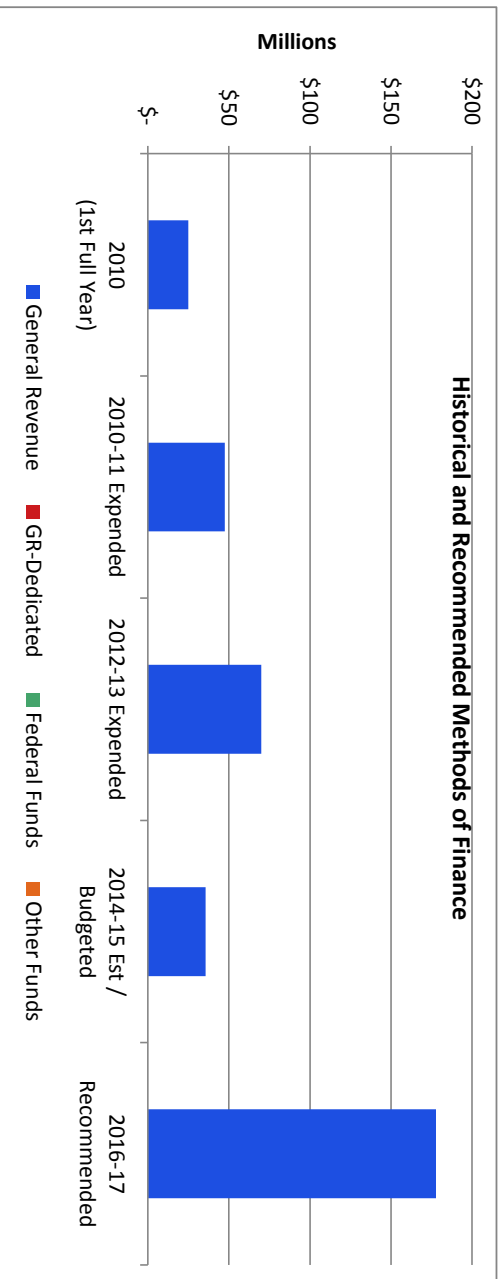
Agency Ranking
23 out of 49

The program is designed to assist Emerging Research Institutions (as designated by the Higher Education Coordinating Board's accountability system) to garner research funding from private donations to help them move toward national research university status. Currently there are eight emerging research universities: University of Texas at Arlington, University of Texas at Dallas, University of Texas at San Antonio, University of Texas at El Paso, University of Houston, Texas Tech University, University of North Texas and Texas State University. Statute specifies the eligible matching percentage based on the amount of the donation received. If the total amount of gifts are \$100,000 or more, but less than \$999,999, 50 percent of the donation will be matched. If the total amounts of gifts and endowments are \$1,000,000 or more, but less than \$1,999,999, 75 percent of the donations will be matched. If the total amounts of the gifts are \$2,000,000 or more, 100 percent of the donations will be matched. If funds appropriated for the program are insufficient to provide matching gifts for all qualifying gifts, the agency will provide matching grants for the remaining unmatched gifts in the following year to the extent funds are available.

Legal Authority: Education Code Section 62.121 - 62.124.

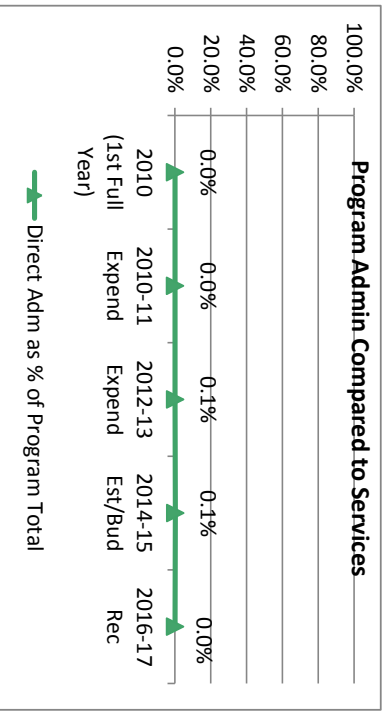
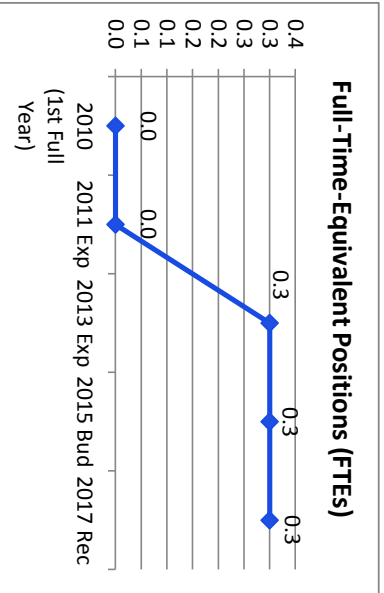
Year Created	2009	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 46,179	0.3	\$ 43,973	0.3	0.0%
Texas Research Incentive Program	\$ 35,625,000	0.0	\$ 177,736,409	0.0	100.0%
TOTAL	\$ 35,671,179	0.3	\$ 177,780,382	0.3	100.0%



Program: Texas Research Incentive Program

Agency Ranking **23** out of 49



Summary of Recommendations

1 Consolidation of Funding for Emerging Research Universities. Recommendations total \$177.8 million (including administrative funding) in General Revenue Funds which is an increase of \$142.1 compared to 2014-15 base amounts. Funding for the eight emerging research universities, which previously included the Research Development Fund (RDF) and the Texas Competitive Knowledge Fund (TCKF), has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million. An additional \$35 million was appropriated to the TRIP Program.

Summary of Fiscal and Policy Issues

- 1 Supplemental Appropriation in House Bill 1025.** The 2012-13 expended amounts include \$35.6 million appropriated by the 82nd Legislature and \$34.4 million appropriated in House Bill 1025 by the 83rd Legislature.
 - 2 Allocations through Program.** Since the program began in the 2010-11 biennium, \$153 million in state appropriations has been expended on the program. Three institutions, Texas Tech University, The University of Texas at Dallas and University of Houston have received 80 percent or \$122.0 million, of this funding.
 - 3 Unmatched Donations.** As of January 26, 2015, \$136.9 million in donations have not been matched.
- Recommended Statutory Changes for Program Improvement**
- 1 Stature does not give agency authority to collect data from institutions such as how funding is used.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Funding alternative to decrease program by \$7.1 million.	\$ (7,125,000)	\$ (7,125,000)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Norman Hackerman Advanced Research Program

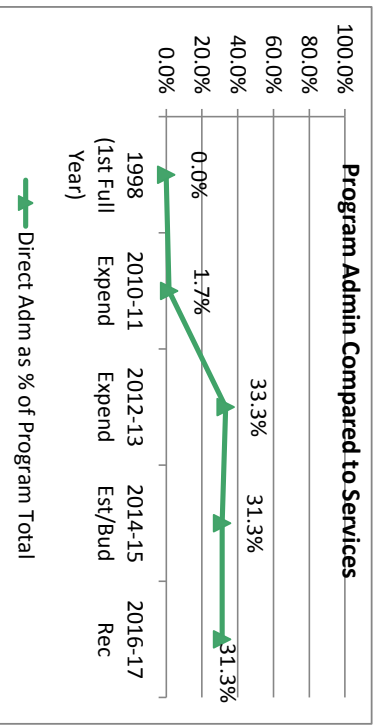
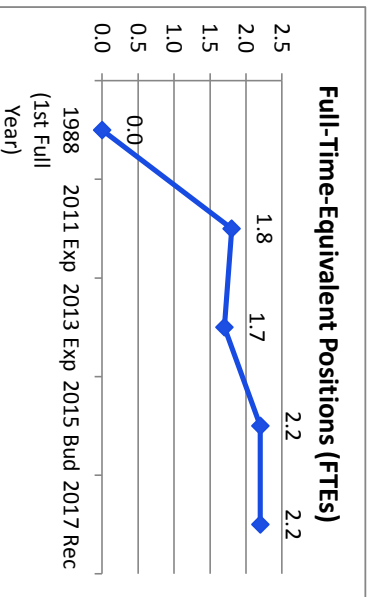
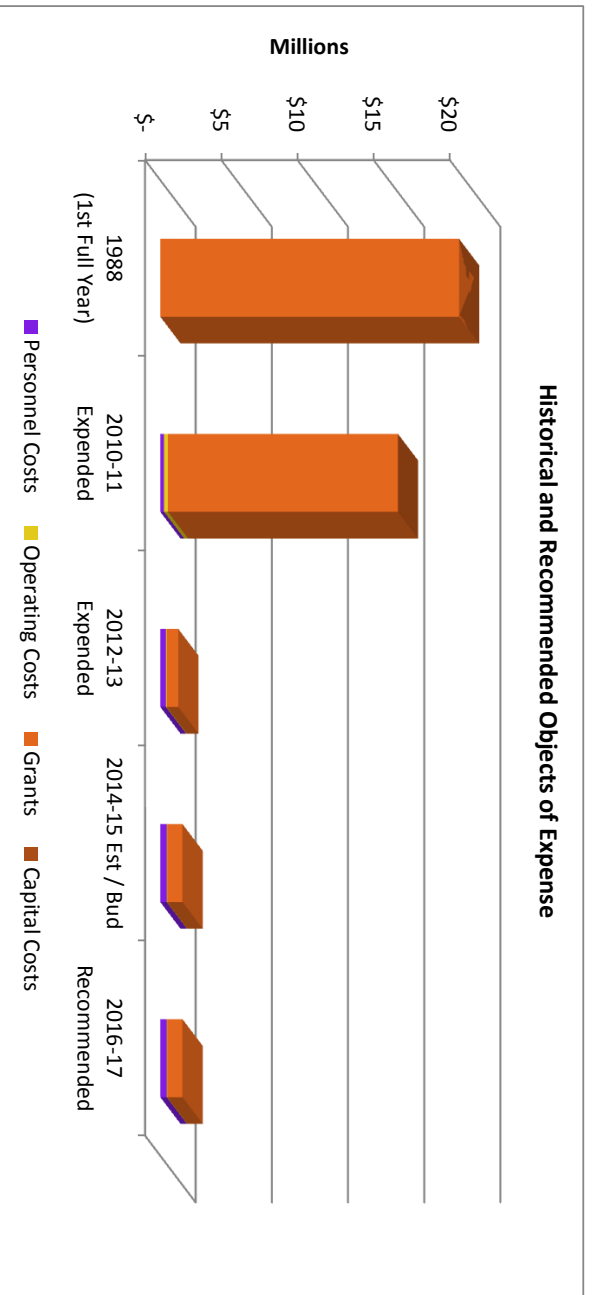
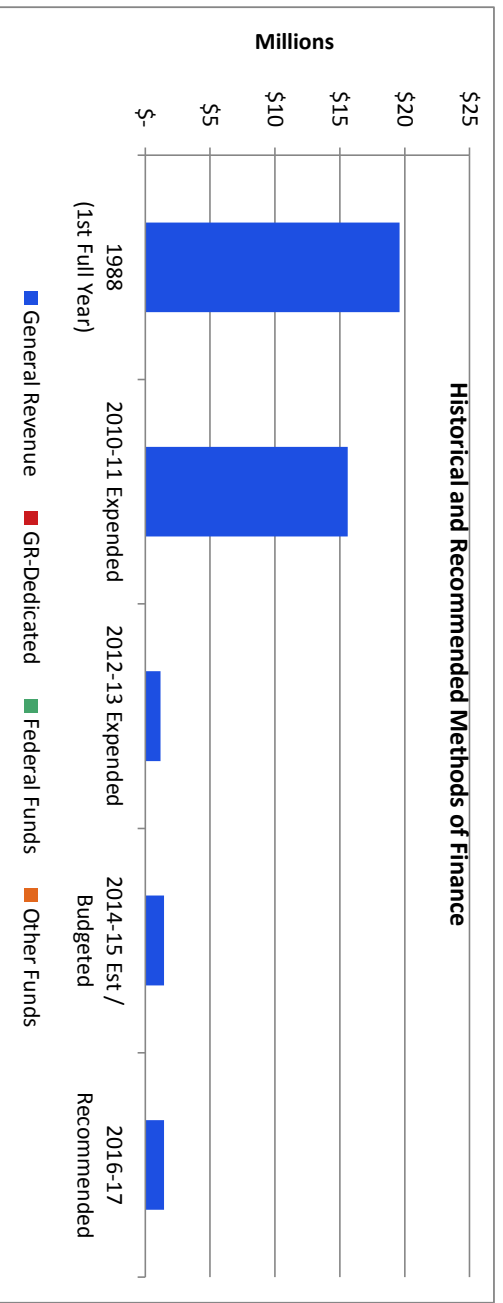
Agency Ranking
30 out of 49

The program provides competitive, peer-reviewed grants for basic research at Texas higher education institutions. The program enables investigators to do initial studies necessary to secure additional funding from the federal government, private industry, not-for-profit organizations, and private donors. The expected multiplier for external funds is about 3.5. On average, 5 to 7 students participate on each project. Funding for the program is in the first year of the biennium with UB authority into the second year of the biennium.

Legal Authority: Education Code Chapter 142

Year Created	1987	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 454,954	2.2	\$ 454,954	2.2	31.3%
Advanced Research Program	\$ 1,000,000	0.0	\$ 1,000,000	0.0	68.7%
TOTAL	\$ 1,454,954	2.2	\$ 1,454,954	2.2	100.0%



Program: Norman Hackerman Advanced Research Program

Agency Ranking **30** out of 49

Summary of Recommendations

1 Funding for the Advanced Research Program Maintains the 2014-15 General Revenue Funding. Level. Recommendations total \$1.5 million (including administrative funding), which maintains General Revenue funding at base levels

Summary of Fiscal and Policy Issues

1 Historical funding. In 2000-01, funding for the program was \$19.6 million.

2 Review Process. The Advisory Committee on Research Programs (ACORP), appointed by the Texas Higher Education Coordinating Board consists of nine Texas scientists from academia and industry. ACORP oversaw the creation of guidelines for the program and review procedures, determined research areas and allocated funding to each. For the 2013 competition, institutions submitted 256 pre-proposals to be considered totaling \$24.6 million in funding. Institutions reviewed their pre-proposals and based on their own internal review, selected 153 of the highest-ranked pre-proposals to go forward to the external review. These pre-proposals totaled \$14.8 million. ACORP recruited two review panels from academia, national laboratories and U.S. and Texas companies. No panelists were associated with any Texas University. Working individually, the reviewers invited 48 pre-proposals for continuation as full proposals of which 45 were submitted (three institutions did not forward a submission of a full proposal) totaling \$4.4 million. The review panel ranked the proposals and submitted their selection of 11 proposals to ACORP which were approved. The eleven institutions selected included The University of Texas at Austin (2 projects), The University of Texas at Arlington (2 projects), The University of Texas at Dallas, The University of Texas Health Science Center at San Antonio, University of Houston, Texas Tech University, Lamar University, Rice University and Baylor College of Medicine. The projects included biomedicine research such as cancer metastasis in deep tissue and projects supporting research in energy and the environment, such as novel biosensors to monitor effects of environmental pollutants.

Performance and/or Operational Issues

1 Merit Review. The enabling statute requires a merit review of the the program be conducted each biennium. The 2014 merit review is underway. In 2012, the merit review committee, composed of nationally-recognized and engineers, evaluated the program to determine whether 1) the program meets the goal of encouraging support for basic research in Texas; 2) HECB is fulfilling its responsibility of administering the program with the oversight of an advisory committee; 3) given the statutory requirement for the program, funds are appropriately being allocated to institutions of higher education by a peer review process and 4) suggestions for strengthening NHARP. The committee concluded that NHARP was conceived as a unique and competitive program to support higher education and research, but which today is at risk of being marginalized due to low funding levels. The committee recommended increasing the program to a target level of \$20 million with a minimum level of \$8 million.

2 Performance Measure. Performance measure tracks the number of projects supported by appropriation.

	Expended 2013	Estimated 2014	Budgeted 2015	Rec 2016	Rec 2017
<ul style="list-style-type: none"> Number of NHARP Research Projects Funded 	12	12	12	12	12
<i>House Bill 1 recommendations total \$1 million. Funding for this program is appropriated in the first year of the biennium with UB authority into the second year of the biennium. The 2014-15 estimated/budgeted funding for the program was \$1 million which supported 12 projects at \$80,000 each.</i>					

3 Rider #39 specifies that no more than 70 percent of the funds shall be designated for The University of Texas and the Texas A&M University System.

Recommended Statutory Changes for Program Improvement

1 None

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Funding alternative to increase program by \$7 million.	\$ 7,000,000	\$ 7,000,000	0.0
2 Funding alternative to zero fund program because of administrative costs.	\$ (1,000,000)	\$ (1,000,000)	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Centers for Teacher Education

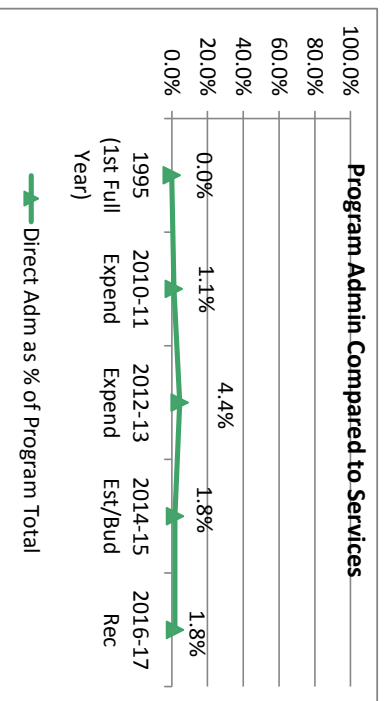
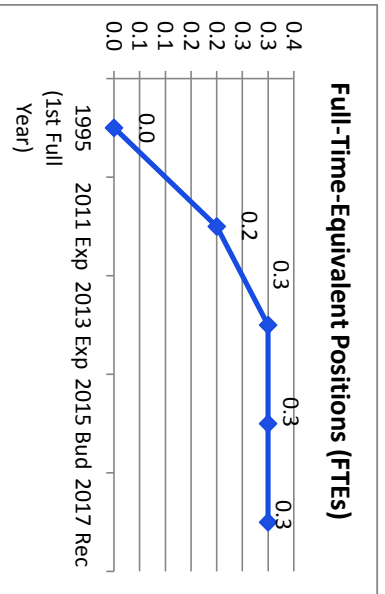
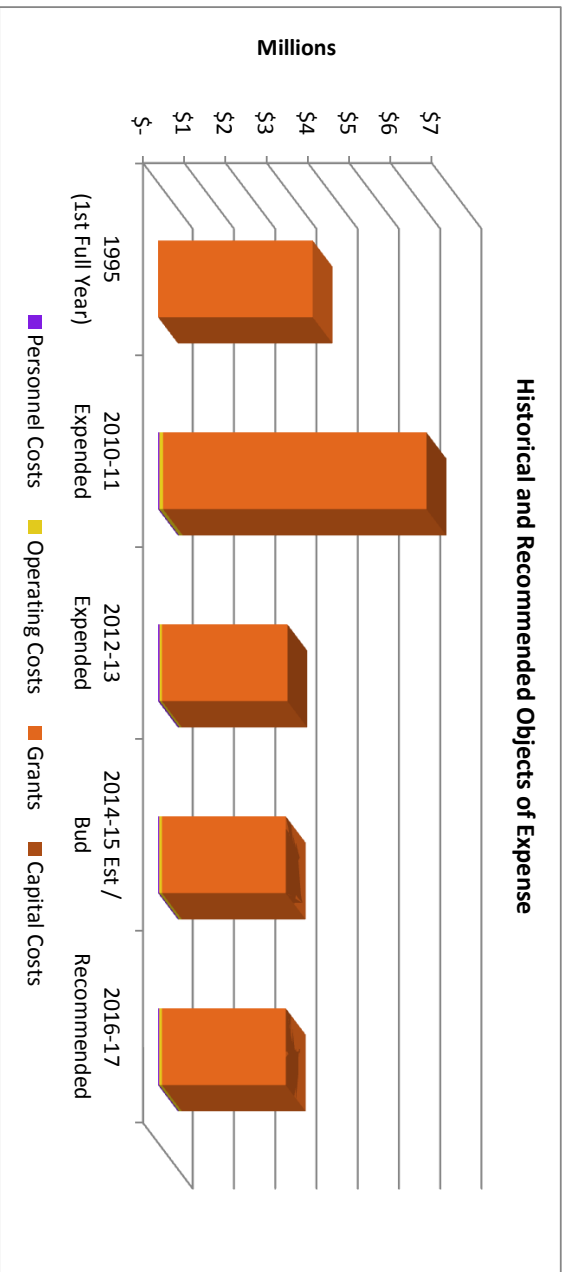
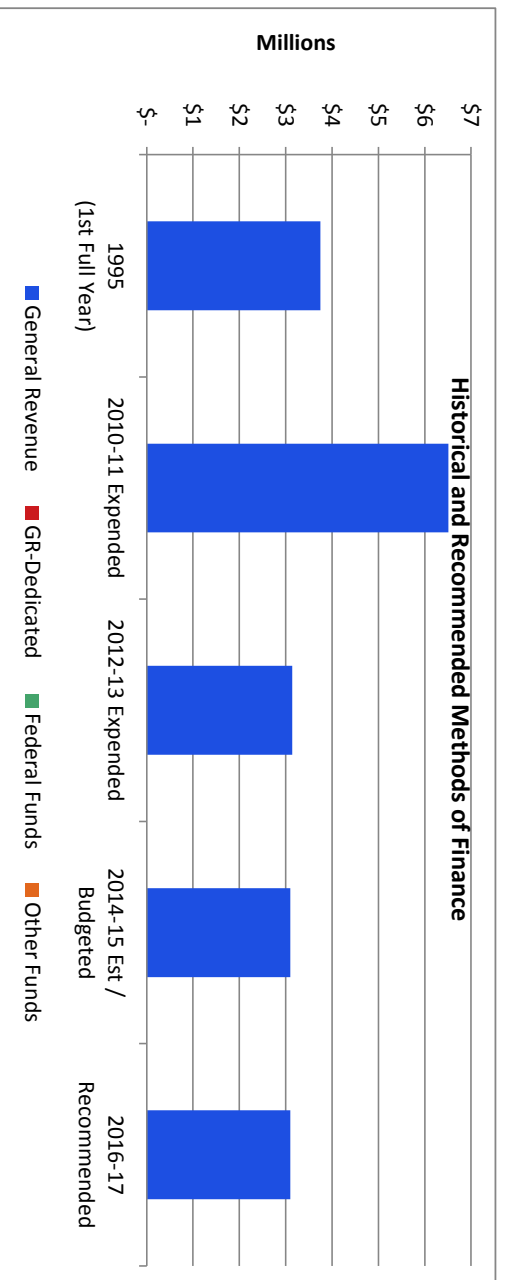
Agency Ranking
33 out of 49

The program provides funds to centers for teach education at private, independent institutions that are component institutions of the Texas Association of Developing Colleges (TADC). Rider #35 requires consideration to be given to teacher education centers at Huston-Tillotson University, Jarvis Christian College, Paul Quinn College, Texas College and Wiley College. These funds shall be used for 1) scholarships for students admitted into a teacher education program through to completion of the program and certification, at no less than 50 percent of the amount allocated to the institution, and 2) to redesign curriculum to ensure each institution provides curriculum and instruction on how to teach to the Texas College and Career Readiness Standards. The HECB requires periodic submission of data and reports to assess the overall performance of the centers.

Legal Authority: Rider # 32, General Appropriations Act

Year Created	1995	Performance and/or Authority	Weak	Operational Issue Yes		Outsourced Services Revenue Supported	Yes No
Centrality	Moderate	Service Area	Statewide	Use of Dedicated Funds		Financial Aid & Research	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 56,680	0.3	\$ 56,680	0.3	1.8%
Centers for Teacher Education	\$ 3,040,706	0.0	\$ 3,040,706	0.0	98.2%
TOTAL	\$ 3,097,386	0.3	\$ 3,097,386	0.3	100.0%



Program: Centers for Teacher Education

Agency Ranking **33** out of 49

Summary of Recommendations

- 1 Recommendations total \$3.1 million (including administrative funding) in General Revenue Funds which maintains General Revenue funding at 2014-15 base levels.

Summary of Recommendations and Fiscal and Policy Issues

- 1 **Statutory Authority.** The statutory authority for the program is weak because authority is only in rider.

Performance and/or Operational Issues

- 1 **Evaluation of Program-2012.** In 2012, the Higher Education Coordinating Board was requested by a legislator to evaluate the program. The agency's *Status Report on Centers for Teacher Education found* that "Although significant financial resources and support services have been invested in the Centers, the production of high quality, certified teachers is low, the cost per graduate is high, and four of the five Centers are experiencing accreditation problems due to low passage rates by ethnic group on the educator certification exam." Based on the report the cost per program graduate in fiscal year 2007 through fiscal year 2010 ranged from \$19,481 at Huston-Tillotson University to \$79,646 at Jarvis Christian College. While Huston-Tillotson University had pass rates in the 90 percent to 100 percent range from fiscal year 2007 through fiscal year 2011, Texas College fluctuated between 57 percent and 100 percent each year.

- 2 **Evaluation of Program-2014.** A 2014 report submitted by the service provider contracted by the agency did not note any deficiencies tied to the Centers but it was not as comprehensive as the Higher Education Coordinating Board review. The agency was requested to reconcile the two reports and provided information that four of the centers are currently accredited with Paul Quinn being accredited-warned based on small class size over the past few years. The agency indicates this issue is slowly improving. The agency has also indicated that state support per program graduate has also begun to decrease slightly as the institutions begin to increase their teacher program enrollment numbers. Accreditation issues have improved.

- 3 **Performance Measure.** The agency's key performance measure target for 2016-17, "Pass Rate on State Certification Exams at Centers for Teaching Education at Texas Association of Developing College Institutions" has been lowered from 98 percent included in the agency's Legislative Appropriation Request to 85 percent based on information provided by the agency.

Recommended Statutory Changes for Program Improvement

- 1 The program is not in statute.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Funding alternative were not submitted or specifically requested for this program.	\$ -	\$ -	0.0

**Strategic Fiscal Review 2016-17
Higher Education Coordinating Board, 781**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Physician Education Loan Repayment Program

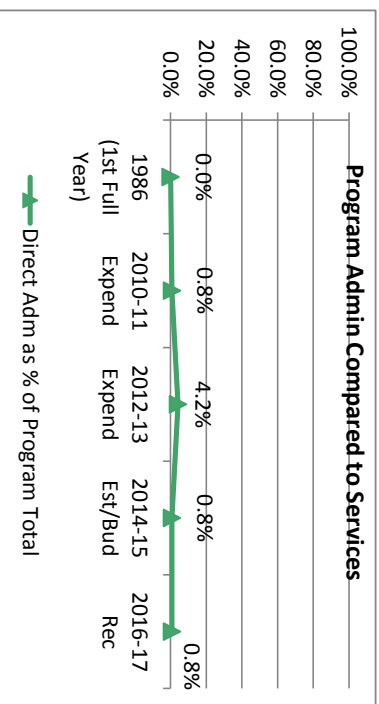
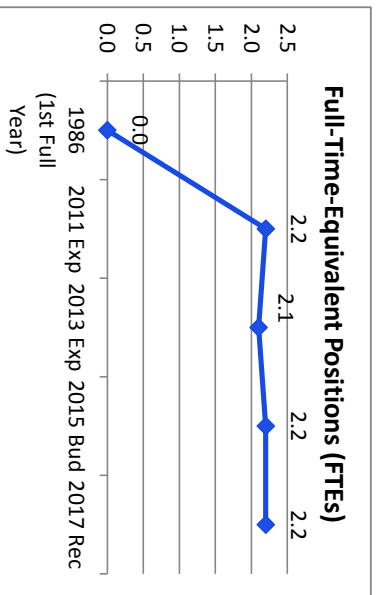
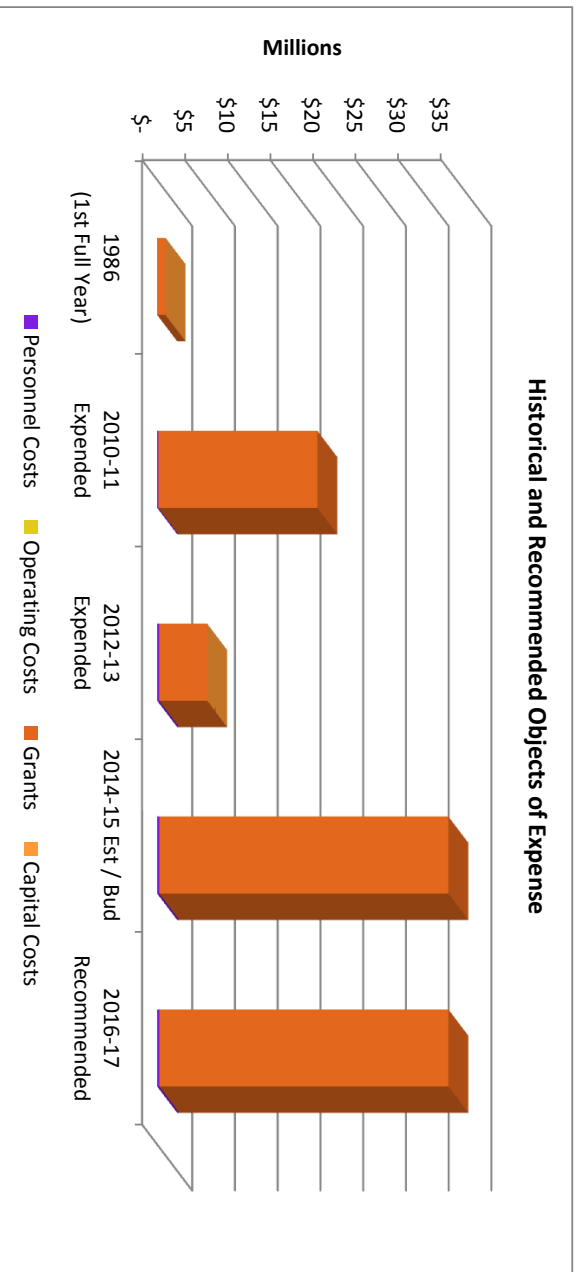
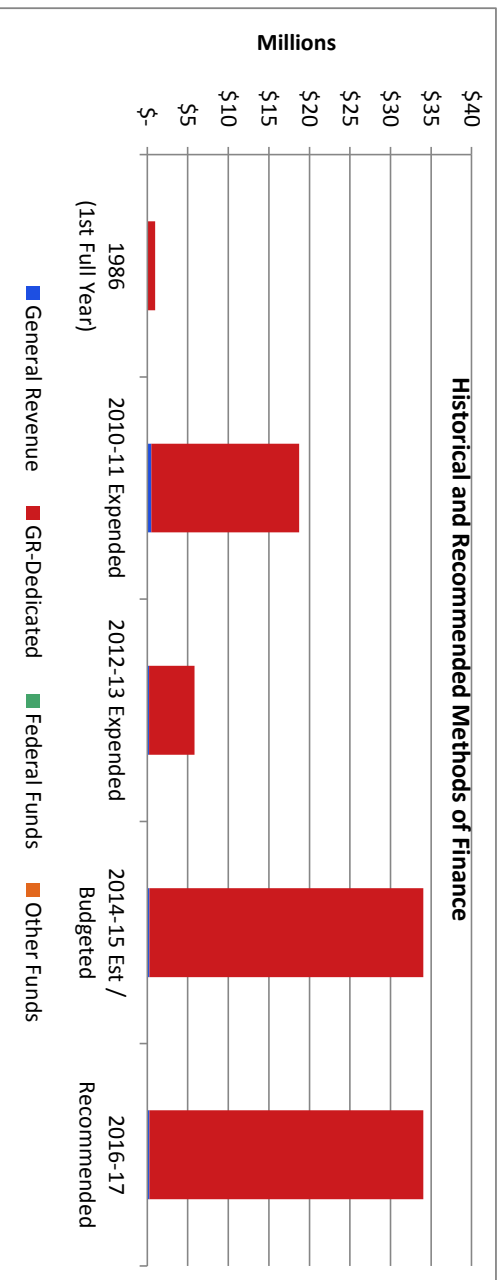
Agency Ranking
13 out of 49

The program was established in 1985 to encourage qualified physicians to practice medicine for at least four years in designated health professional shortage areas (HPSAs) of Texas. The maximum loan repayment amounts for these physicians is up to \$160,000 over the four-year commitment period. The 83rd Legislature expanded the use of the Physician Education Loan Repayment Account. House Bill 2550, created an eligibility path for physicians who provide specified service levels for persons enrolled in Medicaid or Texas Women's Health Program and House Bill 2099 created a pathway for nursing faculty if funds are available after all other applications have been funded.

Legal Authority: Education Code 61.531

Year Created	1985	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	Compliant

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 264,036	2.2	\$ 264,036	2.2	0.8%
Physician Education Loan Repayment Pgm	\$ 33,800,000	0.0	\$ 33,800,000	0.0	99.2%
TOTAL	\$ 34,064,036	2.2	\$ 34,064,036	2.2	100.0%



All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Physician Education Loan Repayment Program

Agency Ranking **13** out of 49

Summary of Recommendations

1 Funding for the Physician Education Loan Repayment Program Maintains the 2014-15 General Revenue-Dedicated Funding. The Physician Education Loan Repayment Program is currently supported by General Revenue Dedicated Account No. 5144. The account is composed of a tax on smokeless tobacco and public medical school tuition set asides. Recommendations maintain funding for the program at 2014-15 base amounts or \$33.8 million and would support 250 physicians entering the program for two to four years of service.

Summary of Fiscal and Policy Issues

1 Medical School Tuition Set Asides. Based on 2014 actual amounts, the estimated revenue in the Account No. 5144 in 2016 and 2017, is \$35.6 million per year. Included in this amount is approximately \$430,000 per year in public medical school tuition set asides.

2 Unexpended Balances. The estimated balance in the account as of August 31, 2014 is approximately \$115.3 million.

3 Number of Physicians Supported in 2014-15 Appropriations. The 2014-15 appropriations, \$33.8 million, supported two cohorts of 100 physicians, for all four years. Based on a September 11, 2014 report provided by the Higher Education Coordinating Board, 140 physicians enrolled in the program from June 1, 2013- August 31, 2013 and the Higher Education Coordinating Board has confirmed completion of a first year of service for 115 of these physicians and are following up on service verification forms for the remaining physicians. They are currently aware of only one physician from this cohort who no longer meets program requirements. The report indicates that 71 distinct counties are being served by these physicians and 41 of these counties are rural. The report indicates that 58 physicians enrolled from May 31, 2014 through September 1, 2014.

4 House Bill 2550 Applicants. The agency has indicated that of the 54 physicians who applied for fiscal year 2014 funds on the basis of House Bill 2550, the agency has verified that 32 met the Medicaid service levels, representing an estimated \$495,570. An additional 8 physicians are very close and represent an estimated \$159,196. The remaining 14 applicants were not close to meeting the service levels. A total of 50 physicians applied for fiscal year 2015 funds, and the agency will verify Medicaid service levels in August of 2015. The agency has indicated that they have received 137 applications from eligible nursing faculty and are verifying loan balances.

Performance and/or Operational Issues

1 Retention Rate. Historically there has been a high retention rate in the program. In 2010, 102 physicians enrolled in the program. The first year and second year retention rates for these physicians were 95 percent and 84 percent respectively. In the 3rd and 4th year of service, the retention rates were 75 percent and 74 percent, respectively.

Recommended Statutory Changes for Program Improvement

1 Elimination of medical school tuition set aside.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Increase funding for Physician Education Loan Repayment Program funding by 20 percent. The program would be able to recruit and retain approximately 21 more physicians (financial commitments for \$160,000 over a four year period) in fiscal year 2016 and approximately 32 more physicians (financial commitments for \$105,000 over a three-year period) in fiscal year 2017.	\$ 6,760,000	\$ 6,760,000	0.0
2 Decrease funding for Physician Education Loan Repayment Program funding by 20 percent. The program would be able to recruit and retain approximately 21 fewer physicians (financial commitments for \$160,000 over a four year period) in fiscal year 2016 and approximately 32 more physicians (financial commitments for \$105,000 over a three-year period) in fiscal year 2017.	\$ (6,760,000)	\$ (6,760,000)	0.0

Section 1

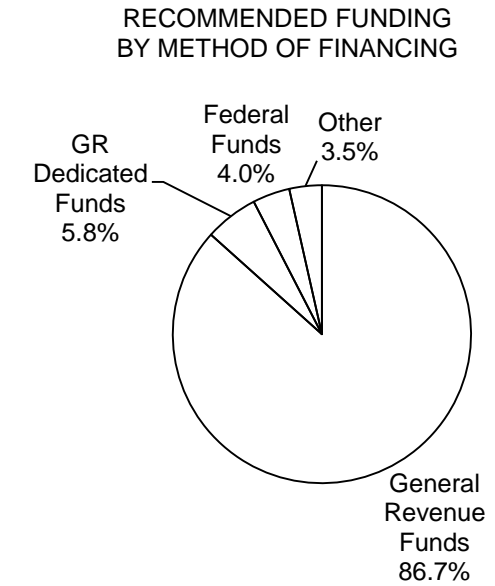
**Higher Education Coordinating Board
Summary of Recommendations - House**

Page III-45

Raymund Paredes, Commissioner of Higher Education

Greg Owens, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$1,269,902,232	\$1,400,325,719	\$130,423,487	10.3%
GR Dedicated Funds	\$118,857,791	\$93,742,000	(\$25,115,791)	(21.1%)
<i>Total GR-Related Funds</i>	<i>\$1,388,760,023</i>	<i>\$1,494,067,719</i>	<i>\$105,307,696</i>	<i>7.6%</i>
Federal Funds	\$63,104,442	\$65,226,692	\$2,122,250	3.4%
Other	\$83,542,680	\$57,014,860	(\$26,527,820)	(31.8%)
All Funds	\$1,535,407,145	\$1,616,309,271	\$80,902,126	5.3%



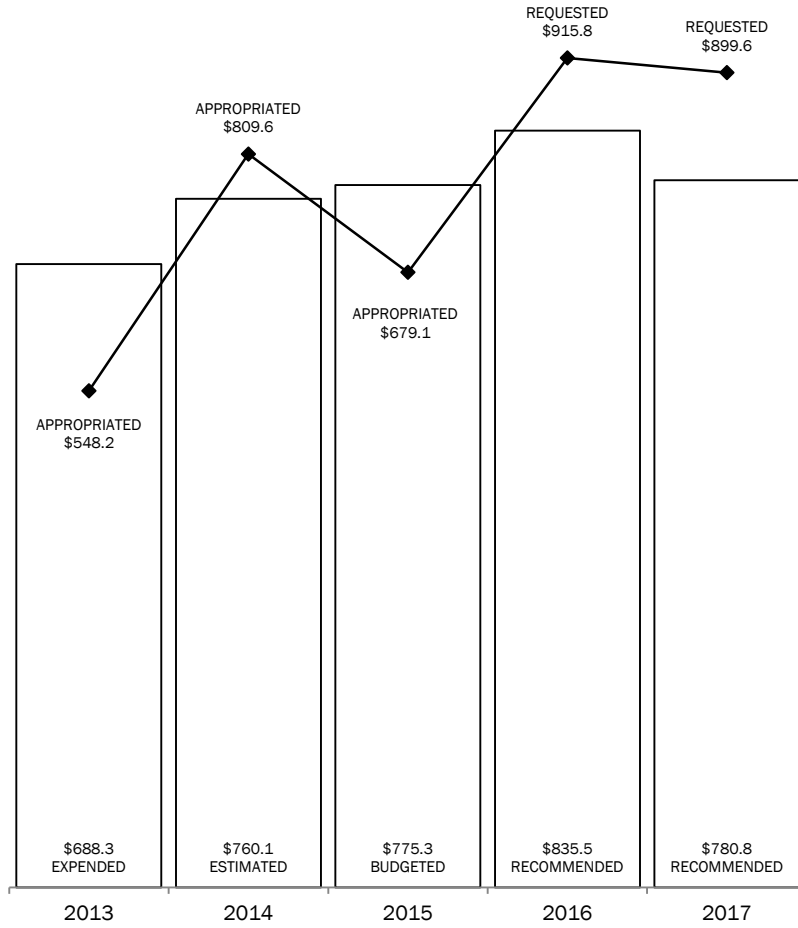
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	260.4	260.4	0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 80.7% of the agency's estimated total available funds for the 2016-17 biennium.

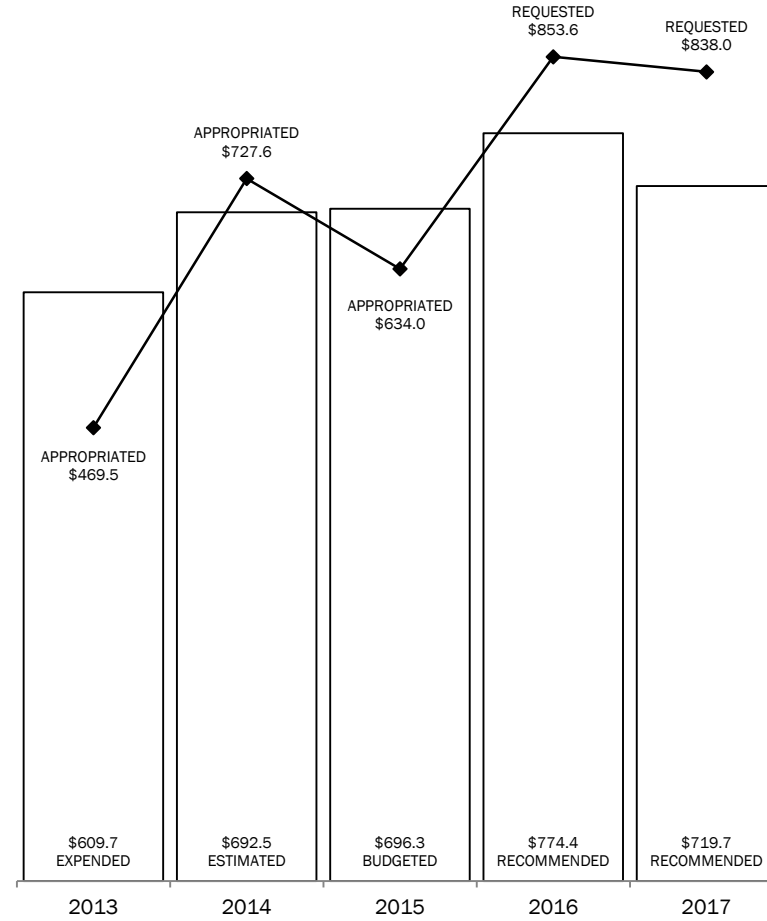
Section 1
Higher Education Coordinating Board
2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$1,616.3 MILLION

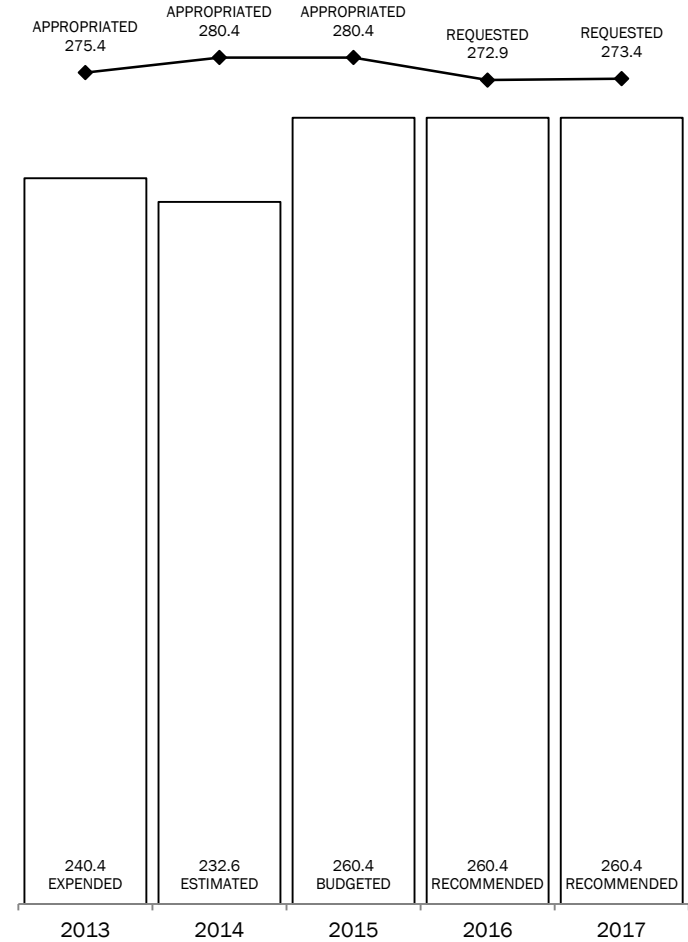
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$4,103,547	\$3,778,637	(\$324,910)	(7.9%)	Most of the agency's administrative strategies include several sources of funding (General Revenue, General Revenue-Dedicated, primarily B-On-Time funds, and Other Funds-usually donations or student loan funds). Recommendations include an agency anticipated decrease of \$324,910 in donations for the Advise TX program.
STATE LOAN PROGRAMS A.1.2	\$11,300,000	\$11,300,000	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$1,883,278	\$1,883,278	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$5,055,040	\$4,920,039	(\$135,001)	(2.7%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 Base amounts reflect the transfer of funds from Strategy D.1.6, Trauma Care Program.
PLANNING/INFORMATION/EVALUATION A.3.1	\$4,617,906	\$4,397,341	(\$220,565)	(4.8%)	Recommendations include an anticipated decrease of \$220,565 in donations for the education research center.
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$127,200	\$0	(\$127,200)	(100.0%)	Recommendations include an anticipated decrease of \$127,200 in donations for the Higher Education Policy Institute.
Total, Goal A, COORDINATE HIGHER EDUCATION	\$27,086,971	\$26,279,295	(\$807,676)	(3.0%)	
TEXAS GRANT PROGRAM B.1.1	\$683,340,187	\$693,604,806	\$10,264,619	1.5%	Recommendations reflect a \$41,286,215 increase in General Revenue offset by a \$31,021,596 decrease in Other Funds. The 2014-15 base amounts include \$31 million in donations from the Texas Guaranteed Student Loan Corporation. The 2016-17 recommendations do not include any anticipated donations.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$78,157,791	\$55,222,000	(\$22,935,791)	(29.3%)	Recommendations cover renewal students in the program.
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$31,408,000	\$19,199,700	(\$12,208,300)	(38.9%)	Recommendations cover renewal students in the program.
TUITION EQUALIZATION GRANTS B.1.4	\$180,095,654	\$180,095,654	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$65,114,950	\$65,114,950	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$18,809,278	\$18,809,278	\$0	0.0%	

Section 2

Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
LICENSE PLATE SCHOLARSHIPS B.1.7	\$1,120,548	\$211,336	(\$909,212)	(81.1%)	Recommendations include a decrease of \$909,212 in Other Funds. Recommendations reflect funding for license plate programs administered by the agency. The 2014-15 base amounts include license plate revenue that was administered by the General Academic Institutions. This revenue will now be appropriated to the General Academic Institutions via a rider in Special Provisions Related to Higher Education Institutions.
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$4,425,000	\$4,425,000	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$375,626	\$375,626	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$496,072	\$0	(\$496,072)	(100.0%)	Recommendations do not include funding for this program
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$500,000	\$500,000	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$39,624,892	\$18,223,048	(\$21,401,844)	(54.0%)	Recommendations cover renewal students in the program.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$7,120,000	\$5,340,000	(\$1,780,000)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
T-STEM CHALLENGE PROGRAM B.1.14	\$5,792,000	\$13,011,000	\$7,219,000	124.6%	Recommendations reflect the allocation between the two biennia of donations received from the Texas Guaranteed Student Loan Corporation.
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$1,116,379,998	\$1,074,132,398	(\$42,247,600)	(3.8%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$1,000,000	\$1,000,000	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$35,625,000	\$177,736,409	\$142,111,409	398.9%	Funding for the eight emerging research universities, which previously included the Research Development Fund and the Texas Competitive Knowledge Fund, has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million in General Revenue. An additional \$35 million in General Revenue was appropriated to the TRIP Program.
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$36,625,000	\$178,736,409	\$142,111,409	388.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$12,780,000	\$12,780,000	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$10,206,794	\$10,206,794	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$33,800,000	\$33,800,000	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$220,000	\$220,000	100.0%	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.

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Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$33,750,000	\$33,750,000	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.6	\$4,365,000	\$4,500,000	\$135,000	3.1%	Recommendations match the 2014-15 appropriated amounts for the program. The 2014-15 base amounts reflect the transfer of funds to Strategy A.2.1, Workforce, Academic Affairs & Research for administrative purposes.
UNT HSC COLLEGE OF PHARMACY D.1.8	\$5,400,000	\$0	(\$5,400,000)	(100.0%)	Recommendations do not include funding at the agency for this program. The School of Pharmacy is eligible for formula funding in the 2016-17 biennium, so this funding was not continued in House Bill 1.
GME EXPANSION D.1.9	\$14,250,000	\$28,600,000	\$14,350,000	100.7%	
PRIMARY CARE INNOVATION GRANT PGM D.1.10	\$2,100,000	\$2,100,000	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.11	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	The strategy includes funding for two new loan programs, the Saint David's Public Health Care Loan Repayment Program and the Speech Pathologist Loan Repayment Program, for which the agency has received donations. Recommendations reflect an anticipated decrease in donations.
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$119,202,403	\$127,232,100	\$8,029,697	6.7%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$73,683,904	\$77,049,050	\$3,365,146	4.6%	Formula allocation is tied to Health Related Institutions Formula.
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$11,944,222	\$12,773,968	\$829,746	6.9%	Formula allocation is tied to GME Health Related Institutions Formula.
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$2,850,000	\$2,850,000	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$4,050,000	\$4,050,000	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$92,528,126	\$96,723,018	\$4,194,892	4.5%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$4,007,408	\$4,007,408	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$3,040,706	\$3,040,706	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$4,007,381	\$4,007,381	\$0	0.0%	
HAZELWOOD EXEMPTION F.1.4	\$30,000,000	\$0	(\$30,000,000)	(100.0%)	Recommendations do not include funding the program. Funding for the program, \$30 million, has been appropriated to the Texas Veterans Commission, which administers the program.
TEXAS TEACHER RESIDENCY PROGRAM F.1.5	\$1,298,305	\$1,298,305	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$42,353,800	\$12,353,800	(\$30,000,000)	(70.8%)	

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$51,604,218	\$55,208,436	\$3,604,218	7.0%	Recommendations reflect an anticipated increase in Federal Perkins funds that include Vocational Education Basic Grants and Tech-Prep Education Grants.
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$10,387,826	\$9,807,652	(\$580,174)	(5.6%)	Recommendations reflect an anticipated decrease in Teacher Quality State Grants.
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$217,302	\$0	(\$217,302)	(100.0%)	In 2014-15 funding for the John R. Justice Prosecutors & Defenders Incentive Program was reflected in the College Access Challenge Grant strategy. In 2016-17, this funding is reflected in the Other Federal Grants strategy.
OTHER FEDERAL GRANTS G.1.4	\$895,096	\$210,604	(\$684,492)	(76.5%)	Recommendations reflect funding for the John R. Justice Prosecutors & Defenders Incentive Program. The 2014-15 base includes funding for the Statewide Data Systems which is not included in the 2016-17 recommendations.
Total, Goal G, FEDERAL GRANT PROGRAMS	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	
EARNINGS - MINORITY HEALTH H.1.1	\$5,575,053	\$5,575,054	\$1	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$9,716,223	\$9,716,224	\$1	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$15,291,276	\$15,291,278	\$2	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$10,049,811	\$9,905,802	(\$144,009)	(1.4%)	Recommendations reflect a decrease of \$258,213 in Other Funds. Recommendations include an overall General Revenue increase of \$114,203 which includes a \$214,203 increase to biennialize salaries at 2015 levels offset by a \$100,000 decrease in anticipated Earned Federal Funds.
INFORMATION RESOURCES I.1.2	\$9,044,953	\$9,088,113	\$43,160	0.5%	Recommendation reflect an increase of \$90,177 in Other Funds offset by a decrease of \$47,017 to maintain current obligations for Data Center Services.

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES I.1.3	\$3,740,365	\$1,340,366	(\$2,399,999)	(64.2%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Private to Strategy I.1.3 Other Support Services for administrative purposes. Recommendations reflect an anticipated decrease of \$300,000 in Earned Federal Funds offset by an anticipated increase of \$300,001 in Student Loan Funds (Other Funds).
Total, Goal I, INDIRECT ADMINISTRATION	\$22,835,129	\$20,334,281	(\$2,500,848)	(11.0%)	
Grand Total, All Strategies	\$1,535,407,145	\$1,616,309,271	\$80,902,126	5.3%	

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$3,778,637	\$3,778,637	\$0	0.0%	
STATE LOAN PROGRAMS A.1.2	\$0	\$0	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$1,883,278	\$1,883,278	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$3,432,829	\$3,432,829	\$0	0.0%	
PLANNING/INFORMATION/EVALUATION A.3.1	\$4,166,231	\$4,166,231	\$0	0.0%	
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$0	\$0	\$0	0.0%	
Total, Goal A, COORDINATE HIGHER EDUCATION	\$13,260,975	\$13,260,975	\$0	0.0%	
TEXAS GRANT PROGRAM B.1.1	\$652,313,591	\$693,599,806	\$41,286,215	6.3%	Recommendations reflect a \$41,286,215 increase in General Revenue.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$0	\$0	\$0	0.0%	
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$31,408,000	\$19,199,700	(\$12,208,300)	(38.9%)	Recommendations cover renewal students in the program.
TUITION EQUALIZATION GRANTS B.1.4	\$180,095,654	\$180,095,654	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$65,114,950	\$65,114,950	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$18,809,278	\$18,809,278	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$0	\$0	\$0	0.0%	
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$4,425,000	\$4,425,000	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$375,626	\$375,626	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$496,072	\$0	(\$496,072)	(100.0%)	Recommendations do not include funding for this program
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$500,000	\$500,000	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$39,624,892	\$18,223,048	(\$21,401,844)	(54.0%)	Recommendations cover renewal students in the program.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$7,120,000	\$5,340,000	(\$1,780,000)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
T-STEM CHALLENGE PROGRAM B.1.14	\$0	\$0	\$0	0.0%	
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$1,000,283,063	\$1,005,683,062	\$5,399,999	0.5%	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$1,000,000	\$1,000,000	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$35,625,000	\$177,736,409	\$142,111,409	398.9%	Funding for the eight emerging research universities, which previously included the Research Development Fund and the Texas Competitive Knowledge Fund, has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million in General Revenue. An additional \$35 million in General Revenue was appropriated to the TRIP Program.

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Higher Education Coordinating Board
 Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$36,625,000	\$178,736,409	\$142,111,409	388.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$12,780,000	\$12,780,000	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$10,206,794	\$10,206,794	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$0	\$0	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$0	\$0	0.0%	
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$33,750,000	\$33,750,000	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.7	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY D.1.8	\$5,400,000	\$0	(\$5,400,000)	(100.0%)	Recommendations do not include funding at the agency for this program. The School of Pharmacy is eligible for formula funding in the 2016-17 biennium, so this funding was not continued in House Bill 1.
GME EXPANSION D.1.9	\$14,250,000	\$28,600,000	\$14,350,000	100.7%	
PRIMARY CARE INNOVATION GRANT PGM D.1.10	\$2,100,000	\$2,100,000	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.11	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$78,486,794	\$87,436,794	\$8,950,000	11.4%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$73,683,904	\$77,049,050	\$3,365,146	4.6%	Formula allocation is tied to Health Related Institutions Formula.
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$11,944,222	\$12,773,968	\$829,746	6.9%	Formula allocation is tied to GME Health Related Institutions Formula.
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$85,628,126	\$89,823,018	\$4,194,892	4.9%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$4,007,408	\$4,007,408	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$3,040,706	\$3,040,706	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$4,007,381	\$4,007,381	\$0	0.0%	
HAZELWOOD EXEMPTION F.1.4	\$30,000,000	\$0	(\$30,000,000)	(100.0%)	Recommendations do not include funding the program. Funding for the program, \$30 million, has been appropriated to the Texas Veterans Commission, which administers the program.
TEXAS TEACHER RESIDENCY PROGRAM F.1.5	\$1,298,305	\$1,298,305	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$42,353,800	\$12,353,800	(\$30,000,000)	(70.8%)	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	

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Higher Education Coordinating Board
 Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	
EARNINGS - MINORITY HEALTH H.1.1	\$0	\$0	\$0	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$8,055,610	\$8,169,814	\$114,204	1.4%	Recommendations include an overall General Revenue increase of \$114,203 which includes a \$214,203 increase to biennialize salaries at 2015 levels offset by a \$100,000 decrease in anticipated Earned Federal Funds.
INFORMATION RESOURCES I.1.2	\$4,007,164	\$3,960,147	(\$47,017)	(1.2%)	Recommendation reflect a decrease of \$47,017 to maintain current obligations for Data Center Services.
OTHER SUPPORT SERVICES I.1.3	\$1,201,700	\$901,700	(\$300,000)	(25.0%)	Recommendations reflect an anticipated decrease of \$300,000 in Earned Federal Funds.
Total, Goal I, INDIRECT ADMINISTRATION	\$13,264,474	\$13,031,661	(\$232,813)	(1.8%)	
Grand Total, All Strategies	\$1,269,902,232	\$1,400,325,719	\$130,423,487	10.3%	

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Higher Education Coordinating Board
 Summary of Recommendations - House, By Method of Finance -- GR DEDICATED

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$0	\$0	\$0	0.0%	
STATE LOAN PROGRAMS A.1.2	\$0	\$0	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$0	\$0	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$135,000	\$0	(\$135,000)	(100.0%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 Base amounts reflect the transfer of funds from Strategy D.1.7, Trauma Care Program.
PLANNING/INFORMATION/EVALUATION A.3.1	\$0	\$0	\$0	0.0%	
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$0	\$0	\$0	0.0%	
Total, Goal A, COORDINATE HIGHER EDUCATION	\$135,000	\$0	(\$135,000)	(100.0%)	
TEXAS GRANT PROGRAM B.1.1	\$0	\$0	\$0	0.0%	
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$78,157,791	\$55,222,000	(\$22,935,791)	(29.3%)	Recommendations cover renewal students in the program.
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$0	\$0	\$0	0.0%	
TUITION EQUALIZATION GRANTS B.1.4	\$0	\$0	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$0	\$0	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$0	\$0	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$0	\$0	\$0	0.0%	
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$0	\$0	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$0	\$0	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$0	\$0	\$0	0.0%	
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$0	\$0	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$0	\$0	\$0	0.0%	
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$0	\$0	\$0	0.0%	
T-STEM CHALLENGE PROGRAM B.1.14	\$0	\$0	\$0	0.0%	
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$78,157,791	\$55,222,000	(\$22,935,791)	(29.3%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$0	\$0	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$0	\$0	\$0	0.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$0	\$0	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$0	\$0	\$0	0.0%	

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Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$33,800,000	\$33,800,000	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$220,000	\$220,000	100.0%	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$0	\$0	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.7	\$4,365,000	\$4,500,000	\$135,000	3.1%	Recommendations match the 2014-15 appropriated amounts for the program. The 2014-15 base amounts reflect the transfer of funds to Strategy A.2.1, Workforce, Academic Affairs & Research for administrative purposes.
UNT HSC COLLEGE OF PHARMACY D.1.8	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.9	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.10	\$0	\$0	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.11	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$38,165,000	\$38,520,000	\$355,000	0.9%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$0	\$0	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION F.1.4	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.5	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
EARNINGS - MINORITY HEALTH H.1.1					
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1					
INFORMATION RESOURCES I.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES I.1.3	\$0	\$0	\$0	0.0%	
Total, Goal I, INDIRECT ADMINISTRATION	\$2,400,000	\$0	(\$2,400,000)	(100.0%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Private to Strategy I.1.3 Other Support Services for administrative purposes.
Grand Total, All Strategies	\$2,400,000	\$0	(\$2,400,000)	(100.0%)	
	\$118,857,791	\$93,742,000	(\$25,115,791)	(21.1%)	

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Higher Education Coordinating Board
 Summary of Recommendations - House, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$0	\$0	\$0	0.0%	
STATE LOAN PROGRAMS A.1.2	\$0	\$0	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$0	\$0	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$0	\$0	\$0	0.0%	
PLANNING/INFORMATION/EVALUATION A.3.1	\$0	\$0	\$0	0.0%	
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$0	\$0	\$0	0.0%	
Total, Goal A, COORDINATE HIGHER EDUCATION	\$0	\$0	\$0	0.0%	
TEXAS GRANT PROGRAM B.1.1	\$0	\$0	\$0	0.0%	
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$0	\$0	\$0	0.0%	
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$0	\$0	\$0	0.0%	
TUITION EQUALIZATION GRANTS B.1.4	\$0	\$0	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$0	\$0	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$0	\$0	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$0	\$0	\$0	0.0%	
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$0	\$0	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$0	\$0	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$0	\$0	\$0	0.0%	
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$0	\$0	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$0	\$0	\$0	0.0%	
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$0	\$0	\$0	0.0%	
T-STEM CHALLENGE PROGRAM B.1.14	\$0	\$0	\$0	0.0%	
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$0	\$0	\$0	0.0%	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$0	\$0	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$0	\$0	\$0	0.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$0	\$0	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$0	\$0	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$0	\$0	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$0	\$0	0.0%	
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$0	\$0	\$0	0.0%	

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Higher Education Coordinating Board
 Summary of Recommendations - House, By Method of Finance -- FEDERAL FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TRAUMA CARE PROGRAM D.1.7	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY D.1.8	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.9	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.10	\$0	\$0	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.11	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$0	\$0	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION F.1.4	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.5	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$51,604,218	\$55,208,436	\$3,604,218	7.0%	Recommendations reflect an anticipated increase in Federal Perkins funds that include Vocational Education Basic Grants and Tech-Prep Education Grants.
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$10,387,826	\$9,807,652	(\$580,174)	(5.6%)	Recommendations reflect an anticipated decrease in Teacher Quality State Grants.
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$217,302	\$0	(\$217,302)	(100.0%)	In 2014-15 funding for the John R. Justice Prosecutors & Defenders Incentive Program was reflected in the College Access Challenge Grant strategy. In 2016-17, this funding is reflected in the Other Federal Grants strategy.

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- FEDERAL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OTHER FEDERAL GRANTS G.1.4	\$895,096	\$210,604	(\$684,492)	(76.5%)	Recommendations reflect funding for the John R. Justice Prosecutors & Defenders Incentive Program. The 2014-15 base includes funding for the Statewide Data Systems which is not included in the 2016-17 recommendations.
Total, Goal G, FEDERAL GRANT PROGRAMS	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	
EARNINGS - MINORITY HEALTH H.1.1	\$0	\$0	\$0	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES I.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES I.1.3	\$0	\$0	\$0	0.0%	
Total, Goal I, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- OTHER FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$324,910	\$0	(\$324,910)	(100.0%)	Most of the agency's administrative strategies include several sources of funding (General Revenue, General Revenue-Dedicated, primarily B-On-Time funds, and Other Funds-usually donations or student loan funds). Recommendations include an agency anticipated decrease of \$324,910 in donations for the Advise TX program.
STATE LOAN PROGRAMS A.1.2	\$11,300,000	\$11,300,000	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$0	\$0	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$1,487,211	\$1,487,210	(\$1)	(0.0%)	
PLANNING/INFORMATION/EVALUATION A.3.1	\$451,675	\$231,110	(\$220,565)	(48.8%)	Recommendations include an anticipated decrease of \$220,565 in donations for the education research center.
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$127,200	\$0	(\$127,200)	(100.0%)	Recommendations include an anticipated decrease of \$127,200 in donations for the Higher Education Policy Institute.
Total, Goal A, COORDINATE HIGHER EDUCATION	\$13,690,996	\$13,018,320	(\$672,676)	(4.9%)	
TEXAS GRANT PROGRAM B.1.1	\$31,026,596	\$5,000	(\$31,021,596)	(100.0%)	Recommendations reflect a \$31,021,596 decrease in Other Funds. The 2014-15 base amounts include \$31 million in donations from the Texas Guaranteed Student Loan Corporation. The 2016-17 recommendations do not include any anticipated donations.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$0	\$0	\$0	0.0%	
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$0	\$0	\$0	0.0%	
TUITION EQUALIZATION GRANTS B.1.4	\$0	\$0	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$0	\$0	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$0	\$0	\$0	0.0%	

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Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
LICENSE PLATE SCHOLARSHIPS B.1.7	\$1,120,548	\$211,336	(\$909,212)	(81.1%)	Recommendations include a decrease of \$909,212 in Other Funds. Recommendations reflect funding for license plate programs administered by the agency. The 2014-15 base amounts include license plate revenue that was administered by the General Academic Institutions. This revenue will now be appropriated to the General Academic Institutions via a rider in Special Provisions Related to Higher Education Institutions.
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$0	\$0	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$0	\$0	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$0	\$0	\$0	0.0%	
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$0	\$0	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$0	\$0	\$0	0.0%	
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$0	\$0	\$0	0.0%	
T-STEM CHALLENGE PROGRAM B.1.14	\$5,792,000	\$13,011,000	\$7,219,000	124.6%	Recommendations reflect the allocation between the two biennia of donations received from the Texas Guaranteed Student Loan Corporation.
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$37,939,144	\$13,227,336	(\$24,711,808)	(65.1%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$0	\$0	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$0	\$0	\$0	0.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$0	\$0	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$0	\$0	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$0	\$0	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$0	\$0	0.0%	
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$0	\$0	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.7	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY D.1.8	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.9	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.10	\$0	\$0	\$0	0.0%	

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Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OTHER LOAN REPAYMENT PROGRAMS D.1.11	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	The strategy includes funding for two new loan programs, the Saint David's Public Health Care Loan Repayment Program and the Speech Pathologist Loan Repayment Program., for which the agency has received donations. Recommendations reflect an anticipated decrease in donations.
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$2,850,000	\$2,850,000	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$4,050,000	\$4,050,000	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$6,900,000	\$6,900,000	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION F.1.4	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.5	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	
EARNINGS - MINORITY HEALTH H.1.1	\$5,575,053	\$5,575,054	\$1	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$9,716,223	\$9,716,224	\$1	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$15,291,276	\$15,291,278	\$2	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$1,994,201	\$1,735,988	(\$258,213)	(12.9%)	Recommendations reflect a decrease of \$258,213 in Student Loan Funds.
INFORMATION RESOURCES I.1.2	\$5,037,789	\$5,127,966	\$90,177	1.8%	Recommendation reflect an increase of \$90,177 in Other Funds offset by a

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**Higher Education Coordinating Board
Summary of Recommendations - House, By Method of Finance -- OTHER FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES I.1.3	\$138,665	\$438,666	\$300,001	216.3%	Recommendations reflect an anticipated decrease of \$300,001 in Student Loan Funds (Other Funds).
Total, Goal I, INDIRECT ADMINISTRATION	\$7,170,655	\$7,302,620	\$131,965	1.8%	
Grand Total, All Strategies	\$83,542,680	\$57,014,860	(\$26,527,820)	(31.8%)	

Section 3A

Higher Education Coordinating Board Selected Fiscal and Policy Issues-House

1. **Funding Overview of Higher Education Coordinating Board (HECB).** Appropriations to the HECB are composed of General Revenue, General Revenue-Dedicated (GR-D), which includes designated tuition set-asides (such as the B-On-Time Account for public institutions), and a tax on smokeless tobacco (Physician Education Loan Repayment Account), Federal Funds and Other Funds, which include donations. Below is a list of selected fiscal and policy issues broken out by goal for strategies that were supported by General Revenue and General Revenue-Dedicated funding. Supplemental Schedule 3B includes a comparison of the 2014-15 appropriated amounts, the 2014-15 estimated/budgeted levels, the HECB base line requested 2016-17 amounts and the 2016-17 recommended amounts for the agency's trustee programs that are supported by General Revenue or General Revenue-Dedicated funds. The HECB also administers and issues bonds related to the Hinson Hazlewood Student Loan Program (these bonds are not appropriated to the agency). Supplementary Schedules 3D and 3E include information related to this program and it will be also discussed in the B-On-Time Selected Fiscal and Policy Issue.
2. **Strategic Fiscal Review.** The agency is included in the Strategic Fiscal Review. Please refer to the SFR packet for specific information and findings. Based on Strategic Fiscal Review, funding for one program was increased and seven programs were reduced. A distinction was made between whether the program was aligned with the agency's mission and whether there was strong statutory authority for the program. Evaluations of programs and funding alternatives provided by the agency were also used to determine whether a program was reduced. The majority of the remaining programs were maintained at 2014-15 General Revenue funding levels.

A. Financial Aid Programs (Goal B).

Financial Aid Programs-Increased compared to 2014-15 levels.

- TEXAS Grants. Recommended funding level is \$693.6 million, an increase of \$10.3 million in All Funds and \$41.3 million in General Revenue over the 2014-15 base. The 2014-15 includes \$31 million in donations from the Texas Guaranteed Student Loan Corporation. The 2016-17 recommendations do not include any anticipated donations. The TEXAS Grant program has strong statutory authority and is central to the agency's mission.

Financial Aid Programs-Reduced compared to 2014-15 levels.

- Top Ten Percent Scholarships. Recommended funding level is \$18.2 million, a decrease of \$21.4 million. Recommendations incorporate the agency's funding alternative to cover only renewal students in the program during the 2016-17 biennium. The agency indicates that current funding levels are not sufficient to make full awards (\$2,000) to all eligible students. Authority for this program is only through Rider 32 in the agency's bill pattern. This funding was re-allocated to TEXAS Grants.
- B-On-Time-Private General Revenue. Recommended funding level is \$19.2 million, a decrease of \$12.2 million. Funding supports renewal awards only at private institutions. This funding was re-allocated to TEXAS Grants.

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- B-On-Time –Public General Revenue-Dedicated. Recommended funding level is \$55.2 million, a decrease of \$22.9 million. Funding supports renewal awards only at public institutions. Public institutions are required to set-aside 20 percent of designated tuition above \$46 per semester credit hour for financial assistance. The B-On-Time program is supported by 5 percent of this 20 percent set aside.
- OAG Lawyer’s Loan Repayment Program. Recommendations do not fund program. Funding is intended to serve as an incentive for attorneys to work for the Office of the Attorney General (OAG). The OAG selects the recipients and recommends the award amounts based on years of service and other factors. Higher Education Coordinating Board staff verify applicant loan balances and disburse loan repayment awards to lenders on behalf of qualifying OAG employees. This program was determined to not be central to the agency’s mission. This funding was re-allocated to TEXAS Grants.
- Texas Armed Forces Scholarships. Recommended funding level is \$5.3 million, a decrease of \$1.8 million or 25 percent compared to the 2014-15 base. Funding is intended to serve as an incentive to encourage students to contract to serve as a commissioned officer in any branch of the United States Armed Forces or to become members of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard or United States Merchant Marine. The agency indicates that there may be a reduction in the number of commissioned officers due to federal defense budget cuts and to date, elected officials have not nominated the maximum number of students allowed. This program was determined to not be central to the agency’s mission. This funding was re-allocated to TEXAS Grants.

Financial Aid Programs-Maintained at 2014-15 levels.

- Tuition Equalization Grants. Recommended funding level is \$180.1 million in General Revenue.
- Texas Educational Opportunity Grants. Recommended funding level is \$65.1 million in General Revenue.
- College Work Study. Recommended funding level is \$18.8 million in General Revenue.
- Teach for Texas Loan Repayment Program. Recommended funding level is \$4.4 million in General Revenue.
- Border Faculty Loan Repayment Program. Recommended funding level is \$0.4 million in General Revenue.

B. Research Programs (Goal C).

Research Programs-Increased compared to 2014-15 levels.

- *Texas Research Incentive Program.* Recommended funding level is \$177.7 million, an increase of \$142.1 million in General Revenue. Funding for the eight emerging research universities, which previously included the Research Development Fund (RDF) and the Texas Competitive Knowledge Fund (TCKF), has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million in General Revenue. An additional \$35 million in General Revenue was appropriated to the TRIP Program. See Supplemental Schedule 3C.

Financial Aid Programs-Maintained at 2014-15 levels.

- *Advanced Research Program.* Recommended funding level is \$1 million in General Revenue, which is a competitive grant program for public and private institutions.

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C. Health Programs (Goal D).

Health Programs-Increased compared to 2014-15 levels.

- Graduate Medical Education Expansion. Recommended funding level is \$28.6 million, an increase of \$14.3 million in General Revenue. Rider 51 specifies how funding for the program will be allocated.

Health Programs- Reduced compared to 2014-15 levels.

- UNT Health Science Center Pharmacy College. During the Eighty-third Legislative Session, the agency was appropriated \$5.4 million in General Revenue for the University of North Texas Health Science Center School of Pharmacy. The School of Pharmacy is eligible for formula funding in the 2016-17 biennium so this funding was not continued in House Bill 1.

Health Programs-Maintained at 2014-15 levels.

- Family Practice Residency Program. Recommended funding level is \$12.8 million in General Revenue.
- Joint Admission Medical Program. Recommended funding level is \$10.2 million in General Revenue.
- Professional Nursing Shortage Reduction Program. Recommended funding is \$33.8 million in General Revenue.
- Physician Education Loan Repayment Program. Recommended funding level is \$33.8 million in General Revenue.
- Physician and Nurse Trauma Care Program. Recommended funding level is \$4.5 million in General Revenue-Dedicated.
- Primary Care Innovation Grants. Recommended funding level is \$2.1 million in General Revenue.

D. Baylor College of Medicine (Goal E). The recommended funding amounts for Baylor College of Medicine, is tied to the Health Related Institutions Formulas.

- Baylor College of Medicine-Undergraduate Medical Education. Recommended funding level is \$77.0 million in General Revenue, an increase of \$3.4 million in General Revenue.
- Baylor College of Medicine-Graduate Medical Education. Recommended funding level is \$12.7 million in General Revenue, an increase of \$0.8 million in General Revenue.

E. Funding for Quality and Access Programs (Goal F).

Funding for Quality and Access Programs- Reduced compared to 2014-15 levels.

- Hazlewood Tuition Exemption Program. The Eighty-third Legislature appropriated \$30 million in General Revenue in House Bill 1025 for the program. Senate Bill 1158 transferred administrative responsibility for the program from the agency to the Texas Veterans Commission and created a new fund, the Permanent Fund for Supporting Military and Veterans Exemptions. The estimated distribution of the new fund is \$11.6 million in Fiscal Year 2016 and \$11.9 million in Fiscal Year 2017. Since the Higher Education Coordinating Board no longer administers the program, recommendations do continue funding of the program at the Texas Veterans Commission in the 2016-17 biennium.

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Funding for Quality and Access Programs-Maintained at 2014-15 levels.

- Developmental Education Programs. Recommended funding is \$4 million in General Revenue.
- Centers for Teacher Education. Recommended funding level is \$3 million in General Revenue/
- Accelerate Texas Community College Grants. Recommended funding level is \$4 million.
- Texas Teacher Residency Program. Recommended funding is \$1.3 million in General Revenue.

F. Funding for Administrative Goals A and I.

- For the administrative strategies under Goal A and Goal I, the recommended funding amount matched the agency's requested amount with exception of Strategy I.1.2 Information Resources which has been reduced by \$47,017 to maintain current obligations based on data center services financial analysis done by the Department of Information Resources (DIR).

Comparison of Higher Education Coordinating Board's Trusteed Programs- General Revenue/General Revenue-Dedicated Funding-House

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Request by HECB	2016-17 House Bill 1	Difference of House Bill 1 to 2014-15 Est/Bud	Explanation
Strategy	Goal B Close the Gaps by Improving Affordability							
B.1.1	TEXAS Grants-General Revenue	\$694.6	\$652.3	-\$42.3	\$652.3	\$693.6	\$41.3	The 2014-15 amount included an estimated \$5 million in unexpended balances. The agency did not UB any funding into 2014. The agency transferred \$37.3 million to the TEOG program in FY 2015. The agency's base request would support approximately 65,000 students, or 100 percent of renewal students and 84 percent of entering eligible undergraduates per year. The agency's exceptional item of \$137.9 million would fully fund the program at a \$5,300 award amount. To fully fund the program at the \$5,000 award amount, the agency would require \$93.4 million in additional funding over the base requested amounts. Recommendations include \$41.3 million in additional funding.
B.1.2	B-On-Time (BOT) Program- Public-General Revenue-Dedicated	\$80.6	\$78.2	-\$2.4	\$78.2	\$55.2	-\$23.0	The 2014-15 Est/Budgeted funding and 2016-17 requested amounts reflect transfers to administrative strategies. The 2016-17 recommendations would support renewal awards only, which is approximately 6,500 students.
B.1.3	B-On-Time (BOT) Program-Private-General Revenue	\$31.4	\$31.4	\$0.0	\$31.4	\$19.2	-\$12.2	The agency's base request would support approximately 3,700 students at private institutions each year. The 2016-17 recommendations would support renewal awards only, which is approximately 2,300 students. The reduction of \$12.2 million was reallocated to the TEXAS Grant Program.
B.1.4	Tuition Equalization Grants	\$180.1	\$180.1	\$0.0	\$180.1	\$180.1	\$0.0	The agency's base request would fund an estimated 27,700 students each year at an average award amount of \$3,250.
B.1.5	Texas Educational Opportunity Grants (TEOG)	\$27.8	\$65.1	\$37.3	\$65.1	\$65.1	\$0.0	The agency's base request would serve approximately 19,500 students per year, which equals all renewal students and 8.5 percent of eligible entering students.
B.1.6	Texas College Work Study	\$18.8	\$18.8	\$0.0	\$18.8	\$18.8	\$0.0	The agency's base request would support approximately 4,100 students each year of the biennium.

Comparison of Higher Education Coordinating Board's Trusteed Programs- General Revenue/General Revenue-Dedicated Funding-House

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 House Bill 1	Difference of House Bill 1 to 2014-15 Est/Bud	Explanation
B.1.8	Teach for Texas Loan Repayment Program	\$4.4	\$4.4	\$0.0	\$4.4	\$4.4	\$0.0	The agency's base request would allow the agency to make annual loan repayment awards in the amount of \$2,500 to 885 teachers in each year of the biennium.
B.1.9	Border Faculty Loan Repayment Program	\$0.4	\$0.4	\$0.0	\$0.4	\$0.4	\$0.0	The agency's base request would allow the agency to make annual loan repayment awards in the amount of \$5,000 to approximately 40 faculty members in each year of the biennium.
B.1.10	Engineering Recruitment Program	\$0.5	\$0.5	\$0.0	\$0.5	\$0.5	\$0.0	
B.1.11	Top Ten Percent Scholarships	\$39.6	\$39.6	\$0.0	\$39.6	\$18.2	-\$21.4	At the agency's requested base funding level, all current renewal students who meet the priority awarding deadline of March 15th would receive a \$1,200 award and approximately 15,600 new students would receive a \$800 award each year of the biennium. Recommendations, which implement a funding alternative provided by the agency, cover only renewal awards. The reduction of \$21.4 million was reallocated to the TEXAS Grant Program.
B.1.12	Texas Armed Forces Scholarships	\$7.1	\$7.1	\$0.0	\$7.1	\$5.3	-\$1.8	Recommendations reduce funding for the program by 25 percent. The reduction of \$1.8 million was reallocated to the TEXAS Grant Program.
	OAG Lawyer's Loan Repayment Program	\$0.6	\$0.6	\$0.0	\$0.6	\$0.0	-\$0.6	Recommendations do not fund the program. The reduction of \$0.6 million was reallocated to the TEXAS Grant Program.
	Goal C Close the Gaps by Providing Trusteed Funds for Research							
C.1.1	Advanced Research Program	\$1.0	\$1.0	\$0.0	\$1.0	\$1.0	\$0.0	The agency's base funding would support approximately 12 grants of \$80,000 each.
C.1.2	Texas Research Incentive Program.	\$35.6	\$35.6	\$0.0	\$35.6	\$177.7	\$142.1	The 83rd Legislature appropriated an additional \$34.4 million in General Revenue in House Bill 1025. This funding was expended in Fiscal Year 2013. Funding for the eight emerging research universities, which previously included the Research Development Fund (RDF) and the Texas Competitive Knowledge Fund (TCKF), has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million in General Revenue. An additional \$35 million in General Revenue was appropriated to the TRIP Program.

Comparison of Higher Education Coordinating Board's Trusteed Programs- General Revenue/General Revenue-Dedicated Funding-House

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 House Bill 1	Difference of House Bill 1 to 2014-15 Est/Bud	Explanation
	Goal D Close the Gaps by Providing Trusteed Funds for Health Care Education							
D.1.1	Family Practice Residency Program	\$5.0	\$12.8	\$7.8	\$12.8	\$12.8	\$0.0	In the 83rd Session, House Bill 1025 appropriated an additional \$7.8 million to the program that was expended in fiscal year 2014.
D.1.2	Joint Admission Medical Program	\$10.2	\$10.2	\$0.0	\$10.2	\$10.2	\$0.0	
D.1.3	Physician Education Loan Repayment Program-General Revenue Dedicated.	\$33.8	\$33.8	\$0.0	\$33.8	\$33.8	\$0.0	In 2014-15, appropriations covered two cohorts of 100 participants for all four years (per the contract requirement), one cohort being paid for their first year of service in fiscal year 2014, the other being paid for their first year of service in fiscal year 2015.
D.1.4	Dental Education Loan Repayment Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.
D.1.5	Professional Nursing Shortage Reduction Program	\$33.8	\$33.8	\$0.0	\$33.8	\$33.8	\$0.0	
D.1.6	Physician and Nurse Trauma Care Program	\$4.5	\$4.4	-\$0.1	\$4.4	\$4.5	\$0.1	In 2014-15, the agency transferred \$0.1 million to an administrative strategy.
D.1.7	Graduate Medical Education Expansion	\$5.0	\$14.3	\$9.3	\$14.3	\$28.6	\$14.3	In the 83rd Session, House Bill 1025 appropriated an additional \$9.3 million to the program. Recommendations include \$14.3 million in additional funding.
D.1.8	Primary Care Innovation Grants	\$2.1	\$2.1	\$0.0	\$2.1	\$2.1	\$0.0	
	UNT HSC Pharmacy College	\$5.4	\$5.4	\$0.0	\$5.4	\$0.0	-\$5.4	Recommendations do not fund the program. The reduction of \$5.4 million was reallocated to the TEXAS Grant Program.
	Goal E Baylor College of Medicine							
E.1.1	Baylor College of Medicine Undergraduate Medical Education-Agency did not request formula funding per LBB request.	\$73.7	\$73.7	\$0.0	\$0.0	\$77.0	\$3.3	Formula allocation is tied to Health Related Institutions Formula.
E.1.2	Baylor College of Medicine Graduate Medical Education - Agency did not request formula funding per LBB request.	\$11.9	\$11.9	\$0.0	\$0.0	\$12.7	\$0.8	Formula allocation is tied to Graduate Medical Education Health Related Institutions Formula.

Comparison of Higher Education Coordinating Board's Trusteed Programs- General Revenue/General Revenue-Dedicated Funding-House

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 House Bill 1	Difference of House Bill 1 to 2014-15 Est/Bud	Explanation
	Goal F Close the Gaps by Providing Trusteed Funds to Improve Quality/Delivery							
F.1.1	Developmental Education Programs	\$4.0	\$4.0	\$0.0	\$4.0	\$4.0	\$0.0	
F.1.2	Centers for Teacher Education	\$3.0	\$3.0	\$0.0	\$3.0	\$3.0	\$0.0	
F.1.3	Accelerate Texas Community College Grants	\$4.0	\$4.0	\$0.0	\$4.0	\$4.0	\$0.0	
F.1.4	Texas Teacher Residency Program	\$1.3	\$1.3	\$0.0	\$1.3	\$1.3	\$0.0	
	Hazlewood Tuition Exemption Program	\$0.0	\$30.0	\$30.0	\$30.0	\$0.0	-\$30.0	In the 83rd Session, HB 1025 appropriated \$30 million for the program. In the 83rd Session, Senate Bill 1158 transferred administrative authority to the program from the Higher Education Coordinating Board to the Texas Veterans Commission. House Bill 1 includes funding of \$30 million at the Texas Veteran's Commission.
	Total Over 2014-15 Amounts*						\$107.7	The difference in General Revenue related funds in this schedule as compared to Section 1 is primarily due to \$2.4 million in General Revenue-Dedicated funds included in the 2014-15 Base of an administrative strategy, l.1.3, Other Support Services, that is not reflected on this schedule.

*Totals include trusteed programs supported by General Revenue/General Revenue-Dedicated Funds.

Section 3C

Research Funding for Emerging Research Universities

Comparison of Previous Funding Structure to Introduced House Bill 2016-17

Institution	2014-15 Base Funding				2016-17 Appropriations Introduced House
	Texas Competitive Knowledge Fund	Research Development Fund	Texas Research Incentive Program	Total	Texas Research Incentive Program
The University of Texas at Arlington	\$ 6,234,706	\$ 6,578,618	x	\$ 12,813,324	x
The University of Texas at Dallas	\$ 8,252,942	\$ 9,065,260	x	\$ 17,318,202	x
The University of Texas at El Paso	\$ 6,437,760	\$ 8,439,074	x	\$ 14,876,834	x
The University of Texas at San Antonio	\$ 5,000,000	\$ 6,329,904	x	\$ 11,329,904	x
University of Houston	\$ 8,764,642	\$ 11,237,788	x	\$ 20,002,430	x
Texas Tech University	\$ 12,446,482	\$ 10,196,792	x	\$ 22,643,274	x
University of North Texas		\$ 3,087,738	x	\$ 3,087,738	x
Texas State University		\$ 4,083,230	x	\$ 4,083,230	x
Total	\$ 47,136,532	\$ 59,018,404	\$ 35,625,000	\$ 141,779,936	\$ 177,736,409

Summary of 2016-17 Appropriations - Introduced House

- Emerging research universities receive research funding from the Texas Research Incentive Program (TRIP), totaling \$177.7 million for the 2016-17 biennium. Emerging research universities would have received \$141.8 million through the Texas Competitive Knowledge Fund (TCKF), Research Development Fund (RDF), and TRIP, assuming 2014-15 total funding levels for all three funds. This funding was allocated entirely to TRIP along with an additional \$35.0 million.
- TRIP allocations to each institution are based on the amount of the gifts or endowments the institution receives and when the eligible donations are approved by the Higher Education Coordinating Board. Eligible institutions are indicated in the table for reference.

Section 3C

Research Funding for Institutions of Higher Education - House
Comparison of Previous Funding Structure to Introduced House Bill 1

Institution	2014-15 Base Funding				2016-17 Appropriations - Introduced House Bill 1			
	Texas Competitive Knowledge Fund	Research Development Fund	Texas Research Incentive Program	Total	Texas Research University Fund	Comprehensive Research Fund	Texas Research Incentive Program	Total
The University of Texas at Arlington	\$ 6,234,706	\$ 6,578,618	x	\$ 12,813,324			x	\$ -
The University of Texas at Austin	\$ 53,404,206			\$ 53,404,206	\$ 53,219,091			\$ 53,219,091
The University of Texas at Dallas	\$ 8,252,942	\$ 9,065,260	x	\$ 17,318,202			x	\$ -
The University of Texas at El Paso	\$ 6,437,760	\$ 8,439,074	x	\$ 14,876,834			x	\$ -
The University of Texas of the Permian Basin		\$ 219,820		\$ 219,820		\$ 164,199		\$ 164,199
The University of Texas of the Rio Grande Valley		\$ 2,218,016		\$ 2,218,016		\$ 2,442,080		\$ 2,442,080
The University of Texas at San Antonio	\$ 5,000,000	\$ 6,329,904	x	\$ 11,329,904			x	\$ -
The University of Texas at Tyler		\$ 462,058		\$ 462,058		\$ 481,104		\$ 481,104
Texas A&M University	\$ 58,701,988			\$ 58,701,988	\$ 58,289,229			\$ 58,289,229
Texas A&M University at Galveston		\$ 691,364		\$ 691,364		\$ 687,308		\$ 687,308
Prairie View A&M University				\$ -		\$ 574,026		\$ 574,026
Tarleton State University		\$ 1,373,588		\$ 1,373,588		\$ 1,229,728		\$ 1,229,728
Texas A&M University--Corpus Christi		\$ 2,105,734		\$ 2,105,734		\$ 2,094,042		\$ 2,094,042
Texas A&M International University		\$ 494,678		\$ 494,678		\$ 480,853		\$ 480,853
Texas A&M University--Kingsville		\$ 2,029,422		\$ 2,029,422		\$ 2,104,534		\$ 2,104,534
Texas A&M University--Commerce		\$ 369,996		\$ 369,996		\$ 330,985		\$ 330,985
Texas A&M University--San Antonio				\$ -				\$ -
Texas A&M University--Texarkana		\$ 27,554		\$ 27,554		\$ 21,243		\$ 21,243
Texas A&M University--Central Texas				\$ -				\$ -
West Texas A&M University		\$ 600,736		\$ 600,736		\$ 519,782		\$ 519,782
University of Houston	\$ 8,764,642	\$ 11,237,788	x	\$ 20,002,430			x	\$ -
University of Houston--Clear Lake		\$ 241,226		\$ 241,226		\$ 271,749		\$ 271,749
University of Houston--Downtown		\$ 266,686		\$ 266,686		\$ 298,941		\$ 298,941
University of Houston--Victoria		\$ 2,086		\$ 2,086		\$ 1,582		\$ 1,582
Texas Tech University	\$ 12,446,482	\$ 10,196,792	x	\$ 22,643,274			x	\$ -
Angelo State University		\$ 77,582		\$ 77,582		\$ 47,908		\$ 47,908
University of North Texas		\$ 3,087,738	x	\$ 3,087,738			x	\$ -
University of North Texas--Dallas		\$ 1,996		\$ 1,996		\$ 3,279		\$ 3,279
Midwestern State University		\$ 74,810		\$ 74,810		\$ 77,604		\$ 77,604
Stephen F. Austin State University		\$ 639,606		\$ 639,606		\$ 493,159		\$ 493,159
Texas Southern University		\$ 332,450		\$ 332,450		\$ 225,627		\$ 225,627
Texas Woman's University		\$ 293,462		\$ 293,462		\$ 320,817		\$ 320,817
Lamar University		\$ 697,514		\$ 697,514		\$ 542,916		\$ 542,916
Sul Ross University		\$ 285,486		\$ 285,486		\$ 267,595		\$ 267,595
Sul Ross University--Rio Grande				\$ -				\$ -
Sam Houston State University		\$ 555,506		\$ 555,506		\$ 591,301		\$ 591,301
Texas State University		\$ 4,083,230	x	\$ 4,083,230			x	\$ -
Total	\$ 159,242,726	\$ 73,079,780	\$ 35,625,000	\$ 267,947,506	\$ 111,508,320	\$ 14,272,362	\$ 177,736,409	\$ 303,517,091

Summary of 2016-17 Appropriations - Introduced House Bill 1

- The University of Texas (UT) at Austin and Texas A&M University (TAMU) are the only institutions eligible to receive funding from the Texas Research University Fund (TRUF). TRUF appropriations in the 2016-17 biennium equal the level of funding UT Austin and TAMU would have received from the Texas Competitive Knowledge Fund (TCKF), assuming maintained 2014-15 base funding levels.
- Emerging research universities receive research funding from the Texas Research Incentive Program (TRIP), totaling \$177.7 million in General Revenue for the 2016-17 biennium. Emerging research universities would have received \$141.8 million in General Revenue through TCKF, RDF, and TRIP, assuming 2014-15 total funding levels for all three funds. This funding was entirely reallocated to TRIP along with an additional \$35.0 million in General Revenue.
- Appropriations for the Comprehensive Research Fund (CRF) equal the appropriations eligible institutions would have received through the RDF, assuming maintained 2014-15 base funding levels. UT Austin, TAMU, and emerging research universities are not eligible to receive funding from the CRF.
- TRIP allocations to each institution are based on the amount of the gifts or endowments the institution receives and when the eligible donations are approved by the Higher Education Coordinating Board. Eligible institutions are indicated in the table for reference.

**B-On-Time Program
Selected Policy Overview**

Background. The B-On-Time Program is supported by General Revenue and General Revenue-Dedicated funds, which are designated tuition set asides. When tuition was deregulated by House Bill 2015 in the 78th Legislature, institutions were required to set aside 20 percent of the designated tuition in excess of \$46 per semester credit hour for financial assistance. Senate Bill 4, which created the B-On-Time Program that same session, required that the program be supported by 5 percent of this 20 percent set aside. Public institutions contribute to the designated tuition set asides while private institutions do not. Historically, with one notable exception discussed below, the Higher Education Coordinating Board (HECB) has sent General Revenue to the private institutions and General Revenue-Dedicated to the public institutions. Statute does not require General Revenue-Dedicated funds be sent to public institutions. Below are significant issues related to this program.

- **B-On-Time Transfer.** In the 2012-13 General Appropriations Act, the B-On-Time Program was one of five programs included in the Student Financial Aid strategy. The other programs included in the strategy were TEXAS Grants, Texas College Work Study, Tuition Equalization Grants and the Texas Educational Opportunity Grant Program. The rider for the strategy specified how much funding would be allocated to each program in each fiscal year. For the B-On-Time program the rider specified that "...the Higher Education Coordinating Board shall allocate an amount not less than \$17,304,000 in General Revenue in fiscal year 2012 and \$14,104,000 in fiscal year 2013...to the B-On-Time Program." During the interim, review of the agency's operating budget revealed that the agency had transferred \$9 million in General Revenue from the B-On-Time Program, to other trustee programs, including Texas College Work Study, the Top Ten Percent Scholarship Program and Adult Basic Education/Developmental Education. The agency conducted an internal audit related to this transfer. During the course of the audit they requested guidance from the LBB and Comptroller's Office on whether they had violated the rider. Both the Comptroller's Office and LBB agreed that the agency had violated the rider and on May 20, 2014, Commissioner Paredes sent a letter to the LBB requesting authority to restore B-On-Time funds using Texas Opportunity (TOP) Funds; such direction has not been provided. The State Auditor's Office is reviewing the program and plans to submit a report to the Legislature in February, 2015.
- **TOP fund.** The TOP fund was the main loan fund at the start of the Hinson Hazlewood Student Loan Program in 1965 and bond sales from the program were deposited into the TOP fund and loans were issued. Repayments were deposited into the TOP debt service fund to support making required bond payments. In 1991, the Student Loan Auxiliary (SLA) fund was created and became the main loan fund for bond sales. Since loans were issued out of both the TOP and the SLA, loan repayments are still deposited into both funds and these are transferred into debt service funds and used for semiannual bond payments (debt service). If the agency has any excess funds within the debt service fund over the required reserve limit, the agency transfers the excess from the debt service fund back into either the TOP or SLA, depending on where the funds originated. These annual transfers increase the balances in the TOP and SLA loan funds. The agency is required to maintain reserves within the loan funds (both TOP and SLA combined) to support any spikes in our loan disbursement demand. The agency indicates that they can use the TOP fund for the BOT repayment because the TOP fund does not have any active bonds tied to it and the bond resolution would allow for the use of these funds for BOT loans. The SLA has several active bond issues tied to it and therefore there are bond restrictions that would not allow the agency to use this fund for repayment of the BOT loans. [Additional information regarding the Hinson Hazlewood Student Loan Program can be found on the following page].

**STRATEGIC FISCAL REVIEW (SFR)-House
PROGRAM SUMMARY
Higher Education Coordinating Board**

A-1: PROGRAM DESCRIPTION AND AUTHORITY

Program Name: Hinson Hazlewood Student Loan Program

SBP Program Name: N/A

Program Description:

The Student Loan Program was initially authorized in 1965 with the Texas Opportunity Plan (TOP) fund under the Article III, Section 50b of the State Constitution and in 1966, the board began making loans. The College Access Loan Program (CAL) is an education loan program authorized by the Texas Legislature and implemented in 1988 to provide education loans to eligible undergraduate, graduate, and professional students enrolled in colleges and universities in Texas. CAL loans may be used by students to cover the amounts the student or the student's families are expected to contribute toward the cost of attendance. In 1991, the Student Loan Auxiliary (SLA) Fund was established. Since 1965, the Hinson Hazlewood student loan program has made approximately \$2.7 billion in low to-no interest loans to Texas students to help cover their cost of attendance at Texas institutions. It was the first such program in the United States to offer state-funded, low-interest loans to students backed by tax-exempt General Obligation Bonds (AAA credit rating). The Hinson-Hazlewood College Student Loan Program is self-sustaining and is administered at no cost to the taxpayer.

Article III, Sections 50b-4, 50b-5, 50b-6, 50b-7 of the Texas Constitution and Texas Education Code, Ch. 52 & 56, authorize the Texas Higher Education Coordinating Board to issue state bonds to fund the student loan program. Several bonds have been refunded to take advantage of lower interest rates, thereby lowering the overall cost of debt. As a result, Texas students have a reliable resource for loans. All loan origination, servicing, customer service, and pre-default collection activities performed by Coordinating Board staff, and the agency has never sold a loan.

The program is financially self-supporting with loan repayments and depositor interest used to repay outstanding bonds and cover administrative costs. Loan funds are held in the required accounts, Student Loan Auxiliary (SLA) and Texas Opportunity Plan (TOP) Funds, within the treasury and have favorable long-term projections. Nearly \$13 million in funds in excess of the required interest and sinking reserve were returned to the loan funds in 2014.

Also in 2014 the Coordinating Board lowered the loan origination fees charged to cover the cost of processing each loan. For those students who qualify for the CAL program, loan origination fees of zero, three and five percent were approved for the 2014-15 school year. In addition, the credit score requirements were revised to enable more students to access low interest student loans.

In addition to being efficient and financially self-supporting, the default rate for the Texas student loan program has decreased to 3.35 percent (see loan collections trend chart). Collections recovery has increased 238 percent over the 2008-9 average, due in part to collections being transferred to the Office of the Attorney General.

Authority
State / Federal Authority
State Authority
State Authority
State Authority
Federal Authority

Select Type
Constitution
Statute
Other
(Select Type)

Identify Specific Citation
Article III, Sections 50b-4, 50b-5, 50b-6, 50b-7 of the Texas Constitution
Texas Ed Code, Ch 52 & 56
GAA. Art III, Rider 5
N/A

	1st Full Year of Operation	FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Estimated	FY 2015 Budgeted	FY 2016 Projected	FY 2017 Projected	
Balances	N/A									
Net Loans Outstanding/Receivable		\$ 807,798,097	\$ 841,205,665	\$ 889,656,136	\$ 918,565,428	\$ 948,565,428	\$ 998,565,428	\$ 1,028,565,428	\$ 1,058,565,428	
Net Bonds Outstanding/Payable		\$ 746,380,000	\$ 798,915,000	\$ 825,100,000	\$ 751,925,000	\$ 862,684,849	\$ 970,184,849	\$ 1,014,184,849	\$ 1,055,184,849	
Debt Service (I&S) Cash Balance		\$ 105,782,854	\$ 110,478,019	\$ 115,615,395	\$ 90,533,942	\$ 107,512,266	\$ 107,512,266	\$ 122,512,266	\$ 122,512,266	
Loan Funds Texas Opportunity Plan (TOP)		\$ 37,379,314	\$ 36,899,303	\$ 38,948,945	\$ 71,978,710	\$ 51,463,401	\$ 51,463,401	\$ 51,463,401	\$ 51,463,401	Minimum reserve balance requirement = \$30M
Loan Funds Student Loan Auxiliary (SLA)		\$ 130,358,890	\$ 152,776,922	\$ 149,139,723	\$ 52,103,690	\$ 88,141,192	\$ 80,000,000	\$ 80,000,000	\$ 80,000,000	
Funding Source										
New GO Bonds Issued		\$ 124,997,798	\$ 124,995,000	\$ 99,995,837	\$ -	\$ 127,419,151	\$ 81,500,000	\$ 100,000,000	\$ 100,000,000	
Uses of Funds										
Student Loans Originated		\$ 79,229,928	\$ 94,856,822	\$ 101,161,161	\$ 98,811,254	\$ 105,323,654	\$ 121,122,202	\$ 121,122,202	\$ 121,122,202	
Revenues										
Depository Interest		\$ 2,338,567	\$ 1,573,238	\$ 1,188,259	\$ 957,046	\$ 1,142,886	\$ 1,142,886	\$ 1,142,886	\$ 1,142,886	
Special Allowance Federal		\$ (185,723)	\$ (178,252)	\$ (321,304)	\$ (173,136)	\$ (173,781)	\$ (173,781)	\$ (152,781)	\$ (152,781)	
Direct Administration										
MOF 997 - Other Funds		\$ 3,974,018	\$ 3,793,009	\$ 4,035,559	\$ 4,736,211	\$ 4,520,000	\$ 4,520,000	\$ 4,520,000	\$ 4,520,000	
Full-Time-Equivalents (FTEs)		55.2	54.1	52.7	48.5	50.0	50.0	50.0	50.0	

Section 3F

Sunset Review/Senate Bill 215 Selected Policy Overview-House

Background. The Texas Higher Education Coordinating Board (HECB) was reviewed by the Sunset Commission during the 2012-13 biennium. The Sunset Commission Final Report was released in July 2013 with six major issue findings. Senate Bill (SB) 215, 83rd Legislature, Regular Session, 2013, passed as the agency's sunset legislation and included provisions based on both Sunset Commission recommendations and additional legislative priorities. Included below is information on Sunset Commission recommendations included in SB 215, additional provisions outside of Sunset Commission recommendations included in the legislation, and Sunset Commission recommendations that were excluded from SB 215.

In addition, within the Sunset Commission Report, there were several management directives. HECB self-reported the status of the management action implementation outcomes to the State Auditor's Office (SAO) in July 2014 and information on these directives is included below.

Sunset Commission Recommendations Included in SB 215

- Requires HECB to provide opportunities for public comment as an agenda item for each board meeting.
- Requires HECB to adopt rules for its use of advisory committees and require the committees to meet standard structure and operating criteria as required by statute and report recommendations directly to the Board.
- Requires HECB to adopt allocation methodologies in rule for both financial aid and other trusteed funds, develop procedures to verify the accuracy of the allocation methodologies, and consult with affected stakeholders before adopting the rules.
 - Action During the 2014-15 Biennium: KPMG performed an audit on HECB's annual financial report for fiscal year 2013 and found HECB to be in compliance.
- Redefines HECB's powers and duties in statute to reflect the major functions of a higher education coordinating entity.
- Redefines the long-range master plan for higher education in Texas and the requirements included in the plan. HECB is required to provide the plan to the governor, lieutenant governor, speaker of the house of representatives, and standing higher education committees in the house and senate by December 1st of each even-numbered year and include long-term goals, strategies for achieving goals, assessment of higher education needs, and a review of the role and mission of institutions to achieving the goals.
- Updates HECB statute to define its academic program approval authority in one section of law. Statute provides for HECB approval for a new degree or certificate program and requires the periodic review of existing certificate and degree programs.
- Eliminates 20 unfunded or unnecessary programs from statute, 17 of which had never received funding.
- Eliminates four unnecessary reporting requirements.
- Requires HECB to periodically re-evaluate the ongoing need for all existing data requests it imposes on higher education institutions through rule or policy every five years. This requirement is still in progress.
- Provides for HECB to administer pilot projects to identify best practices only in circumstances where other entities cannot or will not administer the programs.
- Removes all two-year institutions from participation in the B-On-Time loan program.
- Requires HECB to establish a risk-based agency-wide compliance monitoring function for funds allocated by HECB and data reported by institutions.

Section 3F

- 83rd Legislative Action: The Legislature appropriated General Revenue to fund the new compliance monitoring function at HECB during the 2014-15 biennium. The full-time equivalent cap was also increased by 4 FTEs. This funding is continued in the 2016-17 recommendations.
- Continues HECB for 12 years.

Other Provisions included in SB 215 (not included in Sunset Recommendations)

- Removes the Board's authority to approve capital projects for public institutions of higher education.
- Prohibits the Board from consolidating or eliminating a degree program at an institution.
- Establishes a cap on the number of hours required by an institution for an associate's degree.
- Prohibits the discrimination of transfer credits by an institution based on the accreditation of the sending institution.
- Removes two-year institutions from eligibility in the TEXAS Grant Program and expands eligibility for transfer students.
- Established the Texas Competitive Knowledge Fund in statute and makes certain changes to eligibility, purpose, funding requirements, and initial contributions to the fund.
- Changes the Texas Guaranteed Student Loan Corporation from a public nonprofit corporation within state government to a private nonprofit corporation.
- Establishes HECB as the state entity responsible for providing financial aid services, including awareness campaigns to provide information about grant and loan programs across the state.
- Amends the B-On-Time funding allocation methodology to allocate funding based on each institution's proportion of tuition set asides rather than enrollment and provides institutions with discretion to determine the amount of individual B-On-Times loans.
- Requires HECB, in collaboration with eligible institutions, to adopt and implement measures to address low participation and forgiveness rates in the B-On-Time program, better educate students about the program requirements, and provide loan repayment and default counseling at institutions with high default and/or low loan forgiveness rates.

Sunset Commission Management Directives Included in Sunset Commission Report

- Directs HECB to restructure and reduce its number of advisory committees.
 - HECB Self-Reported Status of Management Action: Proposed rules to repeal inactive and unnecessary advisory committees were adopted by the board members and were fully implemented in December 2013.
- Directs HECB to revamp its statutorily required strategic plan to be specific to the agency's goals and functions.
 - HECB Self-Reported Status of Management Action: The directive was fully implemented in the agency's 2015-19 Strategic Plan.
- Directs the Commissioner of Higher Education to ensure that a single high level executive manages and coordinates the agency's day to day operations.
 - HECB Self-Reported Status of Management Action: Since 2009, the Deputy Commissioner for Finance and Administration/Chief Operating Officer fulfills this role. In addition, following the HECB Internal Audit report released in May 2014, the Assistant Commissioner of Business & Support Services position (originally responsible for both loan programs and agency operations) is being split into two positions: Financial Services and State Financial Aid Programs.
- Directs HECB to work toward restructuring its bill pattern and performance measures to better reflect the agency's functions.
- Directs HECB to redesign its websites to better meet the needs of its stakeholders and ensure centralized control over the sites' content and

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organization.

- HECB Self-Reported Status of Management Action: The website redesign is still incomplete but ongoing. The agency has indicated that funding limitations continue to slow this effort (see Items Not Included in Recommendations #21).
- Directs HECB to develop a time management system for its staff.
- Requires HECB to include information about the B-On-Time program's progress in its annual financial aid report.
 - HECB Self-Reported Status of Management Action: A separate section on the B-On-Time program will be added to the July 2015 financial report.
- Directs HECB to seek a revision to federal regulations for alternative loans to exclude restrictions on state-sponsored loan programs.
- Directs HECB Office of Internal Audit to prioritize its core functions over other duties that divert its focus or impair its ability to independently evaluate the agency's operations.
 - HECB Self-Reported Status of Management Action: The directive is fully implemented with the Internal Audit and Compliance Monitoring having separate Annual Plans as well as areas of focus.

Section 3G Graduate Medical Education Expansion Grant Programs - 83rd Legislature - Summary & Status 1/1/2015

\$16.35 million - Total Appropriation for FY 2014 - FY 2015						
	1. Planning Grants	2. Unfilled Position Grants	3. New & Expanded Program Grants	4. Grants for Additional Residency Years	5. Resident Physician Expansion	6. Primary Care Innovation
Total Program Appropriation	\$1.875 million	\$7.375 million		No appropriation in FY 2014 - 2015	\$5.0 million	\$2.1 million
Funding Awarded as of 1/1/2015	\$1.776 million	\$7.455 million		\$0	\$0	\$0
Maximum Grant Award	\$150,000	-		-	-	-
Maximum/Residency Position	n/a	\$65,000/position/yr		-	\$65,000/position/yr	n/a
Maximum/Actual Number of Awards	12	50 awards made in FY 2014 ¹	No awards made in FY 2014 ¹	Dependent upon available appropriation	Dependent upon available appropriation	Dependent upon available appropriation
		25 awards made in FY 2015	48 awards made in FY 2015			
Length of Award	2 years (one-time award)	1 or 2 years	1 year	TBD	2 years	2 years
Competitive	YES	NO	NO	NO	YES	YES
Eligibility	<p>Entities</p> <p>1) not currently nor previously operating a GME program and</p> <p>2) eligible for Medicare GME funding</p>	<p>GME programs that:</p> <p>1) are nationally accredited,</p> <p>2) are in operation for at least 12 months,</p> <p>3) have 1st-year residency positions, and</p> <p>4) have approved Unfilled Positions</p>	<p>Expansion: Accredited GME Programs with 1st-year Positions</p> <p>New Programs: Sponsoring Institutions Creating New Accredited GME Programs with 1st-year Positions</p>	<p>GME programs in under-served medical specialties and that have residents who have completed at least 3 years of residency</p>	<p>Residency programs</p> <p>a) accredited on or after 1/1/2014 or</p> <p>b) accredited and having approved, unfilled positions as of 1/1/2013</p>	<p>Texas medical schools that administer innovative programs to increase number of primary care physicians</p>
Status	3 additional awards totaling \$450,000 announced fall 2014. For FY 2014 - 2015, total of 12 awards funded at \$1.76 million.	Additional 25 position awards totaling \$1.625 million announced in Dec 2014. Total awards for FY 2014 - 2015 of 75 positions and \$4.875 million.	Awards to 9 applicants, for 48 residency positions totaling \$2.580 million announced in Dec 2014.	Future awards dependent on appropriation for FY 2016 -2017.	RFA released fall 2014. 8 applications submitted. Expect to announce awards 1st quarter 2015.	RFA released fall 2014. 5 applications submitted. Expect to announce awards 1st quarter 2015.

¹By statute, a maximum of 25 grants of \$65,000 each could be awarded for FY 2014 for Unfilled Position Grants and New and Expanded Program Grants combined. Statute requires that FY 2014 awardees receive an equivalent award for FY 2015. Statute mandates that each awarded residency position be funded at \$65,000 per year, with the exception of Planning Grant-supported new positions, which must be funded at \$35,000 per year.

**Closing the Gaps
Selected Policy Overview-House**

Background. Closing the Gaps, The Texas Higher Education Plan, was adopted in October 2000 by the Higher Education Coordinating Board (HECB). The goal of the Closing the Gaps plan is to close educational gaps in participation, success, excellence, and research within Texas and between Texas and other states by 2015. Closing the Gaps sets specific statewide goals in increasing participation in higher education, increasing success (i.e., certificates, undergraduate degrees), increasing the number of nationally recognized programs or services at colleges and universities in Texas, and increasing the level of federal science and engineering research and development obligations in Texas. Below is information regarding the attainment of certain goals and targets included in the agency's Closing the Gaps 2014 Progress Report (June 2014).

- **Statewide Goal for Participation: By 2015, close the gaps in participation rates to add 630,000 more students.** Texas will need to enroll approximately 27,000 more students in both the fall 2014 and 2015 at public, independent, and career institutions to meet the goal.
- **Success Target for Science-Technology-Engineering-Mathematics (STEM) Fields: Increase the number of students completing engineering, computer science, math, and physical science bachelor's degrees, associate degrees, and certificates from 12,000 in 2000 to 24,000 by 2010, and to 29,000 by 2015.** Public institutions are not on track to meet the final target. In Fiscal Year 2013, degrees have increased to 19,874.
- **Excellence Target: Each college and university will have identified by 2002 at least one program to achieve nationally recognized excellence.** All public higher education institutions have identified at least one program to develop for national recognition and have received national recognition of some type in one or more programs. Therefore the universities are on target to meet the excellence target. Examples include the doctoral program in deaf studies and deaf education at Lamar University and a dental laboratory technology program at Texas State Technical College-Harlingen.
- **Excellence Target: Increase the number of research institutions ranked in the top 10 among all research institutions from zero to one.** Texas has made no appreciable progress, according to two of the major ranking organizations since the start of Closing the Gaps. U.S. News & World Report (U.S. News) has never ranked The University of Texas at Austin (UT Austin) and Texas A&M University among the top 10 national public universities. The U.S. News 2014 edition of "America's Best Colleges" ranked UT Austin in a tie for 16th place, down from a tie for 13th place the previous three years. Similarly, Texas A&M University dropped from a tie for 23rd place to a tie for 26th place. Its best ranking since 2000 was a tie for 15th place in the 2002 rankings of U.S. News. Using a different measurement methodology than U.S. News, the Center for Measuring University Performance (CMUP) has placed UT Austin in a tie for 10th place or better five times since 2000, most recently in 2007, based on data from its annual report, "The Top American Research Universities." Based on data in a 2012, UT Austin was tied for 13th place and Texas A&M University was tied for 17th place.
- **House Bill 2550 (83rd Session).** The bill directed higher education institutions to collaborate with Texas high schools whose graduates have low college-going rates. The bill also directed the HECB to report on elements and results of plans developed by institutions in the annual Closing the Gaps progress report. In spring 2014, the agency sent a survey to institutions requesting information regarding collaborations with HECB-identified high schools. Of the 81 higher education institutions that responded to the survey, 49 institutions (29 two-year

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institutions and 20 universities) reported collaborating with high schools during the survey reference period: the fall 2012 semester through the fall 2013 semester. These collaborations included 44 institutions that distributed admission and financial aid information at high schools, 42 that offered college tours, 40 that offered college fairs, 34 that offered Free Application for Federal Student Aid (FAFSA) assistance sessions, 26 that offered grants/scholarships to students in these high schools, and 23 that offered dual credit partnerships.

Section 3I

**Higher Education Coordinating Board
Performance Measure Highlights-House**

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
• <i>Number of Students Receiving TEXAS Grants</i>	77,289	93,292	76,884	71,263	69,887
<p><i>House Bill 1 recommendations total \$693.5 million. The 2014-15 estimated/budgeted funding for the program included \$652.3 million in General Revenue and \$31 million in Other Funds (donations from the Texas Guaranteed Student Loan Corporation). Per Senate Bill 215, beginning in Fall 2015, the program is a university only program with only renewal students at two year institutions being supported through the program.</i></p>					

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**Higher Education Coordinating Board
FTE Highlights-House**

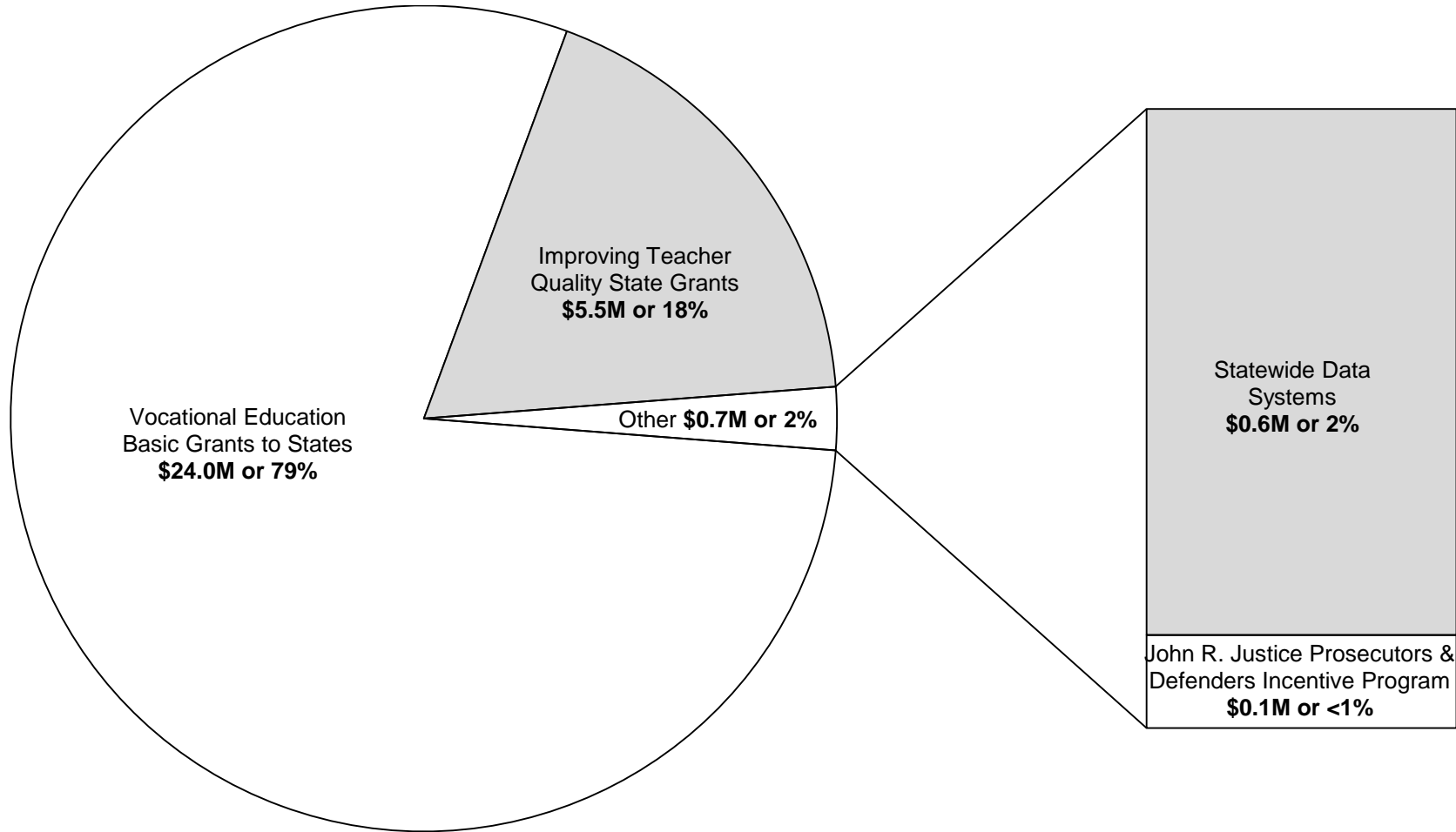
Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	275.4	280.4	280.4	260.4	260.4
Actual/Budgeted	240.4	255.4	260.4	NA	NA
Schedule of Exempt Positions (Cap)					
Commissioner of Higher Education - Group 8	\$186,300	\$188,163	\$191,926	\$191,926	\$191,926

The agency was appropriated an additional 4 FTEs in 2014-15 for compliance monitoring as a result of the passage of Senate Bill 215 and 1 FTE for the Primary Care Innovation Grant Program which is tied to the passage of House Bill 2550.

The agency requests an increase in authority for the Commissioner's Exempt Position from \$191,926 to \$220,000 per year. This increase would be supported by Other Funds. The Commissioner also receives a stipend supported by the College for All Texans Foundation. The Foundation is a support organization for the Texas Higher Education Coordinating Board in raising awareness and financial support for its Closing the Gaps initiative. The stipend is \$40,000 per year, in addition to the salary cap in the agency's bill pattern, on the condition the Commissioner meets fundraising benchmarks.

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Higher Education Coordinating Board
Summary of Federal Funds (Estimated 2014)-House
TOTAL = \$30.2M



Note: Percentages shown may sum greater/less than actual total due to rounding.

Section 3K

**Higher Education Coordinating Board
Significant Federal Funds Changes-House**

CFDA No.	Program Name	2014-15 Base	2016-17 Recommended	Recommended Over/(Under) Base	Comments
16.816.000	John R. Justice Prosecutors & Defenders Incentive Program	\$217,302	\$210,604	(\$6,698)	
84.048.000	Vocational Education Basic Grants to States	\$51,604,218	\$55,208,436	\$3,604,218	
84.367.000	Improving Teacher Quality State Grants	\$10,387,826	\$9,807,652	(\$580,174)	
84.372.000	Statewide Data Systems	\$895,096	\$0	(\$895,096)	

Section 4

**Higher Education Coordinating Board
Performance Review and Policy Report Highlights-House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Align Graduate Medical Education Funding to Meet State Health Care Needs, p. 139					
<i>These recommendations would have a cost of \$59.4 million in All Funds for the 2016-17 biennium. Other recommendations in this report would affect the budget of the Department of State Health Services. These recommendations would increase the number of residency slots and improve how the state's funding mechanisms contribute to the types and location of doctors to better meet the needs of the state.</i>					
1. Amend statute to establish the critical shortage physician program and include a contingency rider in the 2016-17 General Appropriations Bill to appropriate funds to the Texas Higher Education Coordinating Board (THECB) to implement the new program.	(\$19,800,000)		All Funds		Amend Statute and Adopt Rider
2. Increase appropriations to THECB in the 2016-17 General Appropriations Bill for the Primary Care and Family Medicine Residency programs.	(\$15,484,160)		All Funds		Increase appropriations to THECB Family Practice and Primary Care Residency Strategies
3. Amend statute to establish the Texas teach health center program and include a contingency rider in the 2016-17 General Appropriations Bill to appropriate funds to THECB to implement the new program.	(\$16,200,000)		All Funds		Amend Statute and Adopt Rider
4. Amend statute to establish the Graduate Medical Education (GME) partnership grant program and include a contingency rider in the 2016-17 General Appropriations Bill to appropriate funds to THECB to implement the new program.	(\$6,000,000)		All Funds		Amend Statute and Adopt Rider
5. Increase appropriations to THECB in the 2016-17 General Appropriations Bill to develop physician faculty.	(\$1,400,000)		All Funds		Increase appropriations to THECB Family Practice Development Strategy
6. Include a rider in the 2016-17 General Appropriations Bill to require THECB to develop a report about the impact of new funding for GME and submit it to LBB and the Office of the Governor.	\$ -				Adopt Rider
Reduce Reliance on General Revenue-Dedicated Accounts for Certification					
<i>This report fulfills House Bill 7, Eighty-third Legislature, 2013, requirements relating to the reduction of reliance on available dedicated revenue for certification of the General Appropriations Act. The report provides an overview of the issue and includes recommendations and options to reduce reliance on General Revenue-Dedicated Accounts, including dedicated revenue appropriated to the Texas Higher Education Coordinating Board.</i>					
1. Replace \$12.8 million in General Revenue Funds for the Graduate Medical Education (GME) Family Practice Residency Program Strategy with funding from the GR-Dedicated Designated Trauma Facility and EMS Account No. 5111.	\$12,780,000 (\$12,780,000)		GR GR-D		Method-of-Finance Swap to Family Practice Residency Program Strategy

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**Higher Education Coordinating Board
Performance Review and Policy Report Highlights-House**

Clarify Eligibility for Professional Nursing Shortage Reduction Program Funds to Increase Awards for Texas Students, p. 166

This recommendation would not have a fiscal impact for the 2016-17 biennium. The recommendation would close a loophole that allowed higher education institutions to count non-resident students who were not residing in Texas while taking on-line nursing classes to be included in calculations for funding from the Professional Nursing Shortage Reduction Program.

1. Amend the Professional Nursing Shortage Reduction Program rider in the introduced 2016-17 General Appropriations Bill to prohibit nonresident students who are enrolled in online professional nursing programs while residing out-of-state from being included in methodologies used to calculate program awards.	\$ -			Rider 34(f) p. III-56	NA
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Evaluate the Nursing Field of Study Curriculum to Increase the Number of Nurses with Advanced Degrees, p. 170

This recommendation would not have a fiscal impact for the 2016-17 biennium. The recommendation would evaluate the nursing field of study curricula to improve its implementation by community colleges.

1. Include a rider in the introduced 2016-17 General Appropriations Bill to direct the Texas Higher Education Coordinating Board to evaluate the nursing field of study curricula.	\$ -			Rider 59 p. III-62	NA
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Section 5

Higher Education Coordinating Board Rider Highlights-House

Rider Modifications

2. **Capital Budget.** Updated to reflect decreased funding tied to maintaining current obligations.
7. **Texas Success Initiative.** Modified rider to be consistent with statute.
9. **Cost Recovery for the Common Application Form.** Recommendations grant agency unexpended balance authority within the biennium for the revenue that comes in from the fee. The agency has a contract with a public institution of higher education to maintain the electronic common application system for use by the public in applying for admission to participating institutions.
16. **Strategic Plan for Teacher Certification.** Rider modified to reflect agency's role in implementing a strategic plan to improve educator professional development.
17. **Tobacco Funds-Estimated Appropriation and Unexpended Balances.** Reference to General Revenue removed from rider. Tobacco Funds are "Other Funds. The unexpended balance estimated from FY 2015 into FY 2016 changed to \$0 because agency could not estimate the amount.
19. **Girl Scout Scholarships.** Rider updated to be consistent with other license plate riders.
20. **Houston Livestock and Rodeo Scholarships.** Rider updated to be consistent with other license plate riders.
21. **Texas Collegiate License Plate Scholarships.** Modified rider to reflect license plates Higher Education Coordinating Board administers. Previously, rider also included information on license plates General Academic Institutions administer.
22. **Appropriations Transfers.** Recommendations clarify rider to allow institutions to transfer amounts between various financial aid programs.
23. **"College for Texas" Campaign License Plate.** Amounts updated based on information from the Comptroller's office.
26. **Tobacco-Funds-Baylor College of Medicine-Permanent Health Fund.** The unexpended balance estimated from FY 2015 into FY 2016 changed to \$0 because agency could not estimate the amount. The 2016-17 estimated amounts updated to reflect agency request.
27. **Align Adult Basic Education.** Recommendations clarify the move of the federally-funded Adult Education and Literacy (AEL) programs from Texas Education Agency to Texas Workforce Commission.

Section 5

28. **Texas College Work Study Program and Texas Excellence, Access, and Success (TEXAS) Grant Program.** Rider modified to strike reference to the TEXAS Grant Program. The TEXAS Grant program does not have a work study-component.
29. **Tobacco Funds-Baylor College of Medicine-Permanent Endowment Fund.** The unexpended balance estimated from FY 2015 into FY 2016 changed to \$0 because agency could not estimate the amount.
30. **Annual Financial Aid Report.** Recommendations moved reporting deadline from September 1st to November 1st to give agency opportunity to approve the report at its October Board meeting.
31. **Physician Education Loan Repayment Program Retention Rates.** Rider language clarified to reflect terminology on the actual forms signed by the physician.
32. **Top Ten Percent Scholarships.** Rider modified to reflect that funding would only support renewal students.
33. **Texas Armed Forces Scholarship Program.** Rider language modified to establish a deadline for institutions to encumber funds for students who have been nominated for scholarships, so that the transfer of unexpended funds to the TEXAS Grant Program would occur in time for financial aid officers to make additional TEXAS Grants to needy students. Recommendations give agency appropriation authority for any payments received on Texas Armed Forces Scholarship Program loans.
35. **Teacher Education Centers.** Reporting requirement changed from October 1st to October 15th to allow participating institutions more time to process, analyze, and submit TEA data following the final August teacher certification date.
36. **Accelerate Texas Community College Grants.** Rider modified to clarify the purpose of the funds.
39. **Research Programs.** Reporting requirement has been deleted. Senate Bill 215 repealed the section of code referenced in the rider.
43. **Developmental Education.** Rider modified to clarify how funding is used.
44. **TEXAS Grant Program.** Rider modified to strike intra biennium unexpended balance authority.
45. **B-On-Time Program-Public.** Rider modified to reflect funding can be used for renewal awards only.
51. **Graduate Medical Education Residency Expansion.** Rider modified to clarify the purpose of the funds.
52. **Nursing Faculty Loan Repayment Assistance Program.** Recommendations clarify that reallocated funds are appropriated for the program.

Section 5

58. **Primary Care Innovation Grant Program.** Rider modified to remove reference to being a contingency for Senate Bill 143 or similar legislation relating to the establishment of a primary care innovation grant program.

New Riders

55. **Review of Space Model.** Recommendations add a rider requiring THECB to study the space projection model and report the results of the study, including an analysis of the methodology and recommendations to enhance the validity of the space projections, to the Legislative Budget Board and Governor's office by June 1, 2016.
56. **B-On-Time Program-Private.** New rider to reflect only renewal students at private institutions would receive awards.
60. **Dental Education Loan Repayment Program.** New rider that appropriates dental tuition set asides to the agency.
61. **Texas Research Incentive Program.** New rider that specifies funding will be distributed in accordance with statute.

Rider Deletions

47. **OAG Lawyer's Loan Repayment Program.** Rider deleted.
52. **Open Educational Resources.** Study will be completed on December 1, 2014.
53. **Higher Education Coordinating Board Contingent Appropriations, Formula Funding for The University of Texas at Brownsville and Texas Southmost College.** Rider no longer needed. Formula funding will be directly appropriated to institutions.
56. **Grant Aid and Participation and Success in Higher Education.** The rider required the agency to submit a report which has been received.
59. **UNT HSC College of Pharmacy.** Rider tied to 2014-15 appropriation which has not been continued in 2016-17. This was start-up funding.
60. **Aquifer Research.** Funding for program was vetoed by Governor.
63. **Contingency for SB 215.** Senate Bill 215, 83rd Legislature, Regular Session, was enacted.

Section 6

**Higher Education Coordinating Board
Items not Included in Recommendations-House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
Agency Exceptional Items-In Agency Priority Order:		
1. Towards EXcellence, Access and Success (TEXAS) Grant Program. The agency requests \$137.9 million as an exceptional item to enable universities to make \$5,300 awards to all eligible entering students. House Bill 1 includes \$41.3 million in additional funding.	\$ 137,900,000	\$ 137,900,000
2. Texas Educational Opportunity Grant Program. The agency requests \$37.3 million to maintain level funding for 2-year institutions in fiscal year 2016 and 2017. The agency estimates this funding along with base level funding, would allow institutions to serve all renewal students and approximately 22 percent of initially-eligible students.	\$ 37,303,000	\$ 37,303,000
3. Acquisition and Refresh of IT Infrastructure. Funding to replace outdated agency equipment and technology, including computers, laptops, tablets, and network equipment.	\$ 390,000	\$ 490,000
4. Security Upgrades to Agency's IT Infrastructure. Funding for information security initiatives for the agency's information technology infrastructure.	\$ 312,000	\$ 390,000
5. Security Upgrades to Agency's DCS IT Infrastructure Funding for information security initiatives related to the agency's information technology infrastructure maintained under the Data Center Services (DCS) contract.	\$ 550,137	\$ 550,137
6. Graduate Medical Education Expansion. The agency requested \$40 million as an exceptional item. This additional funding includes: \$19.7 million for new and expanded program grants; \$9.8 million for unfilled position grants; \$5.0 million for resident physician expansion; \$2.3 million for an additional years of residency; \$2.1 million for primary care innovation; \$0.9 million for planning grants; and \$0.2 million for administration costs. House Bill 1 include \$14.4 million in additional funding.	\$ 40,000,000	\$ 40,000,000
7. Field of Study. Funding to provide the personnel and related costs for THECB to evaluate Fields of Study (FOS). This evaluation includes revising existing FOS, transforming voluntary transfer compacts into FOS, and reviewing FOS periodically.	\$ 600,000	\$ 600,000

Section 6

**Higher Education Coordinating Board
Items not Included in Recommendations-House**

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
8. Family Practice Residency Program. Additional funding to increase the per resident funding level from \$8,737 to \$14,350 to support approximately 730 family practice residents, and to provide for an increase in the number of rural and public health rotations from 56 funded at \$2,000 to 80 positions funded at \$2,500.	\$ 16,000,000	\$ 16,000,000
9. Restoration of Developmental Education Funding. Additional funding to provide the resources for the agency to engage institutions of higher education in effective and efficient practices and strategies that support regional professional development relating specifically to developmental education, including the changes that have occurred as the result of the new TSI assessment and TSI operational plan.	\$ 2,400,000	\$ 2,400,000
10. Texas College Work Study Program. Additional funding to provide work-study jobs to an additional 1,577 students per year, based on a fiscal year 2014 average award of \$1,680.	\$ 5,300,000	\$ 5,300,000
11. Additional Staff for Workforce Analysis. Funding for additional staff (1.0 FTE) specializing in education and workforce alignment analysis in response to increased interest in workforce alignment.	\$ 140,000	\$ 140,000
12. Regional Pathways Project. Funding for additional THECB staff and start-up support for local communities for a regional coordinator position and startup stipend funds for five additional regional pathways sites for teachers and faculty to attend team meetings.	\$ 274,000	\$ 274,000
13. Advise TX. Additional funding to expand the Advise TX College Advising Corps.	\$ 8,000,000	\$ 8,000,000
14. Teach for Texas Loan Repayment Assistance Program. Additional funding to support 846 additional teachers receiving a \$2,500 award in each year of the biennium or 423 additional teachers receiving a \$5,000 award in each year of the biennium.	\$ 4,232,164	\$ 4,232,164
15. Tuition Equalization Grant Program (TEG). Additional funding to support a total of 30,000 students per year, equal to the number of students per year the program served between fiscal year 2006 and fiscal year 2009.	\$ 18,000,000	\$ 18,000,000
16. Joint Admissions Medical Program (JAMP). Additional funding to support approximately 672 JAMP medical students in the 2016-17 biennium from the current level of \$3,500 per medical student to an estimated \$6,500 per medical student.	\$ 2,000,000	\$ 2,000,000

Section 6

**Higher Education Coordinating Board
Items not Included in Recommendations-House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
17. Texas Research Incentive Program (TRIP). The agency requests \$14.2 million in General Revenue as an exceptional item to equal the original appropriation for the program, \$50 million. In House Bill 1 Introduced, total funding for the program is \$177.7 million in General Revenue. Funding for the eight emerging research universities, which previously included the Research Development Fund and the Texas Competitive Knowledge Fund, has been consolidated in the Texas Research Incentive Program. The RDF and TCKF amounts that were reallocated total \$107.1 million in General Revenue. An additional \$35 million in General Revenue was appropriated to the TRIP Program above the 2014-15 base amounts of \$35.6 million in General Revenue.	\$ 14,200,000	\$ 14,200,000
18. Norman Hackerman Advanced Research Program. Additional funding, combined with base funding of \$1 million, would support approximately 50 research projects at an estimated \$150,000 per award.	\$ 7,000,000	\$ 7,000,000
19. Centralized Accounting & Payroll/Personnel System (CAPPS). Funding for resources necessary to implement the conversion to CAPPS, including resources in the accounting, HR office, and IT department.	\$ 2,780,800	\$ 2,780,800
20. Doctoral Incentive Loan Repayment Program. Funding to provide student loan repayment assistance as an incentive to attract members of underrepresented groups to serve as full-time faculty members or administrators at public or independent institutions of higher education.	\$ 700,000	\$ 700,000
21. Redesign of Website. Funding to hire a professional web design and marketing firm to assist the agency in the redesign of the THECB website.	\$ 175,000	\$ 175,000
22. Compliance with Accessibility Laws. Funding for updates to the agency's electronic and information resources to ensure compliance with accessibility laws.	\$ 379,400	\$ 379,400
23. Phone System Upgrade. Funding to upgrade the agency's phone and related communication infrastructure.	\$ -	\$ 400,000
24. Videoconferencing Upgrades to Comply Statute. Funding for enhancements to the agency's video-conferencing facilities to allow greater stakeholder input without incurring significant travel expenses.	\$ 215,000	\$ 215,000
Total, Exceptional Items	\$ 298,851,501	\$ 299,429,501

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**Higher Education Coordinating Board
Items not Included in Recommendations-House**

2016-17 Biennial Total	
GR & GR- Dedicated	All Funds

Unexpended Balance Estimates

B-On-Time-General Revenue-Dedicated. The estimated unexpended balances from fiscal year 2014 into fiscal year 2015 is approximately \$142.1 million. Based on 2014 actual amounts, the estimated revenue from the tuition set asides in 2016 and 2017, is \$64.9 million per year. Recommendations are \$31.6 million in fiscal year 2016 and \$23.6 million in fiscal year 2017 and support renewal students only attending public institutions.

	\$	142,131,139		\$	142,131,139
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Physician Education Loan Repayment Program. The estimated unexpended balances from fiscal year 2014 into fiscal year 2015 is approximately \$115.3 million. Based on 2014 actual amounts, the estimated revenue in the Physician Education Loan Repayment Account #5144 in 2016 and 2017 is \$35.6 million per year. Recommendations are \$16.7 million in fiscal year 2016 and \$16.7 million in fiscal year 2017. The agency has indicated that a UB of approximately \$4 million to \$6 million might be needed in order to make the fourth year of payments to recipients who enrolled in FY 2015.

	\$	115,289,100		\$	115,289,100
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Unexpended Balance Estimates Not Included in Recommendations

	\$	257,420,239		\$	257,420,239
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Other Requests Not Recommended

Commissioner's Salary. The agency requests to increase the Commissioner of Higher Education's salary from \$188,163 in FY 2014 and \$191,926 in FY 2015 to \$220,000 in FY 2016 and FY 2017.

	\$	-		\$	-
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Total, Items Not Included in the Recommendations

	\$	556,271,740		\$	556,849,740
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Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
1	University of North Texas Health Science Center College Of Pharmacy	Reduce funding for the College of Pharmacy at University of North Texas Health Science Center.	\$540,000	\$540,000		\$0	10%	Yes
2	Office of Attorney General (OAG) Lawyers Loan Repayment Program	The reduction eliminates all funding for the program and would result in the elimination of loan repayment assistance in the amount of \$3,000 (generally the minimum amount awarded) for 82 OAG employees or loan repayment assistance in the amount of \$6,000, the maximum award amount, for 41 OAG employees in each year of the biennium.	\$496,072	\$496,072		\$0	100%	Yes
3	Border Faculty Loan Repayment Program	The reduction eliminates all funding for the program and would result in the elimination of loan repayment assistance in the amount of \$5,000 for approximately 38 doctoral faculty located at institutions in counties that border Mexico for each year of the biennium. This could possibly contribute to faculty decisions to accept positions at other institutions of higher education.	\$375,626	\$375,626		\$0	100%	No
4	College Readiness and Success Grants	The reduction would impact P-16 Initiatives that promote student readiness, persistence, and completion, including support for minority male student success activities, for 7,000 students and 140 mentors. Reductions would eliminate curriculum alignment work, partnerships of over 240 educators that serve more than 28,000 students statewide in alignment with the passage of House Bill 5, Eighty-third Legislature, activities supporting the replication and scaling of success initiatives that serve approximately 20,000 students and 65 educators at eight institutions, and tutor training at eleven community colleges in support of Work Study Mentorship grants that annually serve over 200 tutors and an estimated 34,000 students.	\$377,864	\$377,864		\$0	10%	No
5	Student Grants and Special Programs	The reduction would eliminate four budgeted full-time equivalents out of the current 17 budgeted full-time equivalents assigned to Grants, Special Programs, and Loan Repayments Programs.	\$188,328	\$188,328	4.0	\$0	10%	No

Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs				
6	Other Support Services	The reduction would eliminate two full-time equivalents in support services. This would eliminate activities relating to receipt and sorting of agency mail, receiving of goods and express deliveries, bulk copying, and other facility support functions. In addition, the reduction would eliminate support for the agency phone system which supports the Student Loan program and could have an impact on loan payment receipt and customer service capabilities.	\$101,400	\$101,400	2.0	\$0	3%	No	
7	Central Administration	The reduction would eliminate nine full-time equivalents from the departments within the Central Administration strategy. This would reduce internal and compliance audits relating to the performance of agency programs. The reduction could also impact legal and contractual compliance relating to the appropriate review and evaluation of agency contracts for grants and services, compliance with Comptroller financial reporting requirements, and compliance with Government Accounting Standards due to lack of proper controls and reporting capabilities from a reduced number of full-time equivalents.	\$662,308	\$662,308	9.0	\$0	8%	No	
8	Centers for Teacher Education	The reduction would require participating institutions to reduce funds for information technology and auxiliary support programs. The reduction would have minimal impact on the students served in the teacher education program and have no substantial impact on the number of completers in the program.	\$304,070	\$304,070		\$0	10%	No	
9	Texas Armed Services Scholarship Program	The reduction would prevent 36 students from receiving awards in the amount of \$10,000 in each year of the biennium.	\$712,000	\$712,000		\$0	10%	Partial, program reduced 25%.	
10	Top 10 Percent Scholarships	The reduction would prevent an estimated 31,411 students from receiving initial awards in the amount of \$600, the average amount for initial awards for fiscal year 2015.	\$18,846,841	\$18,846,841		\$0	48%	Yes	
11	Norman Hackerman Advanced Research Program	The reduction would eliminate the Norman Hackerman Advanced Research Program, which provides support at public and private institutions of higher education to conduct basic research.	\$1,000,000	\$1,000,000		\$0	100%	No	

Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
12	Physician and Nurse Trauma Care	The reduction would lower the amount of the grants available to support emergency and trauma care education partnerships, which support partnerships between hospitals and graduate medical education programs that increase the number of emergency medicine and trauma care physician residents and fellows.	\$450,000	\$450,000		\$0	10%	No
13	Physician Education Loan Repayment Program	The reduction would prevent the enrollment of 67 new participants into the program each year of the biennium who would otherwise receive first year awards in the amount of \$25,000. Every physician practicing in a Health Professional Shortage Area provides access to primary health care for approximately 3,000 individuals and assuming these participants would no longer practice in these areas, this reduction could result in 444,000 persons losing access to primary care services.	\$3,380,000	\$3,380,000		\$0	10%	No
14	Professional Nursing Shortage Reduction Program	The reduction could slow the hiring of additional nursing faculty and reduce funds available to cover costs of training for future nurses that were previously provided through this program.	\$3,375,000	\$3,375,000		\$0	10%	No
15	Accelerate Texas Community College Grants	The reduction would reduce the number of funded Adult Education (AE) transition programs from 24 to 16 and therefore reduce the number of students served by 30%. The reduction would likely result in a number of service areas no longer having accessible postsecondary training and education options for AE students as no other program serves transitioning AE students. In addition, the reduction would limit professional development support, likely reducing program effectiveness. The reduction would also result in reduced agency staff due to fewer number of grantees and associated oversight and administrative support.	\$1,200,000	\$1,200,000		\$0	30%	No
16	Texas B-On-Time Program - Private	The reduction would prevent 311 students from receiving B-On-Time loans in the amount of \$8,000 while attending private or independent four-year institutions in each year of the biennium.	\$4,977,280	\$4,977,280		\$0	16%	Yes
17	Texas B-On-Time Program - Public	The reduction would prevent 562 students from receiving B-On-Time loans in the amount of \$8,000 while attending public four-year institutions in each year of the biennium.	\$8,055,779	\$8,055,779		\$0	10%	Yes

Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

Priority	Item	Description/Impact	Biennial Reduction Amounts					Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	
18	Texas Research Incentive Program	The reduction could slow progress made by the institutions in increasing funds available for enhancing the research activity at the institutions as these funds provide a match for private donations at emerging research universities. There are currently approximately \$92 million in unmatched gifts from private donations.	\$3,562,500	\$3,562,500		\$0	10%	No
19	Joint Admission Medical Program	The reduction would eliminate support for medical students in their 3rd and 4th year of medical school and would reduce the amount of funding per student for the remaining students.	\$1,306,794	\$1,306,794		\$0	13%	No
20	Tuition Equalization Grants	The reduction would prevent an estimated 5,610 awards from being made to students in the annual amount of \$3,210, the average award amount reported by institutions for fiscal year 2014.	\$18,009,566	\$18,009,566		\$0	10%	No
21	Teach for Texas Loan Repayment Assistance	The reduction would prevent 89 teachers serving in acute shortage campuses and teaching shortage subjects from receiving loan repayment awards in each year of the biennium.	\$442,500	\$442,500		\$0	10%	No
22	Planning/Information/Evaluation	The reduction would stop the development of web pages for education data and accountability system presentations, reduce the ability of staff to perform analysis related to workforce needs, reduce the capability to respond to ad hoc requests for data analysis, reduce amounts available for adjustments in staff compensation to retain high performers in the division, and eliminate the attendance of division staff at conferences.	\$295,680	\$295,680		\$0	7%	No
23	Texas College Work Study Program	The reduction would prevent an estimated 560 work-study awards from being made to students in the annual amount of \$1,679, the average award amount reported by institutions for fiscal year 2014.	\$940,464	\$940,464		\$0	5%	No

Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

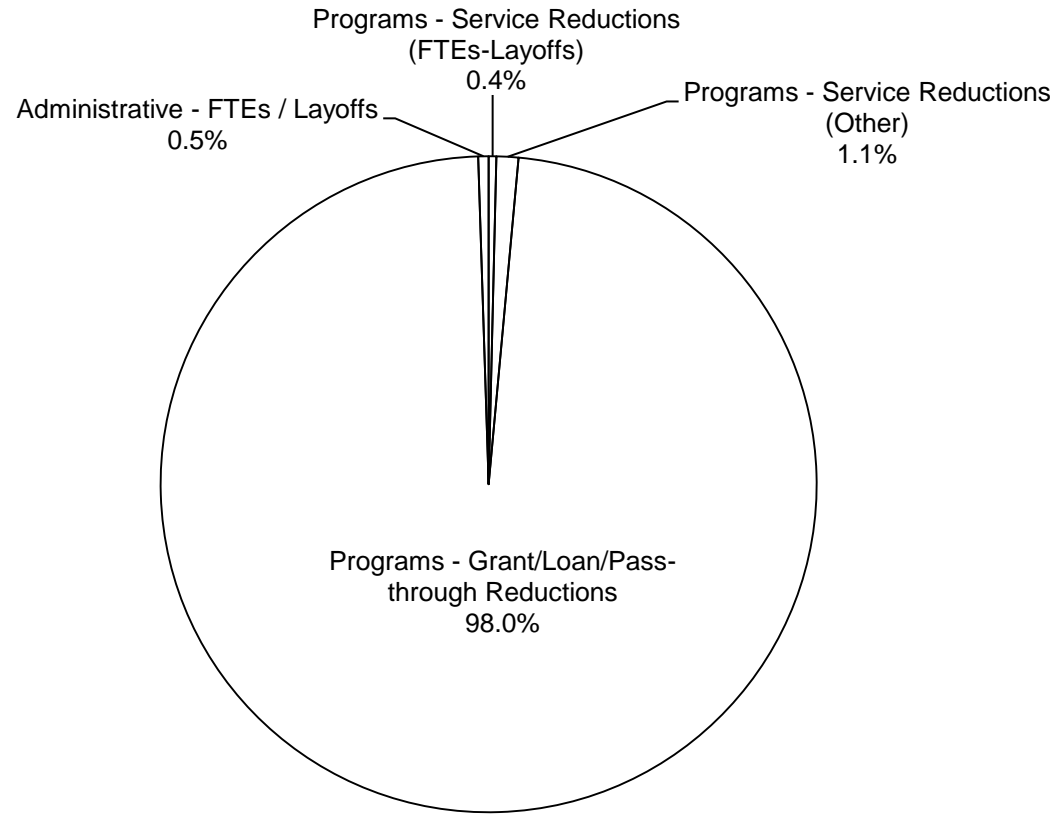
Priority	Item	Description/Impact	Biennial Reduction Amounts				Included in Intro Bill?	
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		Reduction as % of Program GR/GR-D Total
24	Developmental Education Program	The reduction would reduce the number and availability of professional development and trainings for higher education institutions related to the TSI Assessment and support for the lowest academically skilled students across the state by 40%, potentially reducing the number of faculty and staff served from an estimated 5,000 to 3,000. Currently, estimates indicate that approximately 15,000 students across the state are in need of services being developed through the state-supported trainings. The reduction would reduce agency staff as the number of grantees and the associated oversight and administrative support needed would decrease.	\$400,000	\$400,000		\$0	10%	No
25	Family Practice Residency Program	The reduction would lower the per resident funding level and may result in the closure of smaller, more remote residency training sites. This would reduce the funding to the Family Practice Residency Program and its support programs, the Rural and Public Health Rotations, and the Faculty Development Center.	\$1,428,000	\$1,428,000		\$0	11%	No
26	Workforce, Academic Affairs, and Research	The reduction would reduce personnel, planned travel, and staff development and training. The reduction would affect the staff's ability to finalize the review of new doctoral proposals by hiring external consultants for site visits, reducing the number of site visits conducted per year, and preventing the institutions from starting new programs in a timely manner.	\$332,740	\$332,740		\$0	9%	No
27	Graduate Medical Education Expansion	The reduction would result in fewer medical students receiving support for primary care preceptorship experiences, potentially reducing interest in medical students selecting primary care careers.	\$1,275,000	\$1,275,000		\$0	9%	No
28	Primary Care Innovation Grant Program	The reduction would reduce the state support for residencies in internal medicine, obstetrics/gynecology, and pediatrics.	\$182,000	\$182,000		\$0	9%	No
29	Information Resources	The reduction would eliminate two full-time equivalents in application development and will create further backlog in system development projects. The reduction would eliminate further expansion of Managed Print Services and Multi-function printers throughout the agency to replace outdated personal printers, eliminate consulting programming services used for special projects or emergency situations, and eliminate the Gartner contract used for information technology, industry trends, and hardware/software evaluations.	\$200,358	\$200,358	2.0	\$0	5%	No

Section 7

**Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House**

Priority	Item	Description/Impact	Biennial Reduction Amounts				Reduction as % of Program GR/GR-D Total	Included in Intro Bill?
			GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss		
30	Texas Educational Opportunity Grants	The reduction would prevent an estimated 1,917 students from receiving initial awards in the annual amount of \$1,679, the average award amount reported by institutions for fiscal year 2014.	\$3,255,748	\$3,255,748		\$0	5%	No
31	Towards Excellence, Access and Success (TEXAS) Grant Program	The reduction would prevent an estimated 11,200 students from receiving initial awards in the annual amount of \$4,782, the average award amount reported by institutions for fiscal year 2014.	\$53,557,104	\$53,557,104		\$0	8%	No
TOTAL, 10% Reduction Options			<u>\$130,231,022</u>	<u>\$130,231,022</u>	17.0	<u>\$0</u>		

Higher Education Coordinating Board
Summary of 10 Percent Biennial Base Reduction Options-House
Agency 10% Reduction Options by Category of Reduction



Texas Higher Education Coordinating Board Testimony on House Bill 1

Bobby Jenkins
Vice Chairman

Raymund Paredes
Commissioner of Higher Education



**TEXAS HIGHER EDUCATION
COORDINATING BOARD**

**Presentation to the
House Appropriations Committee
February 16, 2015**

HOUSE BILL 1 – ADMINISTRATION

Provides a \$84K (1%) **decrease** in Information Resources (total \$9.17M)

- Decrease due to lowered Data Center Consolidation costs.
- **THECB Exceptional Items Include:**
 - \$940,137 to address recommended security needs
 - \$490,000 infrastructure refresh capital budget to replace 4-6 year old pc's, laptops and other equipment
 - \$2,780,800 for agency implementation of CAPPs
 - \$554,400 to upgrade agency website and comply with state and federal accessibility mandates
 - \$615,000 to replace agency's outdated phone, call center and video-conferencing technology

HOUSE BILL 1– THECB APPROPRIATIONS (IN MILLIONS)

	Estimated/ Budgeted 2014-15	HB 1 (Introduced) 2016-17	Biennial Change	Percentage Change
All Funds	\$1,535.4	\$1,616.3	\$80.9	5.3%
General Revenue	\$1,269.9	1,400.3	\$130.4	10.3%

HOUSE BILL 1 – FINANCIAL AID

Provides a \$41.3M (6%) increase for TEXAS Grants (\$693.6M)

- Will serve 100% of renewal students; 95% of new eligible students in FY2016; and 80% of entering eligible undergraduates in FY2017 at \$5,000 target award.
- **THECB Exceptional Item Request** (\$137.9M) would serve 100% of new and renewal students at \$5,300 target award.

Provides level funding for TEOG (\$65.1M)

- Will serve approximately 19,500 students per year, including about 8.5% of eligible entering undergraduates.
- **THECB Exceptional Item Request** (\$37.3M) would provide additional funding needed to serve students formerly eligible for TEXAS Grants for two years, rather than just one. Increasing funding would serve about 22% of eligible students.

HOUSE BILL 1 – FINANCIAL AID

Provides **level funding** for Texas College Work Study (\$18.8M)

- Provides \$5M for the Work-Study Mentorship Program and \$13.8M to support approximately 4,100 work study students each year.
- **THECB Exceptional Item** (\$5.3M) would provide awards for 1,577 additional students per year, allowing support of a total of approximately 5,677 work study students each year.

Provides **level funding** for Texas Equalization Grant (\$180M)

- Will serve about 27,700 students per year.
- **THECB Exceptional Item** (\$18M) would restore to FY2009 funding level and serve 30,000 students per year.

Top 10% Scholarship and B-On-Time are limited to renewal students.

HOUSE BILL 1 – RESEARCH PROGRAMS

Provides \$142.1M (399%) increase to the Texas Research Incentive Program (\$35.9M new, \$137.8M consolidated, totaling \$177.7M)

- Would fund all of the current unfunded backlog of matching requests from emerging research institutions.
- Restructures research funding for emerging research group by transferring funds from two previously funded research programs.

Provides level funding for Norman Hackerman Advanced Research Program (\$1M)

- Impact on state research goals negligible at current funding.
- **THECB Exceptional Item** (\$7M) would allow the program to support approximately 50 new basic research projects at an estimated \$150,000 per award.

HOUSE BILL 1 – HEALTH PROGRAMS

Provides a \$14.35M (101%) increase to GME Expansion Programs (total \$74.25M)

- HB 1 would support approximately 114 additional, 225 total, residency positions for the next biennium.
- **THECB Exceptional Item** (\$40M) would support approximately 280 residency positions each year of the biennium.

Provides level funding for Family Practice Residency Program (\$12.8M)

- Supports approximately 730 residents per year at \$8,700 per resident and 56 rural and public health rotations at \$2,000.
- **THECB Exceptional Item** (\$16M) would increase per resident funding to \$14,350 and increase rotations to 80 at \$2,500.

HOUSE BILL 1 – BOARD RECOMMENDATIONS

- **Outcomes-Based Funding**
 - Recommend that \$235 million outside of enrollment formula be allocated on student outcomes (**no additional funding** provided in HB 1)
- **Authorize Tuition Revenue Bonds**
 - Recommend that additional TRB projects be authorized in light of enrollment growth (**no additional funding** provided in HB 1)

QUESTIONS?

For more information:

Office of External Relations

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Texas Higher Education Coordinating Board Budget Summary - House Bill 1 (Introduced)

Strategy Descriptions and Estimated Impacts of Funding for the 2016-17 Biennium

This document describes each of the Texas Higher Education Coordinating Board's (THECB) strategies included in the agency's FY2016-17 Legislative Appropriations Request. These funding strategies represent all of the budget goals and strategies in the same order as they appear in the THECB's appropriations bill pattern. For each budget strategy, this document presents the biennial adjusted baseline for FY16-17, as well as any Exceptional Item requests for the strategy. For appropriate strategies, **impact statements are provided regarding the level of services the agency will be able to provide during the FY16-17 biennium at the adjusted baseline funding level and for Exceptional Item requests.**

Budget Goal A: Coordinate Higher Education

A.1.1 College Readiness and Success

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$3,778,638	\$3,778,637	(\$1)	0%

Strategy Description:

This strategy includes funding for the administration of all college and career readiness, participation, and success initiatives. Funding is designed to 1) support professional development activities for both public and higher education faculty as well as counselors, advisors and school leaders; 2) replicate and expand initiatives to improve postsecondary student persistence and completion; 3) facilitate local, regional, and state work groups and activities to support a college-going culture and the alignment of secondary and postsecondary education; and 4) support the identification of issues and activities in need of data support and analysis.

Exceptional Item Request (\$8,000,000) -- Advise TX College Advising Corps

Advise TX College Advising Corps (CAC) places 120 recent university graduates on high school campuses as near-peer college advisers to provide over 200,000 students with information about preparing for and applying to college (community, technical and state colleges as well as universities). Advise TX CAC advisers receive intensive training before serving in a high school, and work in collaboration with high school counselors, teachers, and administrators to increase the proportion of students attending postsecondary public and private institutions of higher education. Current partners include The University of Texas at Austin, Texas A&M University, Texas Christian University, Texas State University and Trinity University. This program was previously funded through the federal College Access Challenge Grant (CACG). This exceptional item request would help replace these discontinued federal funds and support the 120 advisers deployed at high-need high schools.

A.1.2 State Loan Programs

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$11,300,000	\$11,300,000	\$0	0%

Strategy Description:

This strategy includes funding for administration of the Hinson-Hazlewood Loan Program and several student loan programs that have forgiveness provisions, such as the Teach for Texas Conditional Grant Program, the Teach for Texas Alternative Certification Conditional Grant Program, and the Texas Armed Services Scholarship Program. All funds supporting the loan program are generated by self-supporting bond proceeds and loan repayments. The Hinson-Hazlewood Loan Program responds to Texas students' demand for low interest educational loans currently at 5.25%. The Coordinating Board strives to administer the loan program with high quality service as measured by timely loan processing, customer service standards maintained by professional staff, and enforcement of collection standards via an MOU with the Office of the Attorney General, which all contribute to the fiscal soundness of the interest and sinking fund that is used for the repayment of the Board's bonds. Current default rate for borrowers not currently in school or on deferment is 3.35%.

A.1.3 Student Grants and Special Programs

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$1,883,278	\$1,883,278	\$0	0%

Strategy Description:

This strategy provides funding for the administration of the state's student grant programs, such as TEXAS Grants, Texas Educational Opportunity Grant Program, Tuition Equalization Grant Program, Top 10% Scholarship, Work Study, and a myriad of tuition and fee exemption/waiver programs. Activities include: (1) allocating appropriated dollars to eligible institutions in accordance with statutory requirements and Board rules; (2) collecting and overseeing institutional reporting of financial aid data; (3) collaborating and communicating with financial aid officers from across the state and other stakeholders; and (4) administering workforce-related student loan repayment assistance programs entailing a service obligation.

A.2.1 Workforce, Academic Affairs, and Research

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$5,055,040	\$4,920,039	(\$135,001)	-3%

Strategy Description:

This strategy includes funding for the administration and oversight of academic, research, and workforce-related programs. The primary activities include 1) academic degree program reviews (new and existing programs to ensure quality); 2) review requests for changes in academic and health-related institutions administrative structures; 3) approval or denial of requests for certificates of authority to operate unaccredited private, for-profit colleges in Texas; and 4) the administration of trusteed funds such as Graduate Medical Education expansion and innovation programs, Family Practice Residency Program, Joint Admissions Medical Program, Trauma Care program, T-STEM Challenge Scholarship program, the Norman Hackerman Advanced Research Program, and health programs funded through the tobacco settlement earnings. This strategy also supports work to review research awards and report restricted research expenditures, as well as compile and publish the annual survey of higher education institutions research expenditures.

Impact of HB 1 (Introduced) Funding for FY16-17

House Bill 1 (Introduced) transferred \$135,001 in administrative funds to D.1.6 Trauma Care Program. This funding will continue to be used for administration of the program and therefore will not have a fiscal impact.

Exceptional Item Request (\$600,000) -- Fields of Study

The common applicability of courses to degree programs is one of the most difficult obstacles to ensuring students graduate on time. Fields of Study (FOS) and Programs of Study (POS) seek to create seamless curricular pathways for students. Programs of Study define high school-to-two-year-college course sequences that lead to certificates and associate of applied science degrees that increase employability. Fields of Study facilitate transfer of courses and their applicability to degree programs between two- and four-year institutions. Both need to be expanded and reviewed, with new POS and FOS created to reflect student interest and workforce needs. This request will fund the personnel for the Coordinating Board to manage the process and to facilitate the faculty and institutional participation necessary to create a viable product. \$600,000 represents the funds for 3 FTE for the development of Fields of Study (FOS) and Programs of Study (POS). The impact is the difference between being able to create approximately 20 FOS and 20 POS per year and maintaining them periodically and doing 3-6 per year with existing resources. With the funding it will take five years to complete FOS and POS for all degrees. To ensure the applicability of the FOS and POS they need to be reviewed at least every five years. Funding three FTEs would allow the division to be able to do that. Without the Exceptional Item, the time to completion could increase to 20 years with little to no review.

A.3.1 Planning, Information and Evaluation

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,397,342	\$4,397,341	(\$1)	0%

Strategy Description:

This strategy provides funding for the Planning and Accountability Division, including the Education Data Center and Information Access Initiative, and funding for planning initiatives. The strategy includes funding for the personnel whose responsibilities include planning for higher education, collection of the state's higher education data, analysis of higher education issues, maintaining the state's higher education accountability system, review of the state's higher education facilities and establishment of standards, in conjunction with the institutions higher education, for construction, renovation and purchase of real estate, and higher education finance analysis, including recommendations for fair and equitable allocation of state formula funding among institutions.

Exceptional Item Request (\$140,000) -- Workforce Analysis

There is a growing interest in Texas and nationally in assessing the alignment of higher education with workforce needs. The Higher Education Strategic Planning Committee, an advisory committee to the Board that is comprised of former higher education administrators and business leaders, has identified workforce alignment as an important factor for the state's next strategic plan for higher education. While the Coordinating Board currently matches workforce data with higher education enrollment, the agency does not have the staff to do the type of in-depth analysis on workforce needs that is required for a full understanding. This funding would dedicate one FTE to full-time analysis of workforce data.

Exceptional Item Request (\$274,000) -- Regional Pathways

This would expand the current Texas Pathways Project to support local partnerships of school districts and higher education institutions to collect and analyze data to identify specific strengths and weaknesses in their students' academic preparation and achievement. The current five partnerships have proven effective in helping those partnering ISDs and higher education institutions with implementation of HB 5 and other alignment issues. In prior years, there was special start-up item funding that allowed for a regional coordinator and stipends for involved teachers and faculty. The requested funding would provide for an additional staff member for support of the program and startup stipend funds for five additional sites.

Budget Goal B: Close the Gaps – Affordability

B.1.1 TEXAS Grant Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$652,318,592	\$693,604,806	\$41,286,214	6%

Strategy Description:

The TEXAS Grant Program provides assistance to eligible financially-needy high school graduates (or recent recipients of associate’s degrees) who enroll at a Texas public university on at least a 3/4 time basis, and maintain at least a 2.5 college GPA. As of Fall 2014, only students enrolled at public universities, or in baccalaureate degree programs at public health-related institutions, are eligible for an initial-year grant -- students at 2-year institutions who otherwise would have been eligible for a TEXAS Grant are now served through the TEOG Program. The program prioritizes initial awards for students who have completed at least two out of four academic criteria. The maximum grant equals the average statewide amount of tuition and fees at public universities; however, the Coordinating Board has encouraged universities to set targeted award amounts at \$5,000 in order to serve more students with limited funds.

Impact of HB 1 (Introduced) Funding for FY16-17

At the HB 1 funding level, TEXAS Grant would serve approximately 69,000 students receiving awards in the amount of \$5,000 in each year of the biennium. This represents 100 percent of renewal students in both years, 95 percent of entering eligible undergraduates in FY 2016, and 80 percent of entering eligible undergraduates in FY 2017.

Exceptional Item Request (\$137,900,000) -- TEXAS Grant

If the exceptional item request is fully funded, the agency estimates that institutions will have sufficient funding to serve 100 percent of renewal students and 100 percent of initially-eligible students during the biennium at a \$5,300 award amount.

B.1.2 TEXAS B-On-Time Program -- Public Institutions

				Difference
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$78,157,792	\$55,222,000	(\$22,935,792)	-29%

Strategy Description:

The Texas B-On-Time Loan Program allows universities to offer students zero interest loans with provisions for forgiveness should the student meet certain academic and time-to-degree benchmarks. The program requires students to enter college having graduated from high school under a college preparatory curriculum and to meet continuing academic requirements to continue to receive the loans. Students must graduate on time, as defined, with a 3.0 or higher GPA to qualify for loan forgiveness. While those who do not qualify for loan forgiveness must make monthly payments toward loan principal, there are no interest costs for the life of the loan.

B-on-Time loans to students enrolled at public universities and health related institutions are funded through a 5 percent designated tuition set-aside collected by public universities. Per SB 215 (83rd Legislature), public universities receive B-on-Time funding equivalent to the amount of tuition set-asides they collect, subject to available appropriations.

Impact of HB 1 (Introduced) Funding for FY16-17

This will fund approximately 6,554 renewal students only at public universities during the biennium. No new students would enter the program. Public university renewal students will be funded from the tuition set aside portion of the appropriation. Funding for the administration of the BOT program will continue to be provided by the use of loan origination fees as allowed by statute. Over the term of the BOT program, students that did not meet the forgiveness requirements have had their cumulative award converted into a 15 year loan. Elimination of these origination fees would eliminate the administration funding necessary for the servicing of approximately \$250M remaining BOT loans.

B.1.3 TEXAS B-On-Time Program -- Private Institutions

				Difference
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%

Total Biennial	\$31,408,000	\$19,199,700	(\$12,208,300)	-39%
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Strategy Description:

Independent, non-profit Texas institutions of higher education have been eligible to participate in the Texas B-on-Time Loan Program since its creation. Because private institutions are not subject to tuition set-aside requirements, the Legislature has used general revenue funds to make B-on-Time loans to students at these universities.

Impact of HB 1 (Introduced) Funding for FY16-17

Under HB 1, B-On-Time for private institutions will fund 2,277 renewal students only. No new students would enter the program.

B.1.4 Tuition Equalization Grants

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$180,095,654	\$180,095,654	\$0	0%

Strategy Description:

The Tuition Equalization Grant Program provides grants to eligible students attending independent, nonprofit institutions in Texas. To qualify, recipients must be Texas residents or National Merit Finalists, enroll on at least a three-quarter basis, and show financial need as defined as the cost of attendance minus expected family contribution. To remain eligible, a student must complete at least 75 percent of his/her coursework, complete at least 24 semester credit hours per year (18 if the recipient is a graduate student) and maintain at least a 2.5 college GPA. Maximum award amounts equal half the per-student appropriation in the public university sector during the most recently completed biennium. However, students with exceptional need may receive 150 percent of the basic maximum award.

Impact of HB 1 (Introduced) Funding for FY16-17

The baseline level will fund about 27,700 students each year at an average award amount of \$3,250.

Exceptional Item Request (\$18,000,000) -- TEG Program

This exceptional item request seeks to provide sufficient funding to serve 30,000 students per year during the biennium, about equal to the number of students per year that the program served between FY2006 and FY2009.

B.1.5 Texas Educational Opportunity Grant Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$65,114,950	\$65,114,950	\$0	0%

Strategy Description:

The Texas Educational Opportunity Grant Program provides grants to students attending public community, technical, or state colleges, with the highest priority given to students with the greatest financial need. No specific high school requirements apply. To be eligible, a student must be a Texas resident, enroll at least half-time, show financial need, and be working towards an associate's degree or a certificate. To remain eligible, a student must complete at least 75 percent of his/her coursework and maintain a 2.5 GPA. A student cannot receive a Texas Educational Opportunity Grant for more than 75 hours or four years. The grant amount for each term will not exceed the statewide average of tuition and fees at the type of public institution the student is attending.

Impact of HB 1 (Introduced) Funding for FY16-17

The FY16-17 Adjusted Base was increased by approximately \$37.3 million from the FY14-15 appropriated amount to reflect the transfer of funds from TEXAS Grant to TEOG in FY15 to cover 2-year college students who were no longer eligible for TEXAS Grants (per SB 215, 83rd Legislature). At this baseline amount, this would allow institutions to serve approximately 19,500 students per year -- all renewal students and about 8.5 percent of eligible entering undergraduates, depending on enrollment patterns and institutional decisions regarding award amounts.

Exceptional Item Request (\$37,303,000) -- TEOG Program

Because the \$37.3M transfer from TEXAS Grant to TEOG occurred only in the second year of the FY14-15 biennium, the adjusted base for FY16-17 reflects only one year of the additional funding needed to serve students formerly eligible for TEXAS Grants. This exceptional item would support both years of the biennium at the FY15 funding level. The agency estimates that this would allow institutions to serve all renewal students and about 22 percent of initially-eligible students, depending on enrollment patterns and institutional decisions regarding award amounts.

B.1.6 Texas College Work Study

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$18,809,278	\$18,809,278	\$0	0%

Strategy Description:

The Texas College Work-Study Program allows students to earn money to pay for at least part of their educational expenses. The program pays up to 75 percent of salaries for students working for nonprofit employers and up to 50 percent of salaries for students working for profit-making employers. Employers pay the balance of salaries and all other benefits. Institutions have the authority to make smaller awards to a larger number of students, or make larger awards to fewer students.

Impact of HB 1 (Introduced) Funding for FY16-17

The baseline funding level includes \$2.5M per year for the Work-Study Mentorship Program (TEC, Sec. 56.079) in which college students mentor high school students and provide information on how to access higher education. The remaining \$13,809,278 will support approximately 4,100 students each year of the biennium in the Texas College Work-Study Program at an average amount of \$1,680.

Exceptional Item Request (\$5,300,000) -- Texas College Work Study

This exceptional item request reflects the approximate amount of additional Texas College Work-Study funds requested by institutions in the last biennium which the Coordinating Board was unable to meet due to lack of funding. This funding would allow institutions to award an additional 1,577 students, or 5,677 total, a year at the FY14 average of \$1,680.

B.1.7 License Plate Scholarships Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$1,120,548	\$211,336	(\$909,212)	-81%

Strategy Description:

The THECB manages accounts for a number of specialty license plate programs designed to generate funding for scholarships and other education-related programs. These include, but are not limited to (citation provided for authorizing statute in the Texas Transportation Code):

- Texas Collegiate License Plate Scholarship (§ 504.615);
- Houston Livestock Show and Rodeo License Plate Scholarship (§ 504.613);
- Girl Scout License Plate Programs (§ 504.622);
- “College for All Texans” Campaign License Plate Program (§ 504.657);
- Boy Scout License Plate Scholarship (§ 504.6545);
- Cotton Boll License Plate Scholarship (§ 504.636);
- Mothers Against Drunk Driving (§ 504.608); and
- Texas Section American Water Works Association (§504.801)

Impact of HB 1 (Introduced) Funding for FY16-17

The appropriation represents estimated receipts. Funds collected will be distributed to each related entity.

B.1.8 Teach for Texas Loan Repayment Assistance Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,425,000	\$4,425,000	\$0	0%

Strategy Description:

The Teach for Texas Loan Repayment Program provides student loan repayments for up to 5 years on behalf of Texas public school teachers who provide full-time instruction in a subject having a critical shortage of teachers or at a campus having a critical shortage of teachers. Priority is given to renewal applicants. The Commissioner determines the annual award amount based on available funding. The number of qualified applicants has far exceeded available funding every year since the program began in FY2004.

After being appropriated a record high of \$11.5 million in FY10-11, the program was reduced by 91 percent in FY12-13 permitting only a portion of renewal applicants to receive funding even at a reduced award amount of \$2,500 per year. Current biennium appropriations restored the program to about 38 percent of the previous funding level.

Impact of HB 1 (Introduced) Funding for FY16-17

This funding level will provide for the total possible loan repayment awards in the amount of \$2,500 to 885 teachers, or \$5,000 awards to 443 teachers in each year of the biennium.

Exceptional Item Request (\$4,232,164) -- Teach for Texas

This exceptional item request would fund the program at 75 percent of the FY10-11 appropriated level. Approximately 846 additional teachers would receive awards in each year of the biennium if the award amount is kept at \$2,500, and 423 additional teachers would receive awards if the award amount were increased to the FY10-11 level of \$5,000 per recipient.

B.1.9 Border Faculty Loan Repayment Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$375,626	\$375,626	\$0	0%

Strategy Description:

This program provides educational loan repayments for faculty members who earned their doctorates after 1994 and teach at institutions located in Texas counties that border Mexico. Each eligible institution submits to the THECB at least four applications from selected members of the faculty who may receive loan repayment for up to \$5,000 for each year of service, for up to 10 years. The program has been fully subscribed every year since its inception.

Impact of HB 1 (Introduced) Funding for FY16-17

At this level of funding, the Coordinating Board will be able to make annual loan repayment awards in each year of the biennium, in the amount of \$5,000 to approximately 40 faculty members serving the institutions located in counties that border Mexico.

<i>removed</i>	OAG Lawyers Loan Repayment Program		Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$496,072	\$0	(\$496,072)	-100%

Strategy Description:

The purpose of this program is to recruit and retain attorneys in the Office of the Attorney General (OAG) of the State of Texas. Selected applicants may receive annual loan repayment awards of up to \$6,000, for a period of no more than three years. The OAG selects the recipients and recommends the award amounts based on years of service and other factors.

Impact of HB 1 (Introduced) Funding for FY16-17

No funding was provided for this program. This would completely eliminate the loan repayment awards during the biennium.

<i>removed</i>	Doctoral Incentive Loan Repayment Program		Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$0	\$0	\$0	0%

Strategy Description:

This program provides student loan repayment assistance as an incentive for members of underrepresented groups to serve as full-time faculty or administrators in Texas institutions of higher education. Underrepresented groups are defined in terms of the low income status or the low college-going rate of the high school the recipient either attended or resided near, at the time of graduation from high school. Qualified recipients may receive up to \$20,000 per year for up to five years (for a maximum aggregate of \$100,000). Since the inception of the program in 2003, the program had been funded through a \$2 per credit hour set-aside from tuition of doctoral students (excluding those enrolled in law school or a health professions program). House Bill 7, 83rd Texas Legislature, repealed the tuition set-aside section of the authorizing statute. The program has been unfunded since the 2012-13 biennium.

Impact of HB 1 (Introduced) Funding for FY16-17

Since the program has been unfunded since the 2012-13 biennium, there is no impact of zero funding in HB 1.

Exceptional Item Request (\$700,000) -- Doctoral Incentive Loan Repayment Program

The appropriation of this amount would enable THECB to assist with the recruitment and retention of 35 doctoral faculty (for the biennium) through maximum loan repayment awards in the amount of \$20,000. Members of the Texas Association of Chicanos in Higher Education (TACHE) have requested that the Board include this exceptional item request in order to revive the program. This program has made awards to faculty who are making significant contributions to the state. For example, one past recipient is now a faculty member at The University of Texas at Austin and is engaged in research and activities aimed at increasing the participation and success rates of Hispanic and African American males in Texas higher education.

B.1.10 Engineering Recruitment Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$500,000	\$500,000	\$0	0%

Strategy Description:

Increasing STEM (science, technology, engineering, and math) awards is a key priority to increase Texas competitiveness, but Texas is not enrolling or graduating sufficient students in STEM fields. The Engineering Recruitment Program (ERP) supports one-week summer program experiences offered at Texas public and private universities with engineering degree programs for middle and high school students to engage and encourage them to consider engineering as a profession. ERP students participate in courses similar in content to engineering courses, with a focus on math and science preparation. Participants reflect the demographics of the state.

Impact of HB 1 (Introduced) Funding for FY16-17

This funding will support 25 summer programs with 790 middle and high school students participating.

B.1.11 Top Ten Percent Scholarships

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$39,624,892	\$18,223,048	(\$21,401,844)	-54%

Strategy Description:

The Top 10 Percent Scholarship Program was established in 2007 via appropriations rider. The program was implemented by Coordinating Board rules and is a need-plus-merit program to encourage the best and brightest Texas high school students to go to college in Texas. Scholarships are awarded to high school graduates with need who graduate in the top 10 percent of their high school graduating class and enroll full-time. To be eligible for a continuation award, students must complete 30 SCH each year, maintain a cumulative GPA of 3.25, and complete at least 75 percent of the hours attempted.

Impact of HB 1 (Introduced) Funding for FY16-17

At this funding, renewal students who meet the priority awarding deadline of March 15th will be able to receive a reduced \$600 award. This would not fund any new awards.

B.1.12 Texas Armed Services Scholarships Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$7,120,000	\$5,340,000	(\$1,780,000)	-25%

Strategy Description:

The purpose of the Texas Armed Services Scholarship Program is to encourage students to become members of the Texas Army National Guard, members of the Texas Air Force National Guard, or commissioned officers in any branch of the armed services of the United States. No financial need is required to be eligible. Each year the governor and the lieutenant governor may each appoint two students, and each state senator and each state representative may appoint one student to receive an initial conditional Texas Armed Services Scholarship. The first disbursement of these fund occurred in FY2011.

Impact of HB 1 (Introduced) Funding for FY16-17

At current participation rates, this funding will cover all renewal students and newly appointed students in the biennium at an award amount of \$7,000. Prior year's awards have been at \$10,000.

B.1.13 T-STEM Scholarship Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$6,000,000	\$13,011,000	\$7,011,000	117%

Strategy Description:

The Texas Science, Technology, Engineering, and Math (T-STEM) Challenge Scholarship Program was established by House Bill 2910, passed by the 82nd Legislature, Regular Session in 2011. The T-STEM program is funded through a grant provided to the Texas Higher Education Coordinating Board from the Texas Guaranteed Student Loan Corporation. Grants awarded under the T-STEM program allow community and technical colleges to provide merit-based scholarships to qualifying, high-achieving full-time students pursuing careers in STEM and related fields

Impact of HB 1 (Introduced) Funding for FY16-17

Continuation of funding under T-STEM requires institutions to document that funded students have continued their STEM pursuits, through retention in the degree program, pursuing a bachelor's degree or employment in a STEM field. Due to timing of data reporting and collection, many community colleges may become ineligible to participate in the third year of the program. The THECB is recommending legislation to address this problem.

HB 1 increases the available donated funds by \$6 million, for a total of \$13,011,000 for 2016-2017. The impact of this change would allow the program to make awards in both years of the biennium instead of just one.

Budget Goal C: Close the Gaps – Research

C.1.1 Norman Hackerman Advanced Research Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$1,000,000	\$1,000,000	\$0	0%

Strategy Description:

The Norman Hackerman Advanced Research Program (NHARP) was established by the 70th Texas Legislature (1987, TEC Chapter 142) and provides competitive, peer-reviewed grants for basic research at Texas higher education institutions. The established peer-review process ensures that selected research projects are at the forefront of science: research that attracts and retains the best faculty and students and develops the knowledge base needed for continuing innovation. NHARP funds enable investigators to do initial studies necessary to secure additional funding from the federal government, private industry, not-for-profit organizations, and private donors. The expected multiplier for external funds is about 3.5. On average, 5 to 7 students participate on each project. Funding is appropriated in the first year of the biennium and the projects are supported for two years, with the ability to have no-cost extensions.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding levels, the competition could award approximately 12 grants of \$80,000 each. This funding level and award amount severely limits the ability of the program to contribute to state goals for research.

Exceptional Item Request (\$7,000,000) -- Norman Hackerman Advanced Research Program

An increase of \$7 million, combined with the base of \$1 million would allow the program to support approximately 50 new basic research projects at an estimated \$150,000 per award

C.1.2 Texas Research Incentive Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$35,625,000	\$177,736,409	\$142,111,409	399%

Strategy Description:

The Texas Research Incentive Program (TRIP) is a research matching grant program specifically designed to help the Emerging Research Institutions (ERI) garner research funding from private donations to help them move toward national research university status. ERI include Texas Tech University, Texas State University, The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, The University of Texas at San Antonio, University of Houston, and University of North Texas. Statute specifies the eligible matching percentage based on the amount of the donation received. There are currently about \$137 million in match requests from \$175 million in private donations eligible for match that have not been awarded due to lack of funds. It lessens the power of the program as an incentive for private donations if large amounts of giving go unmatched.

Impact of HB 1 (Introduced) Funding for FY16-17

Institutions advertise the state matching component of TRIP to draw in a considerable amount of private research funding to their institutions. As of January 20, 2015 there were approximately \$137 million in unfunded matching requests. HB 1 (Introduced) would fund all of the unfunded matching requests, increasing the draw of the program as an incentive for private donors. However, under HB 1 TRIP-eligible institutions would no longer participate in the Research Development Fund or the Texas Competitive Knowledge Fund.

Exceptional Item Request (\$14,200,000) -- Texas Research Incentive Program

This request has been superseded by the increase provided in HB 1.

Budget Goal D: Close the Gaps – Health Programs

D.1.1 Family Practice Residency Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$12,780,000	\$12,780,000	\$0	0%

Strategy Description:

The Family Practice Residency Program (FPRP) improves the distribution of family physicians throughout the state and provides increased medical care to patients in underserved areas. Funds are allocated based on the certified number of residents training in each approved family practice residency program, which must receive significant local support to qualify for state funds. This strategy also supports rural and public health rotations, which offer family practice residents the opportunity for supervised training in a rural community or public health facility. Since its inception in 1979, the program has provided funding support for more than 8,940 family practice residents. Family physicians who complete residency training have a 70 percent retention rate in Texas.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding levels, the program could support approximately 730 family practice residents per year at a per-resident funding level of about \$8,700. It would also support 56 rural and public health rotations at \$2,000.

Exceptional Item Request (\$16,000,000) -- Family Practice Residency Program

The exceptional item request for an additional \$16 million would allow the per resident funding level to increase from the current level of \$8,737 to \$14,350 supporting approximately 730 family practice residents, and provide for an increase in the number of rural and public health rotations to 80 funded at \$2,500.

D.1.2 Joint Admission Medical Program (JAMP)

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$10,206,794	\$10,206,794	\$0	0%

Strategy Description:

The Joint Admission Medical Program (JAMP) provides support for highly qualified, economically disadvantaged students interested in becoming physicians. Students selected into JAMP receive undergraduate scholarships, summer stipends, and are guaranteed admission to a Texas medical school, assuming their eligibility in the program is maintained. JAMP students are identified in their freshman year, selected in their sophomore year, and continue in the program through medical school. The program is administered by the Joint Admission Medical Program Council, which is composed of one faculty representative from each Texas medical school. The enabling legislation designates the administrative functions of Joint Admission Medical Program to the Texas Medical and Dental Schools Application Service, operated through The University of Texas System. Funding is provided in the first year of the biennium with authority to carry forward any unexpended balances into the second year of the biennium.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding, the program will continue to operate in the same manner as the current biennium. Ninety-six undergraduate students were accepted into the program in spring FY2014. There are currently close to 600 students participating in the program.

Exceptional Item Request (\$2,000,000) -- JAMP

The increase in funding will allow more JAMP medical students to receive funding support while they are enrolled in medical school. The current JAMP medical student receives funding support of \$3,500. This amount does not help adequately support the students who are enrolled full-time and will incur debt during their medical school years; many students incur an average of \$150,000 in debt. The exceptional item request of \$2,000,000 would provide additional funding to support an estimated 672 JAMP medical students in FY 2016/2017 from the current level of \$3,500 per medical student to an estimated \$6,500.

D.1.3 Physician Education Loan Repayment Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$35,075,306	\$33,800,000	(\$1,275,306)	-4%

Strategy Description:

The Physician Education Loan Repayment Program was established in 1985 to encourage qualified physicians to practice medicine for at least four years in designated health professional shortage areas (HPSAs) of Texas. Up to ten physicians per year may enroll on the basis of service at the Texas Department of Criminal Justice or Texas Juvenile Justice Department. In 2013, HB 2550 created an eligibility path for physicians who provide specified service levels for persons enrolled in Medicaid or Texas Women's Health Program if funds are available after all other applications have been funded.

In 2009, amendments to this subchapter and the state tax code increased the maximum loan repayment amounts to up to \$160,000 over the four-year commitment period and revised the sales tax structure for smokeless tobacco.

Impact of HB 1 (Introduced) Funding for FY16-17

The appropriation will serve 80 physicians completing a fourth year of service in FY2016, in addition to enrollment of 100 new participants in each year of the biennium, for a total of 200 new physician participants during the biennium. The funding will be to support four years of service. For every physician practicing in a primary care HPSA, 3,000 patients who otherwise would not have access to primary health care are served. Thus, up to 600,000 Texans could have access to primary health care as result of enrolling 200 new physicians.

If, at the end of each fiscal year there are remaining uncommitted funds, physicians not practicing in HPSAs may enroll in the program on the basis of meeting established service levels for Medicaid and Texas Woman's Health Program enrollees (HB 2550, 83rd Legislature). Additionally, if uncommitted funds remain after all physician applications have been considered at the end of a fiscal year, PELRP funds may be reallocated to an account for student loan repayment for Nursing Faculty (HB2099, 83rd Legislature).

HB 1 transferred \$1.275 million (privately donated funds) from PELRP to a new strategy, D.1.9 Other Loan Repayment Programs. This simply moves funds in the PELRP account that are already being used to support the Speech Pathologists and Audiologists and the St. David's Foundation Public Health Corps Loan Repayment Program to their own budget strategy, and does not impact the funding available to PELRP.

D.1.4 Dental Education Loan Repayment

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$0	\$220,000	\$220,000	100%

Strategy Description:

The Dental Education Loan Repayment Program was authorized in 1999 to provide loan repayment assistance to qualifying dentists who have provided at least one year of service in an area of the state that is underserved with respect to dental care. Although dental school tuition set asides are mandated by Chapter 61, Subchapter V, §61.910, funds have not been appropriated for the program since FY2011.

Impact of HB 1 (Introduced) Funding for FY16-17

The impact of a \$110,000 per year appropriation for the 2016-2017 biennium is dependent upon the maximum annual loan repayment award to be determined. When the program was last active, that amount was \$10,000 per year per qualifying dentist, for an unlimited number of years (until the student loan debt was paid in full). This maximum award amount could assist with the recruitment and retention of 11 dentists in areas of the state having the most acute shortages of dental services, for each year of the biennium.

D.1.5 Professional Nursing Shortage Reduction Program

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$33,750,000	\$33,750,000	\$0	0%

Strategy Description:

The Professional Nursing Shortage Reduction Program consists of three programs: the Regular Program, the Over 70 Program, and Under 70 Program (based on institutions having a nursing graduate rate above or below 70 percent). These programs provide funding to initial licensure professional nursing programs that have demonstrated increases either in their number of graduates (Regular Program and Under 70 Program), or in their nursing enrollment (Over 70 Program). An institution can participate in the Regular Program and either the Over 70 Program or the Under 70 Program in a given year.

Impact of HB 1 (Introduced) Funding for FY16-17

In FY14, there were 40 awards made under the regular program, 23 awards made under the "Over 70 Program" and 24 awards made under the "Under 70 Program." The awards for FY15 will not be made until the degree data for FY14 has been verified. Because awards are dependent on institutions applying and achieving their targets, it is impossible to say how many awards will be made in FY16-17. However, at level funding, as the number of nurses enrolled and graduated by the program participants increases, the average dollars per enrollee/graduate decreases.

D.1.6 Trauma Care Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,365,000	\$4,500,000	\$135,000	3%

Strategy Description:

The Emergency and Trauma Care Education Partnership Program provides funding to support partnerships between hospitals and graduate medical education programs that increase the number of emergency medicine and trauma care physician residents and fellows. The program provides similar support for partnerships between hospitals and graduate nursing programs to increase the educational experiences in emergency and trauma care for registered nurses pursuing a graduate degree or certificate. ETEP partnerships must certify an increase in the number of physicians and/or nursing students in the participating graduate education programs. In addition, the partnership must make use of the existing expertise and facilities of the hospitals and education programs.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding, this program will serve 90 emergency medicine and trauma care residents as well as 117 registered nurses. Under HB 1, \$135,001 in administrative funding is transferred from A.2.1. Workforce, Academic Affairs & Research to this strategy, with no fiscal impact.

removed

UNT HSC College of Pharmacy

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$5,400,000	\$0	(\$5,400,000)	-100%

Strategy Description:

This strategy requires the THECB to transfer funding to the UNT HSC contingent upon agency certification that at least 100 students have are enrolled each Fall in the UNT System College of Pharmacy.

Impact of HB 1 (Introduced) Funding for FY16-17

This funding was removed from the Coordinating Board's bill pattern.

D.1.7 Graduate Medical Education (GME) Expansion

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$14,250,000	\$28,600,000	\$14,350,000	101%

Strategy Description:

The 83rd Legislature created and funded several new programs to directly or indirectly expand the number of Graduate Medical Education (GME) residency positions in Texas. These program include Planning Grants for entities to examine whether to create a GME program; Unfilled Position Grants for programs with authorized, but unfilled, first-year residency positions; and New and Expanded Program Grants to expand the number of approved first-year residency positions in existing programs and/or establish new GME programs with first-year residency positions. One program, the Grants for Additional Residency Positions was not funded. Finally, the Physician Residency Expansion Program will provide awards, on a competitive basis, to encourage the creation of new GME positions through community collaboration and innovative funding

Impact of HB 1 (Introduced) Funding for FY16-17

At HB 1 funding levels, the additional \$14,350,000 would support approximately 114 additional GME program residents in each year of the biennium and a total of approximately 225 residents per year.

Exceptional Item Request (\$40,000,000) -- GME Expansion

At the Exceptional Item funding level, these programs could support approximately 280 residency positions in each year of the biennium.

D.1.8 Primary Care Innovation Grant Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$2,100,000	\$2,100,000	\$0	0%

Strategy Description:

HB 2550 (83rd Legislature) created the Primary Care Innovation Program to provide funding support for medical schools that develop innovative programs to increase the number of primary care physicians in Texas, and it was funded during the FY14-15 biennium through a contingency rider in the 83rd General Appropriations Act. The Coordinating Board developed rules through a negotiated rulemaking process as directed by Senate Bill 215 (83rd Legislature) and final rules were adopted by the Coordinating Board in July 2014.

Impact of HB 1 (Introduced) Funding for FY16-17

At base level funding, the program will continue to provide support for innovative programs established by one or more of the state's medical schools to encourage the state's medical students to explore careers in primary care fields, with the goal of increasing the number of Texas medical school graduates entering primary care residency programs in Texas.

D.1.9 Other Loan Repayment Programs

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$0	\$1,275,306	\$1,275,306	100%

Strategy Description:

Current Loan Repayment Programs in this strategy include the St. David's Foundation Public Health Corps Loan Repayment Program and the Loan Repayment Program for Speech-Language Pathologists and Audiologists. Current year funding will be provided by a donation from the Speech-Language Hearing Association and some donations from Texas public school districts. The St. David's Foundation Public Health Corps Loan Repayment Program is funded entirely by a grant from the St. David's Foundation (SDF) to recruit and retain qualified primary care and behavioral health providers at eligible non-profit clinical sites located in the five-county central Texas area served by the SDF. Physicians and dentists may qualify for up to \$30,000 per year in loan repayment assistance, for a maximum of \$120,000 over a period of four years, while physician assistants and nurse practitioners may qualify for up to \$15,000 per year, for a maximum of \$60,000 over a four-year period. The Coordinating Board applies annually for grant funds.

Impact of HB 1 (Introduced) Funding for FY16-17

A total of \$1,750,000 is available for loan repayment awards during the period January 1, 2015 – December 31, 2015. Providers self-select, and the Coordinating Board requests the funds as needed, at the time participants' annual service periods have been completed. Under HB 1 funding, the estimated amount would provide loan repayment assistance awards in the amount of \$30,000 to approximately 10 qualifying physicians and/or dentists and awards in the amount of \$15,000 to approximately 21 qualifying nurse practitioners and/or physician assistants in each year of the biennium.

Budget Goal E: Baylor College of Medicine

E.1.1 Baylor College of Medicine UGME

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference \$\$	%
Total Biennial	\$0	\$77,049,050	\$77,049,050	100%

Strategy Description:

This strategy provides medical education funding to Baylor College of Medicine (BCM). The Texas Legislature appropriates to the THECB an amount per Texas resident medical student at BCM that is equal to the amount of General Revenue funding for medical education (for instruction and operations, infrastructure, and staff benefits, but not formula funding appropriated to the UT institutions for research) at The University of Texas Southwestern Medical Center at Dallas and The University of Texas Medical Branch at Galveston. (These were the only two state medical schools in existence when the Legislature authorized the appropriation of State funds to BCM.) This funding is the equivalent formula funding that is provided to all public Health-Related Institutions for medical education. The THECB has statutory authority to contract with BCM for the education of Texas resident undergraduate medical students.

Impact of HB 1 (Introduced) Funding for FY16-17

Per LBB instruction, the Coordinating Board does not include funding for Baylor UGME in the LAR. The amounts in HB 1 reflect what Baylor COM would have received in state formula funding.

E.1.2 Baylor College of Medicine GME

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference \$\$	%
Total Biennial	\$0	\$12,773,968	\$12,773,968	100%

Strategy Description:

This strategy provides graduate medical education (GME) funding to Baylor College of Medicine (BCM). The funding is used for the training of resident physicians who have completed their undergraduate medical education. This strategy corresponds to the graduate medical education formula funding provided to the public health-related institutions. This funding is trusted to the THECB and disbursed to Baylor College of Medicine through a contractual arrangement.

Impact of HB 1 (Introduced) Funding for FY16-17

Per LBB instruction, the Coordinating Board does not include funding for Baylor UGME in the LAR. The amounts in HB 1 reflect what Baylor COM would have received in state formula funding.

E.1.3 Tobacco Earnings - Perm Endowment Fund for Baylor College of Medicine

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference \$\$	%

Total Biennial	\$2,850,000	\$2,850,000	\$0	0%
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Strategy Description:

This strategy provides funding from the Permanent Endowment Fund for Health-Related Institutions that was established with tobacco settlement monies for Baylor College of Medicine (BCM). The endowment is directed by Baylor College of Medicine and invested by the State Comptroller. Baylor College of Medicine may use the funds to support programs that benefit medical research health education or treatment programs.

E.1.4 Tobacco Earnings - Permanent Health Fund for Baylor College of Medicine

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,050,000	\$4,050,000	\$0	0%

Strategy Description:

This strategy provides for the distribution of investment returns from the Permanent Health Fund for Higher Education, an endowment created with tobacco settlement funds to Baylor College of Medicine (BCM). This endowment is administered by the board of regents of the University of Texas System. Baylor College of Medicine may use the funds for programs that benefit medical research, health education or treatment programs.

Budget Goal F: Quality, Access and Success

F.1.1 Developmental Education Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,007,408	\$4,007,408	\$0	0%

Strategy Description:

In April 2014, the Coordinating Board approved the Texas Success Initiative (TSI) Operational Plan which provides guidance to institutions of higher education in serving students assessed at basic academic skill level on the TSI Assessment. The state has a significant population of English for Speakers of Other Languages (ESOL) students entering higher education. These funds are used (1) to support reform efforts that focus on assessment and placement, adult education transition alignment, student advising and counseling, course redesign, and non-course competency-based remediation, and (2) for professional development to ensure all faculty and staff serving underprepared students are equipped to provide appropriate instruction, materials, and services to promote student success. The THECB analyzes and compares information collected annually from all Texas public institutions on the Developmental Education Program Survey to determine the most effective and efficient combination of interventions and coursework to increase student success.

For FY14-15, a rider was added to the Coordinating Board's appropriation transferring \$1.2 million per year from this strategy to The University of Texas at Austin for the New Mathways Project.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding levels, and assuming the requirement to transfer \$1.2 million each year to The University of Texas remains, the \$1.6 million appropriated will support a limited professional development program providing attenuated resources and support to faculty and support staff serving underprepared students. The new TSI Assessment is now able to assess students with knowledge and skill levels below high school, preliminarily estimated at approximately 11,000 students statewide. At current funding levels, about 2/3 of that population (7,350 students) are at risk of having inadequate or no access to the types of interventions that best address their needs. At baseline levels, targeted professional development would impact approximately 3,000 students at approximately 10 college campuses; the remainder of the state's higher education institutions could access video-based trainings, but without campus-specific supports, training, mentoring, and resources.

Exceptional Item Request (\$2,400,000) -- Developmental Education

This exceptional item funding would restore the Developmental Education Program strategy to the FY12-13 funding level (the transfer to UT for the New Mathways Project would be maintained). Restoring these funds would ensure the Coordinating Board has resources necessary to engage institutions of higher education in effective and efficient practices and strategies that promote acceleration and to support concerted, regional professional development. Restoration of full funding will enable the professional development program to positively affect approximately 13,000 students statewide, with approximately 30 higher education institutions participating in intensive program development. All Texas higher education institutions would be eligible to participate in trainings. The requested exceptional item funding will support development and implementation of special types of interventions to help ensure that this population has full access to the knowledge and skills necessary to progress and succeed in programs leading to gainful employment or further postsecondary opportunities.

F.1.2 Centers for Teacher Education

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$3,040,706	\$3,040,706	\$0	0%

Strategy Description:

Since the 74th session, the Legislature has provided funds for the purpose of supporting centers for teacher education at private, independent, general academic institutions that are component institutions of the Texas Association of Developing Colleges (TADC). Rider 35 (III-53, FY14-15 General Appropriations Act) requires consideration to be given to teacher education centers at Huston-Tillotson University, Jarvis Christian College, Paul Quinn College, Texas College, and Wiley College. These funds are used (1) for scholarships for students admitted into a teacher education program through to completion of the program and certification, at no less than 50 percent of the amount allocated to the institution, and (2) to redesign curriculum to ensure each institution provides curriculum and instruction on how to teach to the rigor of the Texas College and Career Readiness Standards. The THECB requires periodic submission of data and reports to assess the overall performance of the centers, and may obtain the services of a program planner to facilitate and coordinate the process of curriculum development and program redesign to improve teacher preparation at the participating institutions. In the last 5 years, these institutions have produced over 300 initially-certified teachers annually.

Impact of HB 1 (Introduced) Funding for FY16-17

At the baseline funding amount, the agency will seek to produce more initially-certified teachers by providing specific best practices technical assistance and more monitoring and accountability to support the participating institutions. A portion of the funds will be discretionary, based on performance outcomes with the remaining amount of funds supporting scholarships, an external review team and program redesign.

F.1.3 Accelerate Texas Community College Grants

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$\$	%
Total Biennial	\$4,007,382	\$4,007,381	(\$1)	0%

Strategy Description:

This strategy implements the recommendations included in the report required by Rider 28 (III-55, 2014-2015 GAA). Texas has 4 million adults who lack a secondary credential or are limited English proficient. Of this number, 100,000 are served by federal Adult Education and Family Literacy Act (AEFLA) funded programs, of whom about 3,500 transition to postsecondary education. For Texas to compete globally, it is critical that education and training programs be available to develop all of its human capital. This strategy includes funding for administration and all activities to increase participation and success of adult education and literacy (AEL) students transitioning from community and federally-funded programs into postsecondary education and/or training programs, and for students assessed under the new TSI Assessment as demonstrating basic academic skills. The THECB analyzes data collected annually from all public institutions and AEL providers to determine the most effective and efficient combination of interventions to increase student success.

Impact of HB 1 (Introduced) Funding for FY16-17

At baseline funding, this strategy will support 15-20 new and continuing Accelerate TX colleges and 5-8 Accelerate TX mentor colleges serving adult education and literacy (AEL) students transitioning to higher education. The funds support the agency's efforts to effectively align adult basic education to postsecondary education and to provide each community college district with a means to address the needs of lower skilled students. The funds will help serve 3000-4000 new students in Accelerate TX programs, impact up to 350 community college staff/faculty, and generate an estimated 2,500 employer recognized or workforce training certificates in high demand or emerging occupations in the state.

<i>removed</i>	Hazlewood Exemption			Difference	
		FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial		\$30,000,000	\$0	(\$30,000,000)	-100%

Strategy Description:

The Hazlewood Act requires Texas public institutions of higher education to provide veterans (and surviving spouses of veterans) with an exemption of tuition and mandatory fees for up to 150 semester credit hours. Eligible veterans are also permitted to assign their unused hours to their child through the Hazlewood Legacy program. The 83rd Texas Legislature appropriated \$30 million to the THECB to reimburse institutions of higher education for a portion of their foregone tuition and fees due to the Hazlewood Legacy program. The Coordinating Board was required to submit a plan to the LBB, with input from the public institutions, for allocating this funding among the eligible institutions by August 1, 2013. The funds were dispersed after this date.

Impact of HB 1 (Introduced) Funding for FY16-17

In HB 1, this funding was transferred to the Texas Veterans Commission.

	F.1.4 Texas Teacher Residency Program			Difference	
		FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial		\$1,298,306	\$1,298,305	(\$1)	0%

Strategy Description:

Texas Teacher Residency Program was created by the 83rd Legislature with the goal that teaching residents participating in the program earn a master's degree and that it lead to certification for participating teaching residents who are not already certified teachers. Texas A&M University-Commerce, in collaboration with The University of Texas at Tyler has formed partnerships with Mesquite and Tyler Independent School Districts to provide employment to residents in the program. Specific components for the teacher residency program include rewarding teachers that participate in the program, providing a livable stipend for the teaching residents and the requirement for a monetary or in-kind contribution by the higher education or school district partners. The program is designed to address the state's need to elevate the significance and professional nature of teaching at the primary and secondary levels.

Impact of HB 1 (Introduced) Funding for FY16-17

Baseline funding would continue to support the TAMU-Commerce/UT Tyler program. These institutions provided a 50 percent match to appropriated funds. The first cohort of 30 participants are expected to complete the program in the summer 2015.

Budget Goal G: Federal Grant Programs

G.1.1 Career and Technical Education Programs

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
Total Biennial	\$55,208,436	\$55,208,436	\$0	0%

Strategy Description:

Carl D. Perkins Career and Technical Education Improvement Act funds support programs that help students matriculate to higher education by providing career exploration opportunities to earn college credit in high school, and seamless educational pathways that lead to associate and baccalaureate degrees. Perkins funds are used to develop and enhance career and technical programs that lead to high-skill, high-wage, or high-demand careers. The THECB annually allocates Carl D. Perkins Career and Technical Education Improvement Act funds to the state's public two-year colleges. Funds for Title I of the Perkins IV Act are allocated to the state and divided between secondary and postsecondary education according to a formula developed by the Texas Education Agency. These funds support Basic Grants and State Leadership activities.

In FY2014, Perkins Act funding was also used to support grant awards for career and technical education Early College High Schools (CTE ECHS). The CTE ECHS allow students to enter high-skill, high demand workforce fields by earning a high school diploma and a post-secondary credential simultaneously.

Impact of HB 1 (Introduced) Funding for FY16-17

Estimated baseline level funding is contingent upon the annual federal appropriation.

G.1.2 Teacher Quality Grants Program

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
Total Biennial	\$568,000	\$9,807,652	\$9,239,652	1627%

Strategy Description:

The Teacher Quality Grants Program provides federal funds to states for making grants to institutions of higher education (IHEs) to provide courses and sessions designed to deepen the content knowledge of teachers and improve instructional quality in core academic courses. The Coordinating Board receives funds for this program from the U.S. Department of Education. The funds are allocated to IHEs through a competitive grant process. Teacher Quality projects provide content-intensive summer courses in mathematics and science and academic year sessions in discipline-related instructional methods. The program serves approximately 800-1,000 teachers each year and improves the quality of instruction for over 100,000 classroom students in high-need ISDs each year. Consistent with federal regulations, the program focuses primarily on teachers who are teaching an academic subject or grade level for which they are not adequately prepared.

Impact of HB 1 (Introduced) Funding for FY16-17

Baseline funding reflects estimated federal funding and is contingent upon federal appropriations. Previous years have shown the administration portion of the funding only because the federal appropriation estimates were not provided until after the legislative session ended. The full amount of administrative and sub-grant funding for this program will remain the same or slightly lower than in the '14-'15 biennium.

removed College Access Challenge Grants Program

Difference

	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$0	\$0	\$0	0%

Strategy Description:

The purpose of the federal College Access Challenge Grant Program is to foster partnerships among federal, state, and local governments and philanthropic organizations through matching challenge grants that are aimed at increasing the number of low-income students who are prepared to enter and succeed in postsecondary education. Texas has used CACG funds to address college participation by funding Advise TX, Gen TX, Adult Degree Completion outreach and the Comprehensive Student Success Program. However, Texas funding under the program expired in August of 2014.

Impact of HB 1 (Introduced) Funding for FY16-17

This strategy has been removed due to the elimination of federal funding.

G.1.3 Other Federal Grants Programs

	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$210,604	\$210,604	\$0	0%

Strategy Description:

This strategy provides federal funding for the expansion of existing Texas Education Agency (TEA) and THECB data collection systems to include staff and student data at the classroom level, as well as course completion data for all grade levels.

Impact of HB 1 (Introduced) Funding for FY16-17

Baseline funding reflects estimated federal funding and is contingent upon federal appropriations.

Budget Goal H: Close the Gaps - Tobacco Funds

H.1.1 Tobacco Earning - Minority Health Research and Education

	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$5,575,054	\$5,575,054	\$0	0%

Strategy Description:

This program provides grants to institutions, including Centers for Teacher Education, that conduct research or educational programs that address minority health issues or that form partnerships with minority organizations, colleges, or universities to conduct research and educational programs to address minority health issues. Funding is provided by the Permanent Fund for Minority Health Research and Education (endowment fund established with tobacco settlement monies).

Impact of HB 1 (Introduced) Funding for FY16-17

The specific funding and impact will vary depending on how much funding is available for carry forward and the interest earnings from the Permanent Fund. For the FY14-15 biennium, the agency expects to make 14 grants to institutions to address minority health issues

H.1.2 Tobacco Earnings - Nursing, Allied Health, and Other

	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$9,716,224	\$9,716,224	\$0	0%

Strategy Description:

This strategy provides grants to support upper-level academic instruction and training in the fields of nursing, allied health, and other health-related education. The Nursing Innovation Grant Program, the name given to the program to reflect the current focus on nursing education, provides funds to institutions of higher education and hospitals with nursing programs to conduct projects that promote innovation in the education of initial RN licensure nursing programs and of faculty who teach in the these programs. Funding is provided by the Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-Related Programs (endowment fund established with tobacco settlement monies).

Impact of HB 1 (Introduced) Funding for FY16-17

The specific funding and impact will vary depending on how much funding is available for carry forward and the interest earnings from the Permanent Fund. For the FY14-15 biennium, the agency expects to make about 40 grants to institutions for instruction in nursing, allied health and other health-related education.

Budget Goal I: Indirect Administration

I.1.1 Central Administration

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$9,905,802	\$9,905,802	\$0	0%

Strategy Description:

This strategy funds the budgets for administration of the agency, including the Commissioner’s Office, Deputy Commissioners’ Offices, External Relations, General Counsel, Internal Audit, Human Resources, and Business Services. It includes both General Revenue and non-General Revenue sources.

I.1.2 Information Resources

			Difference	
	FY16-17 Adjusted Base	HB 1 (Introduced)	\$\$	%
Total Biennial	\$9,170,278	\$9,088,113	(\$82,165)	-1%

Strategy Description:

This strategy involves the Information Solutions and Services (ISS) division whose role is to partner with the agency’s business and program areas in the delivery of business solutions, information services and continuous improvement to the agency and its stakeholders. This includes information technology planning, business continuity planning, coordination of computer operations provided under the state-wide Data Center Services contract, network operations, security and confidentiality of data, PC/network support, business process improvement, systems development and support, and maintenance of the agency’s web sites. This strategy provides agency staff with information resource solutions and technologies to support THECB’s Strategic Plan 2015-19, and its stated goals. Data-driven evaluation of programs related to the agency’s goals continues to increase the demand for electronic communications and for expanded data collection and information sharing between stakeholders.

Impact of House Bill 1 (Introduced) Funding for FY16-17

HB 1 includes a reduction of \$82,165 due to changes in Data Center Consolidation.

Exceptional Item Request (\$490,000) -- Acquisition and Refresh of IT Infrastructure

This exceptional item would fund IT capital acquisitions in the FY16-17 biennium essential to the maintenance of agency operations and staff productivity. With no IT capital funding provided during the last two biennia, the request for FY16 is to allow the agency to replace outdated PCs and other equipment that is quickly reaching end of life. FY17 begins funding of a regular infrastructure refresh cycle at the level previously funded prior to FY12-13.

Exceptional Item Request (\$390,000) -- Security Upgrades to Agency IT Infrastructure

This item request would fund professional services and operational expenses to address 12 security initiatives identified in the FY 13 DIR-sponsored Security Assessment. This would be for information technology infrastructure maintained by THECB staff.

Exceptional Item Request (\$550,137)-- Security Upgrades to Agency DCS Infrastructure

This exceptional item request would fund information security initiatives identified in the FY 13 DIR-sponsored Security Assessment related to the agency's IT Infrastructure maintained under the State's Data Center Services contract.

Exceptional Item Request (\$2,780,800) -- Centralized Accounting and Payroll/Personnel System

The THECB has been selected to participate in the implementation of the Centralized Accounting and Payroll/Personnel System (CAPPS). The cost of providing resources to implement the conversion will need to be covered by each agency. This request is for conversion resources and other implementation costs needed to convert to CAPPS as currently scheduled.

Exceptional Item Request (\$175,000) -- Redesign of Website

This request involves the hiring of a professional web design and marketing firm to assist the agency in the redesign of its main website, as recommended by the Sunset Commission, to more effectively communicate with external parties, enhance their ability to locate the information they seek and to identify means to incorporate social media into the agency's communications strategies.

Exceptional Item Request (\$379,400) -- Compliance with Accessibility Laws

This request would allow the agency to ensure that its electronic and information resources (e.g. websites) are accessible to users regardless of their level of physical ability.

Exceptional Item Request (\$400,000) -- Phone System Upgrade

This will allow the agency to upgrade the current voice telecommunications infrastructure, including call center facilities, to replace outdated equipment and technology that significantly limits the efficiency of services provided to staff and customers, increases the costs of operating the outdated equipment and software, and increases the agency risk of not being able to replace or repair the existing equipment.

Exceptional Item Request (\$215,000) -- Videoconferencing Upgrades to Comply with Statute

This will allow the agency to expand existing webcast capability to allow external parties to engage in offsite two way communication during various agency meetings and other events. It is also needed to ensure the agency can comply with legislation (HB 2414 and SB 984) from the 83rd session that requires high standards of quality and reliability for remote participation by voting/Board members.

I.1.3 Other Support Services

	FY16-17 Adjusted Base	HB 1 (Introduced)	Difference	
			\$	%
Total Biennial	\$3,740,366	\$1,340,366	(\$2,400,000)	-64%

Strategy Description:

This strategy includes Building Services, Purchasing and Supply, Mail Services, and Copy Services. This strategy also includes administrative costs for the B-on-Time loan program collected through a 3% loan origination fee. Operating and support costs are allocated based on the percentage of operating budget associated with each direct strategy, with the exception of building rent, which is allocated based on the FTEs associated with each direct strategy.

Impact of House Bill 1 (Introduced) Funding for FY16-17

HB1 includes a transfer from the B-On-Time strategies B.1.2 of \$1.6M and B.1.3 of \$0.5M, to Other Support Services. The transfer will pay for administrative costs associated with the B-On-Time Loan Program.

Section 1

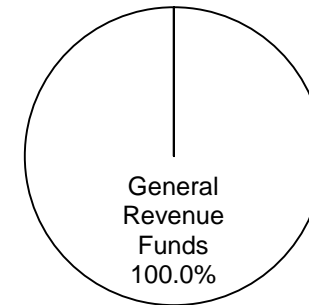
**Higher Education Fund
Summary of Recommendations - House**

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Emily Deardorff, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$525,000,000	\$525,000,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$525,000,000</i>	<i>\$525,000,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$525,000,000	\$525,000,000	\$0	0.0%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs			0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

Section 1
Higher Education Fund
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$525.0 MILLION

ALL FUNDS

**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS

APPROPRIATED \$262.5	APPROPRIATED \$262.5	APPROPRIATED \$262.5	REQUESTED \$262.5	REQUESTED \$262.5
\$262.5 EXPENDED	\$262.5 ESTIMATED	\$262.5 BUDGETED	\$262.5 RECOMMENDED	\$262.5 RECOMMENDED
2013	2014	2015	2016	2017

APPROPRIATED \$262.5	APPROPRIATED \$262.5	APPROPRIATED \$262.5	REQUESTED \$262.5	REQUESTED \$262.5
\$262.5 EXPENDED	\$262.5 ESTIMATED	\$262.5 BUDGETED	\$262.5 RECOMMENDED	\$262.5 RECOMMENDED
2013	2014	2015	2016	2017

2013	2014	2015	2016	2017
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Section 2

**Higher Education Fund
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
HIGHER EDUCATION FUND A.1.1	\$525,000,000	\$525,000,000	\$0	0.0%	While the Higher Education Fund (HEF) appropriation is entirely funded with General Revenue, Article VII, Section 17 of the Texas Constitution provides authority only to increase or reallocate the annual appropriations every five years. The HEF appropriation is not eligible for reduction. However, the Eighty-fourth Legislature has the opportunity to both increase and reallocate the HEF appropriation for the 2016-2025 decennium.
Total, Goal A, HIGHER EDUCATION FUND	\$525,000,000	\$525,000,000	\$0	0.0%	
Grand Total, All Strategies	\$525,000,000	\$525,000,000	\$0	0.0%	

Section 3a

Higher Education Fund Selected Fiscal and Policy Issues - House

1. **HEF Allocation.** Article VII, Section 17, Texas Constitution, requires the Legislature to determine the HEF allocation every ten years and to review the allocation at the end of the fifth year of the ten-year allocation. Because the HEF allocations began in 1985, the Eighty-fourth Legislature has the opportunity to both reallocate and increase the HEF allocation.

Pursuant to Education Code 62.022, the Texas Higher Education Coordinating Board (THECB) conducted a decennial review of the current HEF allocation formula with representatives from all HEF-eligible institutions. The committee put forward the following recommendations:

- a) Increase annual HEF appropriations from \$262.5 million to \$393.8 million for fiscal year 2016 through 2025;
- b) Maintain the set aside portion for the Texas State Technical College (TSTC) System at 2.2 percent of the annual allocation;
- c) Allocate the remaining 97.8 percent to the remaining HEF eligible institutions based on the following metrics:
 - Institutional Complexity—allocate 50 percent of the remaining funding based on each institution's All Funds formula funding for the 2016-17 biennium as introduced in House Bill 1, Eighty-fourth Legislature.
 - Space Deficit—allocate 25 percent of the remaining funding based on the space need reported at each institution as of Fall 2014. Institutions with a space surplus would receive no funding from this funding element.
 - Facilities Condition—allocate 25 percent of the remaining funding based on the institutions' campus condition index values as of Fall 2014.

The proposed allocation formula differs from the current allocation methodology by using updated data elements and setting the percentage split between the space deficit and facilities condition elements at 25 percent each rather than allocating funding between elements based on the combined monetized value of the two elements. Using the combined monetized value methodology, the amount of total funding for the space deficit and facilities condition element was determined by calculating the pro-rata share of each element based on the total monetary value of both elements. For the fiscal year 2011–2015 distribution, this calculation resulted in the following percentage allocations of the HEF distribution remaining after the TSTC set aside: 23 percent for space deficit; 27 percent for facilities condition. At this time, THECB is still finalizing the proposed HEF allocations for each institution for the 2016-2025 decennium.

2. **HEF Appropriations.** Annual HEF appropriations are set in statute. Therefore, legislation must pass in order for any changes in the total allocation amount or distribution amounts amongst the eligible institutions to occur. If no legislation passes during the Eighty-fourth Legislature, the current allocation amount and distribution methodology will continue.

Section 3a

3. **Additional Information.** Attachments to this section provide supplementary detail on the statutory allocations of HEF over time and a comparison of existing constitutional and research funds for institutions of higher education.

Statutory Allocations of the Higher Education Fund, FY 2000-15

Institution/System	FY 2000-05 Annual Allocation	FY 2006-07 Annual Allocation ¹	FY 2008 Annual Allocation	FY 2009-10 Corrective Allocation Per HB 51 ²	FY 2011-15 Annual Allocation Per HB 51
Lamar University	5,737,451	7,473,672	11,210,508	8,028,333	8,330,933
Lamar - Orange	743,967	743,365	1,115,048	1,140,745	1,235,752
Lamar - Port Arthur	2,336,605	793,412	1,190,119	1,217,124	1,244,694
Lamar Institute of Technology		w/Lamar University	w/Lamar University	1,825,332	2,332,463
Sul Ross University	1,635,271	1,362,515	2,043,772	2,090,896	1,625,061
Sul Ross University - Rio Grande	266,322	253,220	379,831	388,203	445,380
Sam Houston St. University	5,864,608	6,610,870	9,916,306	10,184,001	11,893,110
Texas State University	14,479,112	13,199,517	19,799,276	20,258,248	21,863,258
Subtotal:	31,063,336	30,436,571	45,654,860	45,132,882	48,970,651
Texas A&M University - Corpus Christi	3,687,722	5,519,329	8,278,993	8,471,116	7,139,067
Texas A&M International University	1,778,155	2,086,807	3,130,211	3,202,241	3,796,436
Texas A&M University - Kingsville	3,555,651	3,368,155	5,052,232	5,167,540	5,046,885
Texas A&M University - Commerce	4,229,747	3,563,785	5,345,678	5,684,047	5,193,232
Texas A&M University - Texarkana	1,027,070	1,097,568	1,646,352	1,684,587	1,307,907
West Texas A & M University	3,671,345	3,184,593	4,776,890	4,886,159	4,652,995
Subtotal:	17,949,690	18,820,237	28,230,356	29,095,690	27,136,522
University of Houston	25,986,116	23,517,427	35,276,140	36,091,538	35,885,768
University of Houston - Clear Lake	3,853,447	4,000,892	6,001,337	5,355,874	5,214,167
University of Houston - Downtown	5,453,977	6,418,767	9,628,151	9,548,995	7,455,238
University of Houston - Victoria	1,659,449	1,521,922	2,282,883	2,335,692	2,393,921
Subtotal:	36,952,989	35,459,008	53,188,511	53,332,099	50,929,094
The University of Texas - Pan American	6,081,112	8,588,232	12,882,348	13,176,800	12,311,123
The University of Texas at Brownsville	1,050,580	2,791,194	4,186,790	4,284,677	5,057,420
Subtotal:	7,131,692	11,379,426	17,069,138	17,461,477	17,368,543
TSTC - Harlingen	-	-	-	-	-
TSTC - West Texas	-	-	-	-	-
TSTC - Waco	-	-	-	-	-
TSTC - Marshall	-	-	-	-	-
Subtotal:	3,850,000	3,850,000	5,775,000	5,775,000	5,775,000
Midwestern State University	3,007,669	2,289,565	3,434,348	3,810,377	3,559,433
Stephen F. Austin State University	6,633,109	4,683,847	7,025,771	6,907,643	8,425,937
Texas Southern University	7,191,493	7,437,642	11,156,463	11,283,387	8,894,700
Texas Woman's University	6,974,897	5,616,139	8,424,209	8,615,167	10,169,695
Subtotal:	23,807,168	20,027,193	30,040,791	30,616,574	31,049,765
Texas Tech University	20,961,881	17,886,318	26,829,477	27,446,656	23,936,088
Texas Tech University HSC	7,735,000	11,899,627	17,849,441	14,854,762	16,973,569
Angelo State University	3,887,211	2,390,535	3,585,802	3,667,497	3,743,027
Subtotal:	32,584,092	32,176,480	48,264,720	45,968,915	44,652,684
University of North Texas	18,021,033	17,424,822	26,137,233	27,122,687	27,846,476
University of North Texas HSC	3,640,000	5,426,261	8,139,391	7,994,676	8,771,265
Subtotal:	21,661,033	22,851,083	34,276,624	35,117,363	36,617,741
GRAND TOTAL:	175,000,000	175,000,000	262,500,000	262,500,000	262,500,000
General Academic Institutions:	156,694,428	152,287,335	228,431,001	229,692,361	226,167,257
Health Related Institutions:	11,375,000	17,325,888	25,988,832	22,849,438	25,744,834
Texas State Technical Colleges:	3,850,000	3,850,000	5,775,000	5,775,000	5,775,000
2-Year Lamar State Colleges:	3,080,572	1,536,777	2,305,167	4,183,201	4,812,909

¹HB 3001, 79th Legislature, 2005, reallocated the HEF allocation and increased total HEF appropriations from \$175.0 to \$262.5 million, but delayed the increase until the following biennium starting in FY 2008.

²In 2007, THECB identified errors in the space deficit element used to calculate the 2006-2010 distribution. Therefore, a corrected HEF allocation was calculated for fiscal years 2009-2010 and was included in HB 51 along with the updated HEF allocation for fiscal years 2011-2015.

Section 3c

Comparison of Constitutional Funds

Fund	2016-17 Recommendations (Estimated)	Function/Purpose	Eligibility	Legal Basis	Allocation Methodology
Available University Fund	\$1,690.5 million (Estimated)	<p>Texas Constitution: "...for the purpose of acquiring land ...constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this Section..."</p> <p>Also:"...for the purpose of the support and maintenance of The Texas A&M University System administration, Texas A&M University, and Prairie View A&M University" and "The University of Texas at Austin and The University of Texas System".</p>	<p>Texas Constitution:</p> <p>For "support and maintenance": UT Austin, Texas A&M University, Prairie View University, UT System, A&M System</p> <p>For debt service: All component institutions that are not eligible to receive HEF support, including the TAMU System Agencies except Texas Veterinary Medical Diagnostic Laboratory (which per Education Code Section 88.701 "is a state agency under the jurisdiction and supervision of the board").</p>	<p>Article VII, Section 18(a-i) of the Texas Constitution</p> <p>General Appropriations Act</p>	<p>Texas Constitution requires 1/3 of the annual AUF proceeds be transferred to the Texas A&M University System and 2/3 of the annual AUF proceeds be transferred to The University of Texas System. Each System office determines how to apportion its share of the AUF between debt service and "support and maintenance", within guidelines specified by the Texas Constitution.</p>
Higher Education Fund	\$525.0 million	<p>To support institutions ineligible for AUF support.</p> <p>Article VII, Section 17(a): "...for the purpose of acquiring land...constructing and equipping buildings ...major repairacquisition of capital equipment...other permanent improvements, or capital equipment used jointly for educational and general activities...."</p>	<p>Article VII, Section 17(c) provides an allowance to add a new institution by a 2/3 vote of both houses of the Legislature if the new institution is outside the UT and A&M Systems.</p>	<p>Article VII, Section 17(a-l) of the Texas Constitution</p> <p>Education Code, Section 62.002</p> <p>General Appropriations Act</p>	<p>Article VII, Section 17(a) requires the HEF be allocated using an "equitable formula", defined in the Education Code (Section 62.021) as: "The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System."</p> <p>THECB administers the HEF formula reallocation advisory process.</p> <p>Education Code (Section 62.021) provides a by-institution breakout of annual HEF appropriations.</p>
Available National Research University Fund	\$61.1 million (Estimated)	<p>Article VII, Section 20 (a): "...for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities."</p> <p>Article VII, Section 20 (h): "...only for the support and maintenance of educational and general activities that promote increased research capacity at the university."</p>	<p>Designated an emerging research university by Texas Higher Education Coordinating Board.</p> <p>Reports at least \$45 million in restricted research expenditures in each of the last 2 years. Plus four of the following additional criteria:</p> <ol style="list-style-type: none"> 1) Endowments > \$400 million; 2) Produces > 200 PhDs per year; 3) Selective entering Freshmen class; 4) Member of Phi Beta Kappa or equivalent; 5) Possesses high quality faculty; and 6) Demonstrated commitment to high-quality graduate education. 	<p>Article VII, Section 20 (a-h) of the Texas Constitution</p> <p>Education Code, Section 62.141</p> <p>General Appropriation Act</p>	<p>Education Code, Section 62.148 (c): ".....of the total amount appropriated from the fund for distribution in a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of:</p> <ol style="list-style-type: none"> (1) one-seventh of the total amount appropriated; and (2) an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount." <p>Education Code, Section 62.148 (e):"If the number of institutions that are eligible for distributions in a state fiscal year is more than four, each eligible institution is entitled to an equal share of the total amount appropriated from the fund for distribution in that fiscal year."</p>

Section 4

**Higher Education Fund
Performance Review and Policy Report Highlights**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

**Higher Education Fund
Rider Highlights – House**

NONE

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Available University Fund (Agency 799)

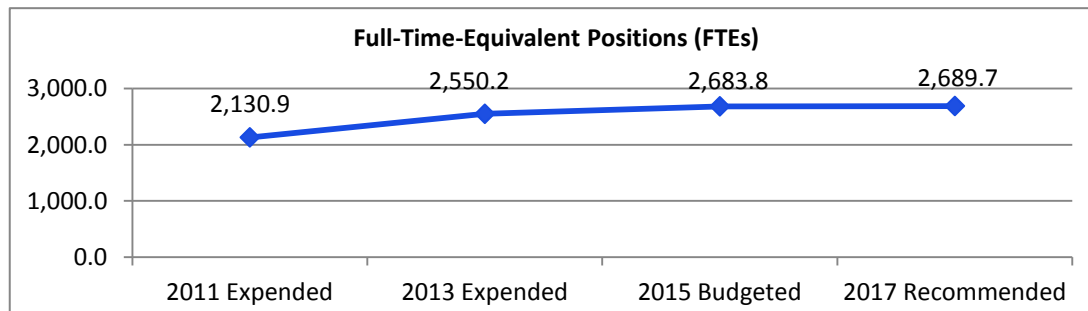
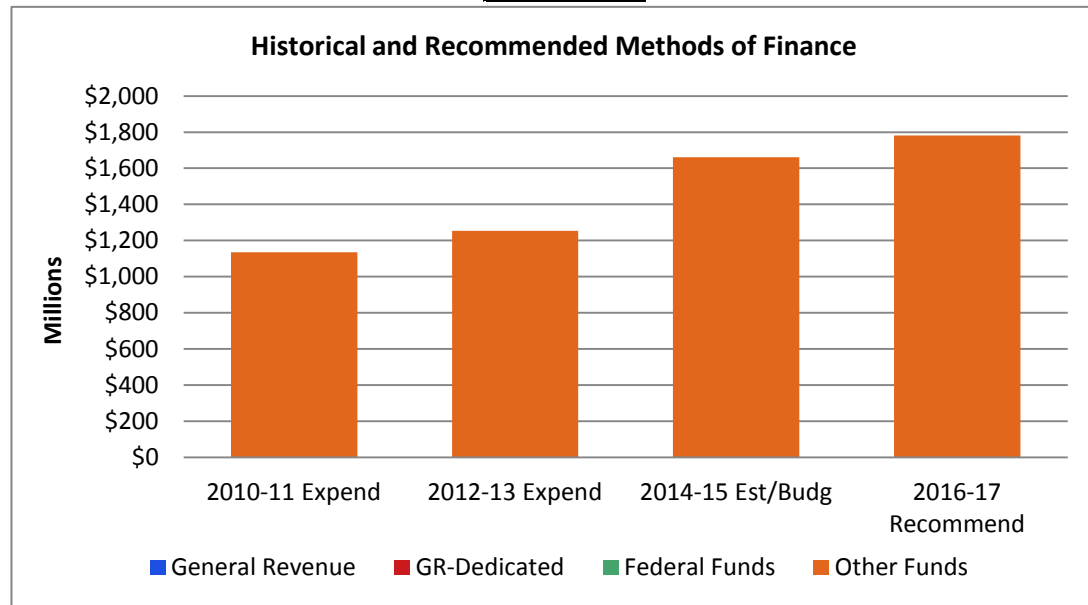
Schedule 1: Agency Overview

The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The Available University Fund (AUF) does not have a mission statement. Pursuant to the Texas Constitution, the Permanent University Fund (PUF), which is where funding for the AUF is derived, was established to enable the Legislature to "organize and provide for the maintenance, support, and direction of a University of the first class."

Legal Authority: Texas Constitution, Article VII, Sec. 18(a),(b),(e),(f); Education Code, Chapter 66, Subchapter B, & Sec. 65.14; General Appropriations Act 2014-15, Rider 2, Article III-63, & Rider 3, Article III-64.

Total Number of Programs: 9



Overview and Significant Findings

- **Estimated Appropriations.** Appropriations from the AUF are estimated Other Fund appropriations captured in the AUF bill pattern in Article III of the General Appropriations Act.
- **Full-Time Equivalent Positions.** The bill pattern for the AUF does not include FTE information. FTEs whose salaries and wages are paid with AUF are included in the bill patterns of The University of Texas (UT) System, Texas A&M University (TAMU) System, The University of Texas at Austin (UT Austin), Texas A&M University (Texas A&M), and Prairie View A&M University (Prairie View A&M), respectively.
- **AUF Distribution.** The Texas Constitution dedicates two-thirds of the annual AUF distribution to the UT System and one-third of the annual AUF distribution to the TAMU System. The Board of Regents for each respective system determines how the AUF appropriations are allocated between debt service and support and maintenance within the guidelines specified by the Texas Constitution.
- **Funding Alternatives.** No funding alternatives were considered for the AUF since it is a constitutionally dedicated fund, unlike the other entities under Strategic Fiscal Review (SFR).
- **New Riders.** Recommendations include four new riders that provide additional reporting and approval requirements regarding the uses of the AUF.
- **Appendix.** For reference, Appendix A provides a comparison of data included in the SFR between UT and TAMU Systems.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Available University Fund (Agency 799)

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
The University of Texas System - AUF										
1	UT - Debt Service	1956	Constitution, Statute, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
2	UT Austin	1956	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
3	UT - System Administration	1956	Constitution, Statute, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
4	UT - System Initiatives	1995	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
Texas A&M University System - AUF										
1	TAMU - Debt Service	1956	Constitution, Statute, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
2	Texas A&M	1956	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
2	Prairie View A&M	1956	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Regional	No	No
4	TAMU - System Operations	1956	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
5	TAMU - System Initiatives	2012	Constitution, GAA	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No

Program Summary Included

- Notes:**
- **Year Created.** The Constitutional authority for the AUF (Article VII, Sec. 18, Texas Constitution) was created in 1947 through Senate Joint Resolution 4, 50th Legislature. However, the allocation of one-third of the AUF to TAMU System and two-thirds of the AUF to UT System was established in 1956 with the passage of House Joint Resolution 15, 54th Legislature. Therefore, the SFR cites 1956 as the beginning year for these programs. For the System Initiatives programs for both the UT and TAMU Systems, the initial year represents the first year of reported funding, not the first year of authority for those purposes.
 - **State Authority.** State authority includes authority specifically relating to the AUF and does not include general state authority for the system offices and component institutions.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Available University Fund (Agency 799)

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?	
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 Est. Allocations	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?			
The University of Texas System - AUF														
1	UT - Debt Service	\$ 48,323,575	\$ 199,858,169	\$ 231,556,119	\$ 329,483,133	0.0	\$ 404,052,330	0.0	22.6%	0.0	Yes	Compliant	No	
2	UT Austin	\$ 85,300,457	\$ 405,480,000	\$ 387,905,000	\$ 563,467,268	1,625.8	\$ 560,155,000	1,625.8	-0.6%	0.0	Yes	Compliant	No	
3	UT - System Administration	\$ 12,078,270	\$ 63,179,657	\$ 72,721,325	\$ 90,916,716	249.3	\$ 103,941,163	249.3	14.3%	0.0	Yes	Compliant	No	
4	UT - System Initiatives	\$ 5,401	\$ 123,317,366	\$ 127,910,306	\$ 167,615,686	91.7	\$ 90,889,290	91.6	-45.8%	-0.1	Yes	Compliant	No	
Texas A&M University System - AUF														
1	TAMU - Debt Service	\$ 23,426,296	\$ 118,216,292	\$ 136,811,086	\$ 207,216,596	0.0	\$ 261,608,085	0.0	26.2%	0.0	Yes	Compliant	No	
2	Texas A&M	\$ 50,782,532	\$ 178,215,463	\$ 201,799,000	\$ 198,463,000	560.0	\$ 215,292,000	560.0	8.5%	0.0	Yes	Compliant	No	
2	Prairie View A&M	\$ 5,700,000	\$ 24,445,911	\$ 33,456,000	\$ 32,039,000	75.0	\$ 38,378,000	81.0	19.8%	6.0	Yes	Compliant	No	
4	TAMU - System Operations	\$ 4,975,000	\$ 21,438,577	\$ 25,200,000	\$ 27,154,000	82.0	\$ 27,700,000	82.0	2.0%	0.0	Yes	Compliant	No	
5	TAMU - System Initiatives	\$ 4,000,000	\$ -	\$ 37,102,877	\$ 44,230,123	0.0	\$ 79,243,000	0.0	79.2%	0.0	Yes	Compliant	No	
Total	Program Summary Included		\$ 1,134,151,435	\$ 1,254,461,713	\$ 1,660,585,522	2,683.8	\$ 1,781,258,868	2,689.7	7.3%	5.9				

Note: • **AUF Allocations.** AUF amounts included for each program are based on the amount of AUF allocated for each program by the UT and TAMU System Board of Regents. Because appropriations included in the General Appropriations Act are estimates of the total annual distribution from the PUF to the AUF rather than the amounts allocated by each respective system's Board of Regents, the AUF amounts included in this review will not necessarily match the appropriations included in the General Appropriations Act.

**Strategic Fiscal Review 2016-17 - House
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority**

Available University Fund (Agency 799)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.

Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
A U T H O R I T Y	Strong			UT Debt Service (1) TAMU Debt Service (1) UT Austin (2) Texas A&M (2) UT System Administration (3) Prairie View A&M (2) UT System Initiatives (4) TAMU System Operations (4) TAMU System Initiatives (5)
	Moderate			
	Weak			

Note: Because the AUF does not have a mission statement, the programs funded with AUF were compared to the mission of the UT System, TAMU System, UT Austin, Texas A&M, and Prairie View A&M, respectively.

**Strategic Fiscal Review 2016-17 - House
House Budget Recommendations: HB 1 as Introduced
Available University Fund (Agency 799)**

Schedule 4: Constitutional and General Revenue-Dedicated Accounts

1 Account: Available University Fund, No. 011
Legal Cite(s): Article VII, Section 18, Texas Constitution
Authorized Use: For eligible component institutions of the UT and TAMU Systems, the first obligation of AUF distributions is to pay the debt service (both principal and interest) on extant PUF bonds. The residual income, after debt service, is dedicated to system office operations and excellence programs at UT Austin, Texas A&M, and Prairie View A&M.
Revenue Source: Surface income generated from PUF lands and annual distributions determined by the UT Board of Regents based on the 12-quarter trailing average of the PUF. The distribution must provide the AUF with a stable annual income stream while still maintaining the purchasing power of the PUF.

Program(s) Funded	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 Est. Allocations	Comments
The University of Texas System - AUF							
1 UT - Debt Service	Compliant	\$ 48,323,575	\$ 199,858,169	\$ 231,556,119	\$ 329,483,133	\$ 404,052,330	
2 UT Austin	Compliant	\$ 85,300,457	\$ 405,480,000	\$ 387,905,000	\$ 563,467,268	\$ 560,155,000	
3 UT - System Administration	Compliant	\$ 12,078,270	\$ 63,179,657	\$ 72,721,325	\$ 90,916,716	\$ 103,941,163	
4 UT - System Initiatives	Compliant	\$ 5,401	\$ 123,317,366	\$ 127,910,306	\$ 167,615,686	\$ 90,889,290	
Texas A&M University System - AUF							
1 TAMU - Debt Service	Compliant	\$ 23,426,296	\$ 118,216,292	\$ 136,811,086	\$ 207,216,596	\$ 261,608,085	
2 Texas A&M	Compliant	\$ 50,782,532	\$ 178,215,463	\$ 201,799,000	\$ 198,463,000	\$ 215,292,000	
2 Prairie View A&M	Compliant	\$ 5,700,000	\$ 24,445,911	\$ 33,456,000	\$ 32,039,000	\$ 38,378,000	
4 TAMU - System Operations	Compliant	\$ 4,975,000	\$ 21,438,577	\$ 25,200,000	\$ 27,154,000	\$ 27,700,000	
5 TAMU - System Initiatives	Compliant	\$ 4,000,000	\$ -	\$ 37,102,877	\$ 44,230,123	\$ 79,243,000	
Total, Available University Fund, No. 011			\$ 1,134,151,435	\$ 1,254,461,713	\$ 1,660,585,522	\$ 1,781,258,868	

**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: UT Debt Service

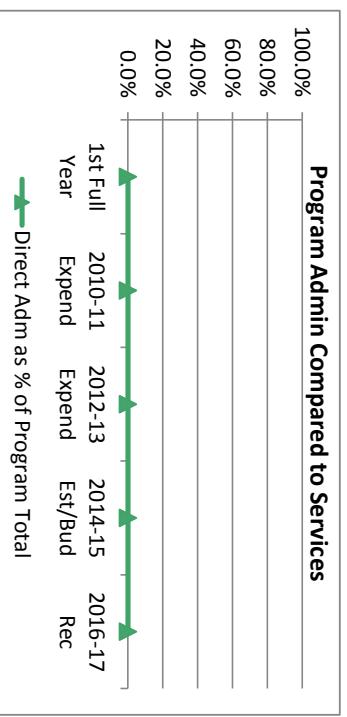
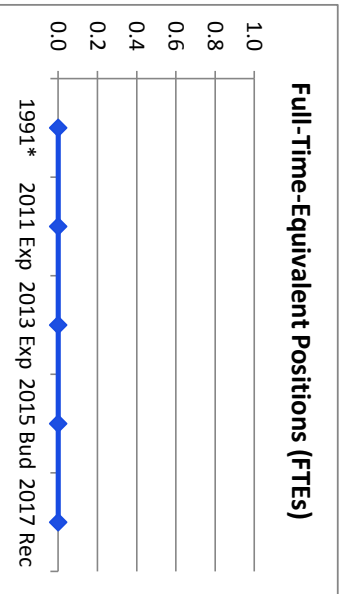
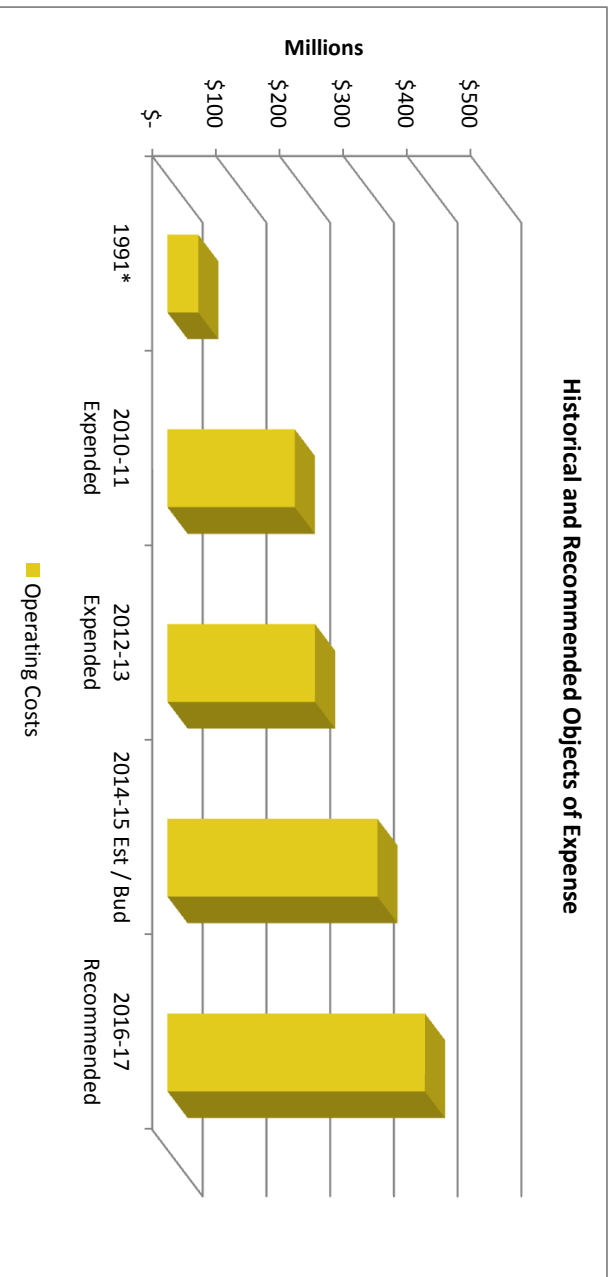
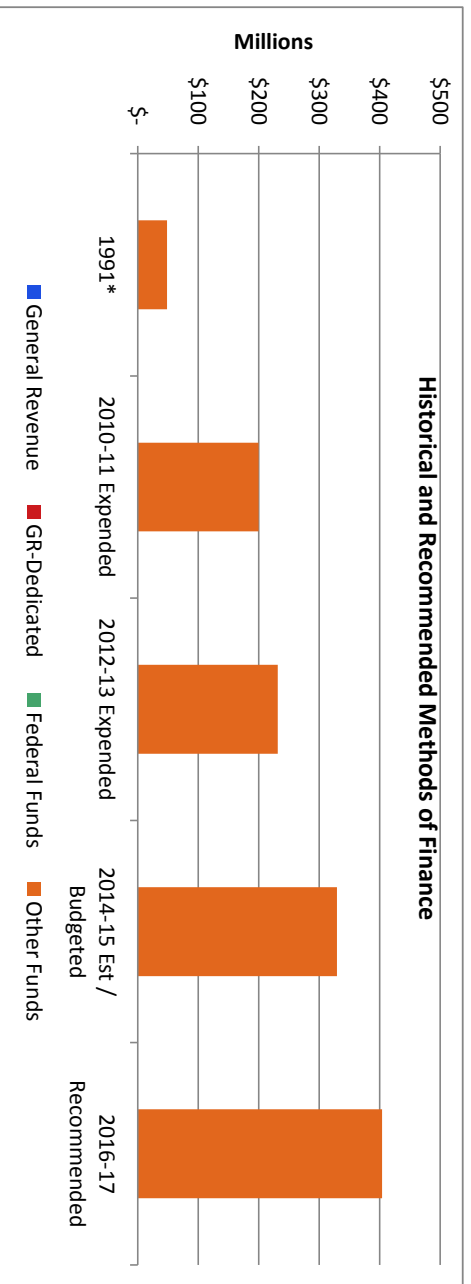
Agency Ranking
1 out of 4

AUF allocations used to secure the payment of the principal and interest of PUF-backed bonds that are used for the following purposes: acquiring land; constructing; equipping; and repairing buildings; and acquiring capital equipment, library books, and library materials.

Legal Authority: Texas Constitution, Article 7, Section 18(b) and (f); Education Code, Chapter 66, Subchapter B; General Appropriations Act 2014-15, Rider 3, The University of Texas System Share; Article III-64.

Year Created	1956	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	Compliant

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
University of Texas at Austin	\$ 53,348,105	0.0	\$ 61,294,736	0.0	15.2%
University of Texas at Dallas	\$ 39,796,432	0.0	\$ 46,991,286	0.0	11.6%
UT Southwestern Medical Center	\$ 28,819,286	0.0	\$ 37,455,651	0.0	9.3%
UT Health Science Center San Antonio	\$ 42,810,689	0.0	\$ 50,506,542	0.0	12.5%
Other	\$ 164,708,621	0.0	\$ 207,804,115	0.0	51.4%
TOTAL	\$ 329,483,133	0.0	\$ 404,052,330	0.0	100.0%



Program: UT Debt Service

Agency
Ranking **1 out of 4**

Summary of Recommendations and Fiscal and Policy Issues

1 Criteria for Committing PUF/AUF to Capital Projects. Pursuant to UT Board of Regents Rule 80303, the following criteria are considered by the UT Board of Regents when determining whether to commit AUF or PUF funding to a project: (1) consistency with institution's mission; (2) project need; (3) unique opportunity; (4) matching funds/leverage; (5) cost effectiveness; (6) state of existing facility condition; and (7) other available funding sources.

Regents Rule 80303 also provides that no projects will be recommended for approval if the appropriation of the AUF or PUF bond proceeds would cause: (1) UT Austin's share of support and maintenance funding to fall below 45 percent of the total support and maintenance funding allocation; (2) debt service coverage to be less than 1.50 to 1.00; and (3) the projected end of year balance of the AUF reserves for the UT System to be less than \$30 million.

2 Debt Service by Component Institution. The UT Debt Service program includes activities with estimated allocations of PUF bond debt service by institution paid by the AUF. In practice, the debt is not serviced by individual institution allocations, but rather as a System wide total. The allocated debt service presented is an estimate calculated based on a rolling 20 year average of PUF proceeds received by each institution and in a manner consistent with how these data are presented in the AUF Report prepared annually. Table 1 provides a summary of the estimated PUF bond debt service paid by AUF by component institution since 2005.

3 UT System Constitutional Debt Limit. Pursuant to Article VII, Sec. 18(b), Texas Constitution, the UT System is authorized to issue PUF bonds up to a total amount not to exceed 20 percent of the book value of the PUF. As of the close of fiscal year 2014, the constitutional PUF debt limit for UT System was \$2,853.8 million. At that time, outstanding PUF debt totaled \$2,002.5 million with an additional \$706.4 million in authorized but unissued PUF debt, resulting in \$145.0 million in remaining PUF debt issuance capacity. If outstanding PUF debt ever hit the constitutional debt limit, the UT System would have to utilize other forms of capital funding regardless of the level of annual AUF allocations. Figure 1 provides a comparison of outstanding and remaining PUF debt capacity available for the UT System since 1991.

4 Debt Retirement. According to the debt retirement schedule provided by UT System, all outstanding PUF debt from UT System would not be retired until fiscal year 2041 assuming no additional issuance of PUF-backed bonds.

5 Debt Service vs. Support and Maintenance Funding. Pursuant to the Constitution, AUF distributions to UT System must first be used for debt service payments on outstanding PUF-backed bonds. The remaining distribution is for support and maintenance funding for the UT System Administration and UT Austin. Figure 2 provides a comparison of the amount of AUF allocations used for debt service versus support and maintenance for the UT System since 1991.

6 First Full Year of Operation. While the constitutional authority for the AUF was established in 1956, the program summary includes debt service payments from 1991 as a similar reference point between the UT and TAMU Systems.

Recommended Statutory Changes for Program Improvement

None.

Table 1: Allocation of PUF bond debt service for UT System paid by the AUF by Component Institution

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Bud. 2015	Est. 2016	Est. 2017	Total 2005-2017
UT System Administration	\$ 4,223,831	\$ 4,404,042	\$ 5,037,555	\$ 5,416,909	\$ 4,312,850	\$ 6,080,962	\$ 4,331,325	\$ 4,106,301	\$ 4,564,770	\$ 6,271,350	\$ 8,100,272	\$ 9,063,254	\$ 10,735,311	\$ 76,648,732
UT Arlington	\$ 6,791,728	\$ 6,035,169	\$ 5,065,133	\$ 5,446,564	\$ 8,240,080	\$ 8,396,976	\$ 6,278,278	\$ 6,902,919	\$ 9,236,007	\$ 10,835,317	\$ 10,050,949	\$ 11,245,833	\$ 13,320,549	\$ 107,845,502
UT Austin	\$ 11,263,547	\$ 11,245,711	\$ 12,667,431	\$ 13,621,351	\$ 14,531,764	\$ 17,683,850	\$ 12,848,167	\$ 14,810,256	\$ 19,217,281	\$ 28,270,326	\$ 25,077,779	\$ 28,059,092	\$ 33,235,644	\$ 242,532,199
UT Dallas	\$ 8,167,673	\$ 10,575,138	\$ 9,008,767	\$ 9,687,174	\$ 9,254,868	\$ 10,975,395	\$ 9,631,838	\$ 10,743,344	\$ 14,133,486	\$ 20,570,685	\$ 19,225,747	\$ 21,511,355	\$ 25,479,931	\$ 178,965,401
UT El Paso	\$ 4,327,827	\$ 4,884,318	\$ 4,927,244	\$ 5,298,291	\$ 8,087,861	\$ 9,868,729	\$ 7,333,234	\$ 8,192,908	\$ 11,099,178	\$ 12,099,437	\$ 11,274,256	\$ 12,614,569	\$ 14,941,800	\$ 114,949,652
UT Rio Grande Valley	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,182,035	\$ 7,885,366	\$ 8,822,800	\$ 10,450,496	\$ 28,340,697
UT Permian Basin	\$ 1,247,950	\$ 1,440,829	\$ 1,342,122	\$ 1,443,191	\$ 1,968,689	\$ 2,144,880	\$ 1,603,877	\$ 1,733,115	\$ 2,275,731	\$ 2,478,989	\$ 2,248,239	\$ 2,515,515	\$ 2,979,596	\$ 25,422,723
UT San Antonio	\$ 8,959,641	\$ 10,674,818	\$ 11,260,959	\$ 12,108,967	\$ 10,452,318	\$ 11,272,028	\$ 8,310,999	\$ 10,231,288	\$ 12,949,040	\$ 14,135,163	\$ 13,158,809	\$ 14,723,163	\$ 17,439,403	\$ 155,676,596
UT Tyler	\$ 3,143,874	\$ 3,543,170	\$ 3,401,269	\$ 3,657,402	\$ 3,470,575	\$ 3,787,766	\$ 2,341,489	\$ 2,619,367	\$ 3,540,026	\$ 3,792,361	\$ 3,537,670	\$ 3,958,237	\$ 4,688,483	\$ 45,481,689
UT Southwestern	\$ 10,271,588	\$ 12,305,944	\$ 12,639,851	\$ 13,591,698	\$ 12,075,979	\$ 12,150,516	\$ 9,185,841	\$ 10,556,247	\$ 12,536,482	\$ 13,494,895	\$ 15,324,391	\$ 17,146,196	\$ 20,309,455	\$ 171,589,083
UTMB Galveston	\$ 4,295,828	\$ 4,983,998	\$ 4,292,953	\$ 4,616,235	\$ 3,450,280	\$ 3,810,584	\$ 2,838,948	\$ 3,121,577	\$ 3,979,202	\$ 4,449,047	\$ 5,901,626	\$ 6,603,228	\$ 7,821,441	\$ 60,164,947
UTHSC Houston	\$ 6,399,744	\$ 7,630,048	\$ 9,440,820	\$ 10,151,763	\$ 10,360,987	\$ 11,363,299	\$ 8,439,652	\$ 9,295,799	\$ 11,764,596	\$ 12,641,203	\$ 11,770,191	\$ 13,169,462	\$ 15,599,064	\$ 138,026,628
UTHSC San Antonio	\$ 6,551,738	\$ 7,620,986	\$ 8,061,927	\$ 8,669,032	\$ 8,473,481	\$ 8,841,925	\$ 6,569,892	\$ 8,222,450	\$ 17,181,101	\$ 22,146,731	\$ 20,663,958	\$ 23,120,545	\$ 27,385,997	\$ 173,509,763
UT MD Anderson	\$ 2,703,892	\$ 3,244,130	\$ 2,996,794	\$ 3,222,468	\$ 4,414,328	\$ 5,134,021	\$ 4,082,596	\$ 4,736,525	\$ 6,361,399	\$ 7,354,882	\$ 6,893,496	\$ 7,713,014	\$ 9,135,968	\$ 67,993,513
UTHSC Tyler	\$ 1,647,934	\$ 2,029,846	\$ 1,783,368	\$ 1,917,665	\$ 2,384,752	\$ 2,578,419	\$ 1,972,683	\$ 3,200,355	\$ 4,245,369	\$ 4,449,047	\$ 4,198,916	\$ 4,698,095	\$ 5,564,834	\$ 40,671,283
Total	\$ 79,996,795	\$ 90,618,147	\$ 91,926,193	\$ 98,848,710	\$ 101,478,812	\$ 114,089,350	\$ 85,768,819	\$ 98,472,451	\$ 133,083,668	\$ 164,171,468	\$ 165,311,665	\$ 184,964,358	\$ 219,087,972	\$ 1,627,818,408

Note: This schedule includes estimated allocations of PUF bond debt service paid by the AUF. In practice, the debt is not serviced by individual institutional allocations, but rather, all debt is carried and serviced by UT System Administration directly from the AUF. The information included in this schedule estimates the PUF debt service attributable to each institution based on a rolling 20 year average of PUF bond proceeds received by each institution and is consistent with how this data is presented in the Available University Fund Report prepared annually.

Figure 1: Outstanding and Remaining PUF Debt Issuance Capacity - UT System

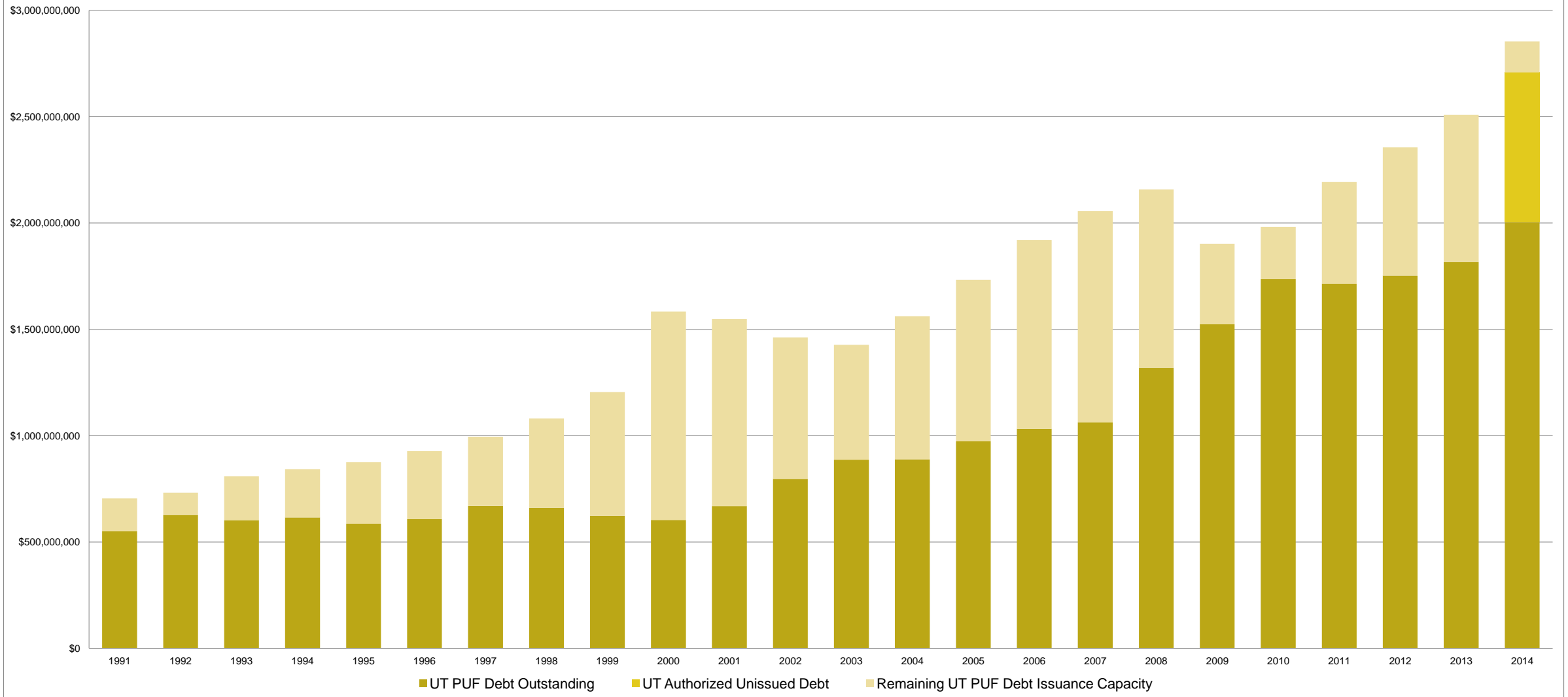
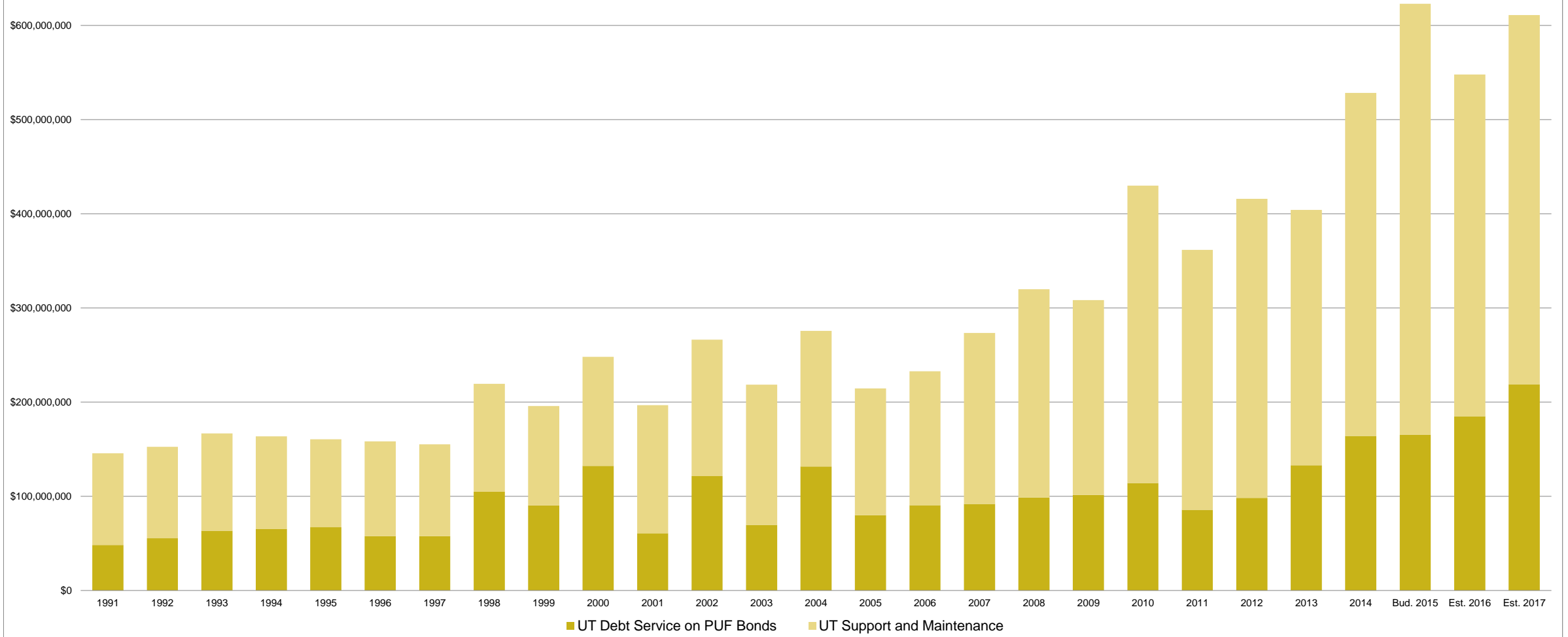


Figure 2: AUF Allocation for UT System - Debt Service vs. Support and Maintenance Funding



**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: TAMU Debt Service

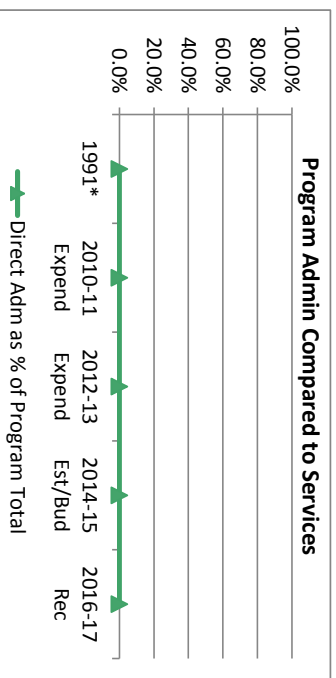
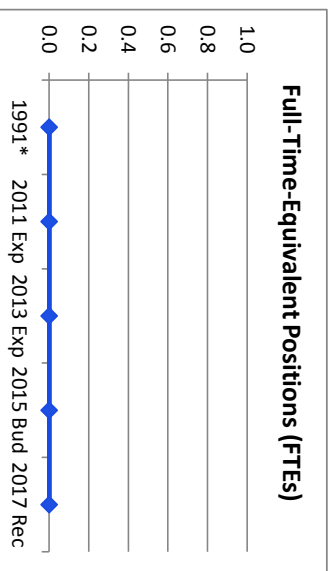
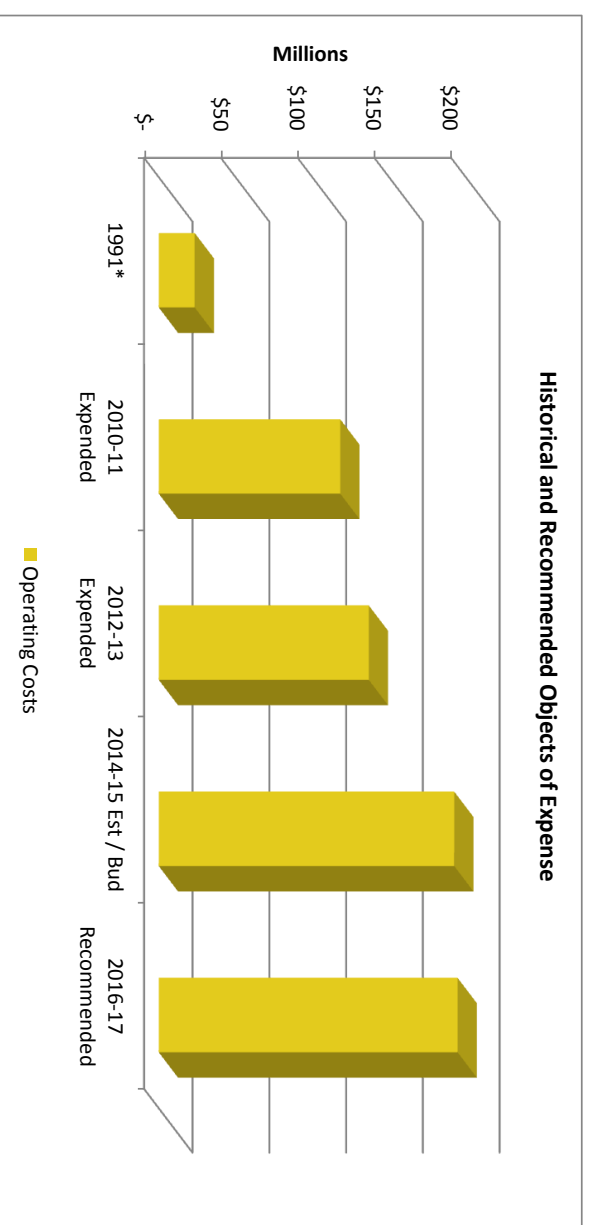
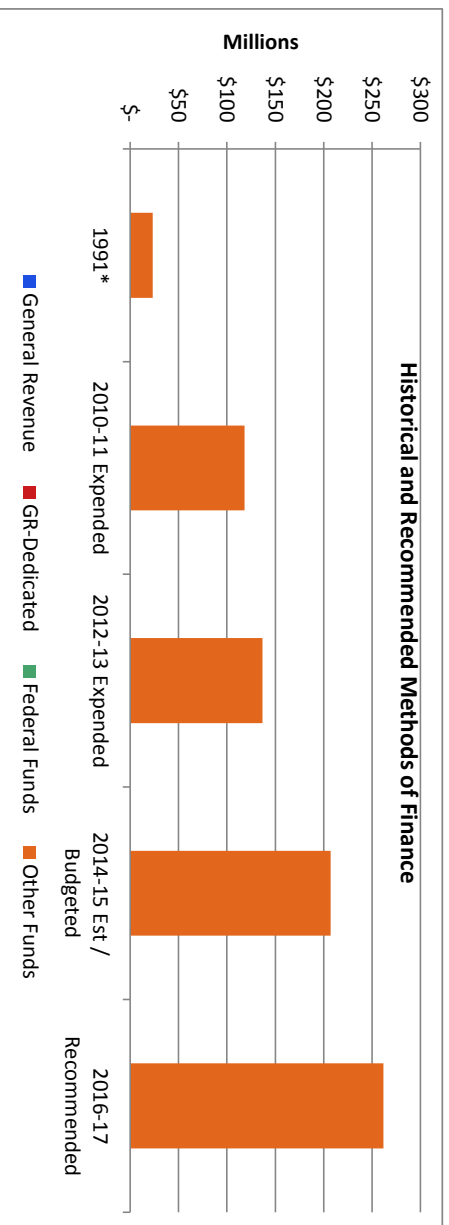
**Agency
Ranking**
1 out of 5

AUF allocations used to secure the payment of the principal and interest of PUF-backed bonds that are used for the following purposes: acquiring land; constructing, equipping, and repairing buildings; and acquiring capital equipment, library books, and library materials.

Legal Authority: Texas Constitution, Article 7, Section 18(a) and (f); Education Code, Chapter 66, Subchapter B; General Appropriations Act 2014-15, Rider 2, Texas A&M University System Share, Article III-63.

Year Created	1956	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes
Centrality	Strong			Use of Dedicated Funds	Compliant
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Texas A&M University	\$ 89,246,256	0.0	\$ 86,809,760	0.0	33.2%
Prairie View A&M	\$ 14,719,697	0.0	\$ 14,739,363	0.0	5.6%
Tarleton State University	\$ 20,683,574	0.0	\$ 24,096,699	0.0	9.2%
TAMU Health Science Center	\$ 26,709,683	0.0	\$ 25,180,110	0.0	9.6%
Other	\$ 55,857,386	0.0	\$ 110,782,153	0.0	42.3%
TOTAL	\$ 207,216,596	0.0	\$ 261,608,085	0.0	100.0%



Program: TAMU Debt Service

Agency
Ranking **1 out of 5**

Summary of Recommendations and Fiscal and Policy Issues

- 1 Criteria for Committing PUF/AUF to Capital Projects.** Debt issuance for capital projects is determined by the TAMU System Board of Regents and is reflected in the TAMU System Capital Plan. The TAMU Board of Regents consider project criteria including the scope of the project, justification, and available funding sources. When considering which projects to support with PUF-backed bonds, the TAMU Board of Regents also considers the level of PUF-backed bonds component institutions have received in the past and the level of AUF funding necessary to maintain the annual level of support and maintenance funding to Texas A&M, Prairie View A&M, and the System Offices.
- 2 Debt Service by Component Institution.** The TAMU Debt Service program includes activities with estimated allocations of PUF bond debt service by institution paid by the AUF. Table 2 provides a summary of the estimated PUF bond debt service paid by AUF by component institution since 2005.
- 3 TAMU System PUF Constitutional Debt Limit.** Pursuant to Article VII, Sec. 18(a), Texas Constitution, the TAMU System is authorized to issue PUF bonds up to a total amount not to exceed 10 percent of the book value of the PUF. As of the close of fiscal year 2014, the constitutional PUF debt limit for TAMU System was \$1,377.5 million. At that time, outstanding PUF debt totaled \$810.4 million with an additional \$310.0 million in authorized but unissued PUF debt, resulting in \$257.1 million in remaining PUF debt issuance capacity. Figure 3 provides a comparison of outstanding and remaining PUF debt capacity available for the TAMU System since 1991.

According to TAMU System, while there is PUF debt issuance capacity available, the System does not have adequate cash flows to support this additional amount of debt due to the System's practice of maintaining one-half year's debt service in the AUF balance to ensure market fluctuations do not impact the System's ability to continue paying debt service and support excellence and operations at Texas A&M, Prairie View, and the System Offices. Further, out of the remaining PUF debt issuance capacity, TAMU System is reserving approximately \$250 million in PUF debt capacity for potential matching funds for capital projects requested by TAMU System component institutions as Tuition Revenue Bonds for the 2016-17 biennium.
- 4 Debt Retirement.** According to the debt retirement schedule provided by TAMU System, all outstanding PUF debt from TAMU System would not be retired until fiscal year 2036 assuming no additional issuance of PUF-backed bonds.
- 5 Debt Service vs. Support and Maintenance Funding.** Pursuant to the Constitution, AUF distributions to TAMU System must first be used for debt service payments on outstanding PUF-backed bonds. The remaining distribution is for support and maintenance funding for the TAMU System Office, Texas A&M, and Prairie View A&M. Figure 4 provides a comparison of the amount of AUF allocations used for debt service versus support and maintenance for the TAMU System since 1991.
- 6 First Full Year of Operation.** While the constitutional authority for the AUF was established in 1956, the program summary includes debt service payments from 1991 as a similar reference point between the UT and TAMU Systems.

Recommended Statutory Changes for Program Improvement

None.

Table 2: Allocation of PUF bond debt service for TAMU System paid by the AUF by Component Institution

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Bud. 2015	Est. 2016	Est. 2017	Total 2005-2017
Prairie View A&M	\$ 2,927,540	\$ 3,724,936	\$ 6,996,229	\$ 7,487,752	\$ 6,066,874	\$ 6,044,983	\$ 6,536,253	\$ 9,076,628	\$ 7,546,777	\$ 7,355,349	\$ 7,364,348	\$ 7,365,944	\$ 7,373,419	\$ 85,867,031
Tarleton State University	\$ 8,636,239	\$ 7,557,381	\$ 4,716,866	\$ 8,189,324	\$ 8,588,558	\$ 5,049,771	\$ 10,093,667	\$ 9,584,632	\$ 3,354,007	\$ 12,175,865	\$ 8,507,709	\$ 12,204,385	\$ 11,892,314	\$ 110,550,718
Texas A&M	\$ 8,144,829	\$ 9,730,857	\$ 21,746,923	\$ 27,537,120	\$ 49,895,060	\$ 21,366,354	\$ 29,346,982	\$ 38,039,795	\$ 28,383,769	\$ 46,358,016	\$ 42,888,240	\$ 42,894,192	\$ 43,915,568	\$ 410,247,706
TAMU Galveston	\$ 2,351,806	\$ 2,824,502	\$ 1,734,131	\$ 3,018,658	\$ 2,793,218	\$ 1,476,743	\$ 1,802,729	\$ 1,311,029	\$ 1,443,206	\$ 1,395,127	\$ 1,383,015	\$ 1,383,395	\$ 1,745,572	\$ 24,663,131
TAMU HSC	\$ 668,912	\$ 3,000,164	\$ 3,303,564	\$ 6,788,366	\$ 7,415,464	\$ 7,361,956	\$ 12,738,616	\$ 12,711,514	\$ 6,608,408	\$ 20,139,615	\$ 6,570,068	\$ 13,106,685	\$ 12,073,425	\$ 112,486,757
TAMU Central Texas	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,785	\$ 1,002,913	\$ 3,834,980	\$ 3,660,548	\$ 4,189,832	\$ 4,195,590	\$ 17,385,649
TAMU San Antonio	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 501,785	\$ 501,483	\$ 4,752,656	\$ 5,215,187	\$ 5,741,704	\$ 5,748,989	\$ 22,461,804
A&M AgriLife Research	\$ 3,140,553	\$ 2,650,395	\$ 1,821,545	\$ 3,010,932	\$ 7,290,065	\$ 3,734,122	\$ 4,958,025	\$ 4,759,964	\$ 4,332,494	\$ 7,051,005	\$ 4,232,986	\$ 5,708,254	\$ 5,697,080	\$ 58,387,421
A&M AgriLife Extension Service	\$ 780,194	\$ 593,681	\$ 198,759	\$ 491,144	\$ 383,317	\$ 83,291	\$ 421,617	\$ 267,415	\$ 67,223	\$ 463,721	\$ 62,433	\$ 277,555	\$ 241,616	\$ 4,331,967
A&M Engineering Experiment Station	\$ 2,392,235	\$ 2,457,077	\$ 612,152	\$ 2,088,684	\$ 1,534,795	\$ 262,931	\$ 1,904,993	\$ 1,331,409	\$ 356,514	\$ 2,345,986	\$ 339,086	\$ 1,393,024	\$ 1,177,164	\$ 18,196,051
A&M Engineering Extension Service	\$ 1,511,925	\$ 483,460	\$ 391,086	\$ 583,306	\$ 675,773	\$ 275,760	\$ 762,466	\$ 889,590	\$ 269,329	\$ 1,473,924	\$ 276,856	\$ 907,623	\$ 830,461	\$ 9,331,561
A&M Forest Service	\$ 723,416	\$ 509,399	\$ 361,052	\$ 557,323	\$ 469,491	\$ 270,122	\$ 492,089	\$ 449,977	\$ 235,386	\$ 632,778	\$ 230,826	\$ 445,943	\$ 410,163	\$ 5,787,965
A&M Transportation Institute	\$ 1,163,285	\$ 259,485	\$ 528,916	\$ 825,184	\$ 944,405	\$ 862,352	\$ 1,868,958	\$ 1,222,132	\$ 631,530	\$ 1,828,156	\$ 631,213	\$ 1,261,863	\$ 1,184,856	\$ 13,212,337
TAMU System Offices	\$ 1,832,351	\$ 301,364	\$ 859,478	\$ 857,657	\$ 340,479	\$ 215,417	\$ 286,094	\$ 715,131	\$ 715,261	\$ 653,170	\$ 639,894	\$ 640,353	\$ 642,670	\$ 8,699,321
Chancellor's Research Initiative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,453,500	\$ 10,660,500	\$ 10,712,250	\$ 31,826,250
Planned Future Allocations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300,337	\$ 22,792,847	\$ 22,792,847	\$ 49,886,031
Total	\$ 34,273,287	\$ 34,092,703	\$ 43,270,701	\$ 61,435,450	\$ 86,397,500	\$ 47,003,803	\$ 71,212,489	\$ 81,362,786	\$ 55,448,300	\$ 110,460,350	\$ 96,756,247	\$ 130,974,098	\$ 130,633,986	\$ 983,321,700

Figure 3: Outstanding and Remaining Debt Issuance Capacity - TAMU System

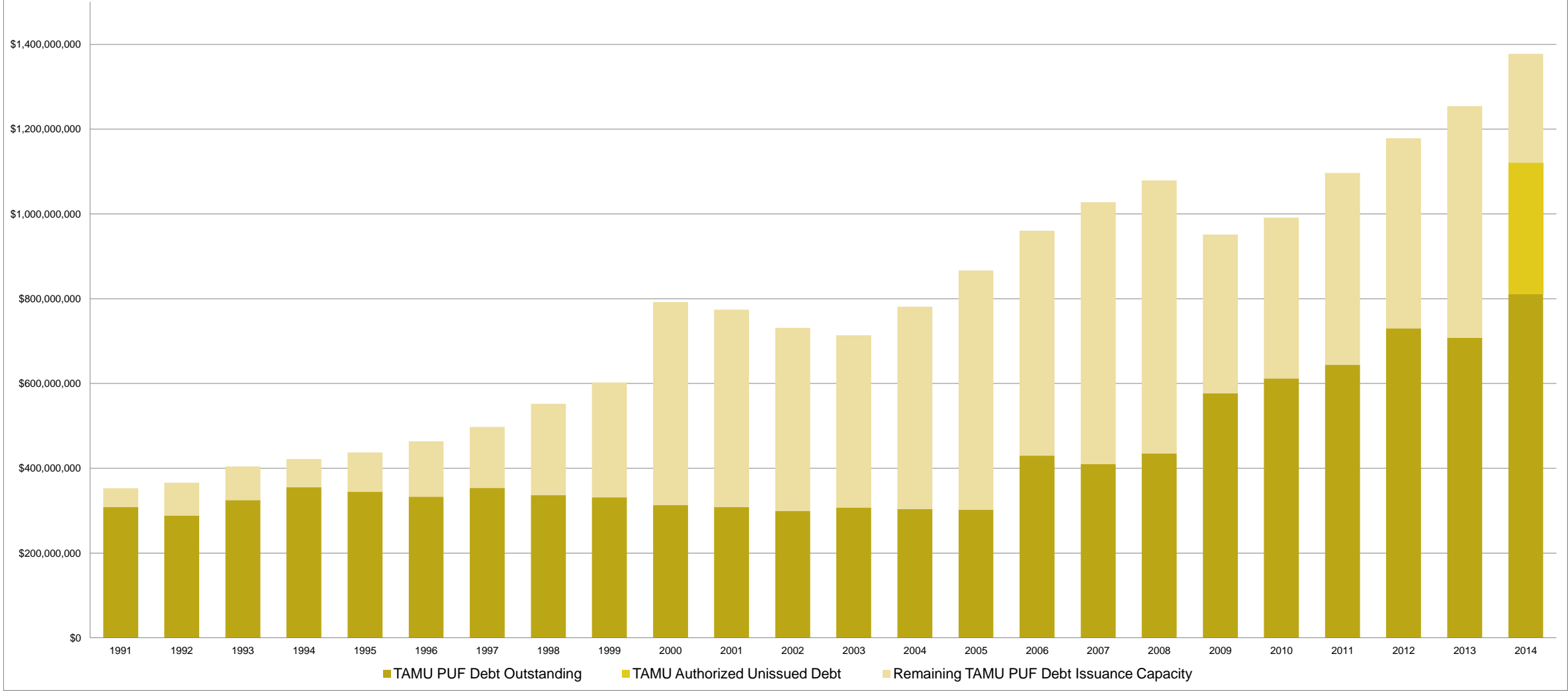
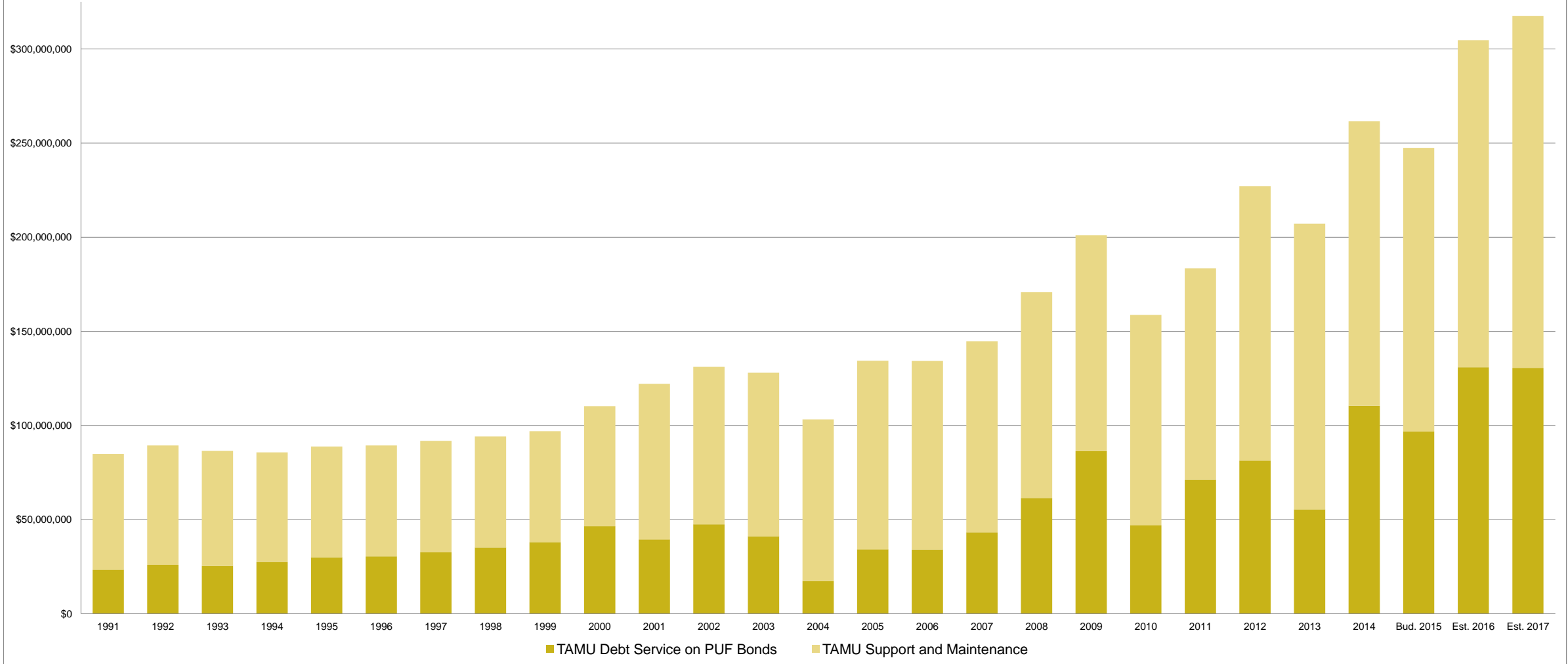


Figure 4: AUF Allocation for TAMU System - Debt Service vs. Support and Maintenance Funding



**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: UT System Administration

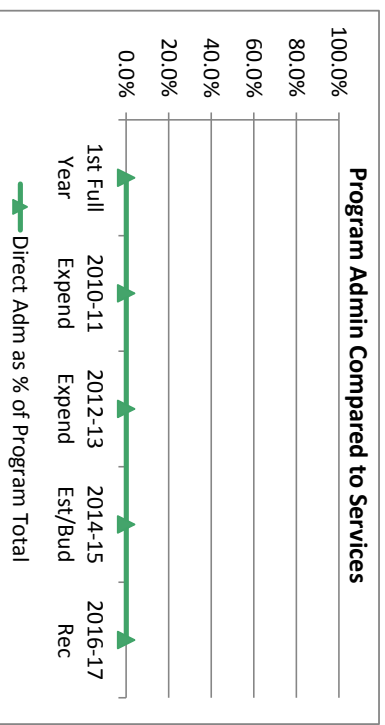
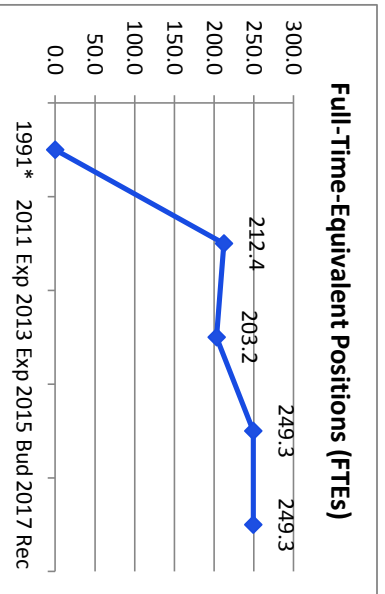
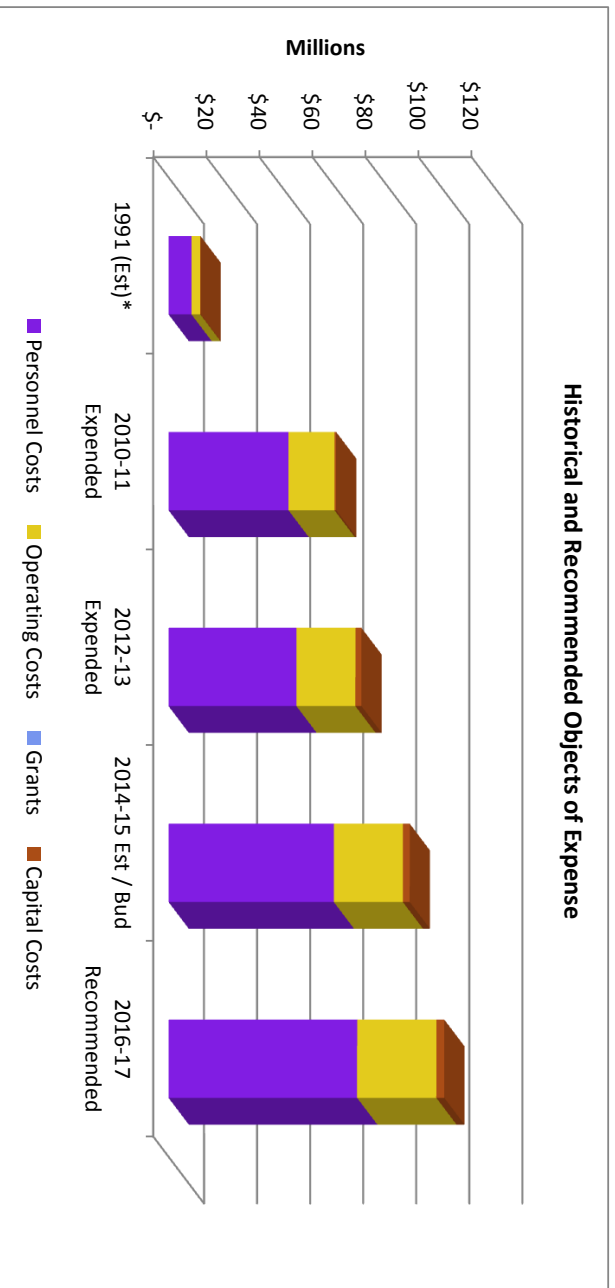
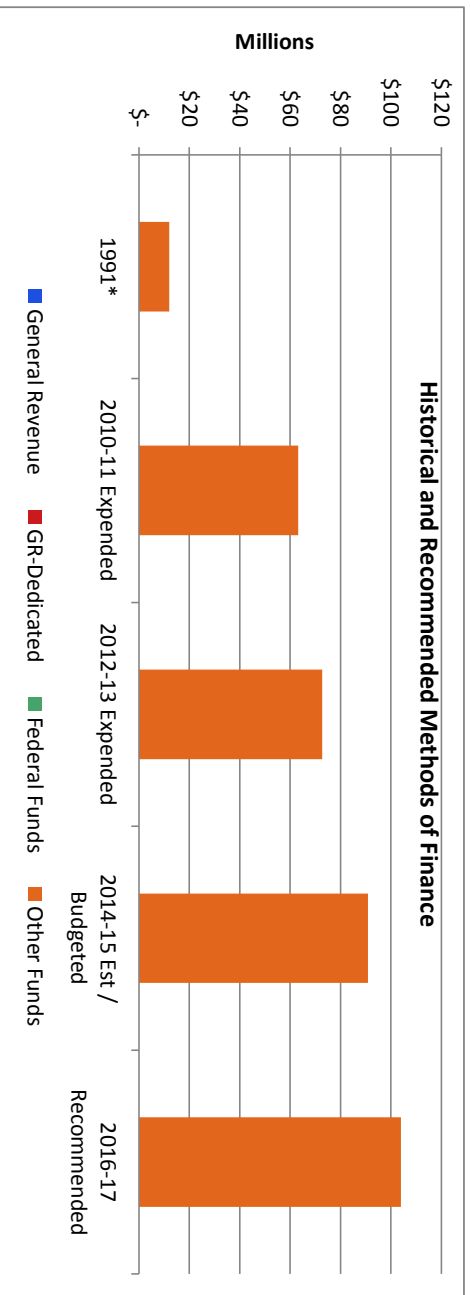
Agency Ranking
3 out of 4

AUF allocations used to provide support and maintenance funding to UT System Administration, including funding for: major repairs and rehabilitation, equipment, maintenance and operation; salaries, benefits, and support for units that provide assistance to the UT System Board of Regents and UT component institutions; and external audits.

Legal Authority: Texas Constitution, Art. VII, Sec. 18(f); Education Code, Sec. 65.14; General Appropriations Act 2014-15, Rider 3, The University of Texas System Share, Article III-64.

Year Created	1956	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes
Centrality	Strong			Use of Dedicated Funds	Compliant
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
UT System Office	\$ 87,231,840	236.4	\$ 100,193,305	236.4	96.4%
Board of Regents	\$ 3,684,876	12.9	\$ 3,747,858	12.9	3.6%
TOTAL	\$ 90,916,716	249.3	\$ 103,941,163	249.3	100.0%



Program: UT System Administration

Agency Ranking **3 out of 4**

Summary of Recommendations and Fiscal and Policy Issues

1 Board of Regents. Education Code, Sec. 65.14, provides that reasonable expenses incurred by the UT System Board of Regents in order to fulfill the duties of the Board of Regents shall be paid from the AUF.

2 Management of the PUF. Education Code, Sec. 66.08, authorizes the UT Board of Regents to enter into a contract with a nonprofit corporation to invest PUF funds under the control of management of the Board of Regents. Since 1996, The University of Texas Investment Management Company (UTIMCO), a 501(c)(3) corporation, has overseen investments in the PUF. Article VII, Sec. 18(e), Texas Constitution, requires that the expenses of managing the PUF be paid by the PUF. Therefore, UTIMCO was not included as an outsourced service for the purpose of this review.

UTIMCO assesses an annual PUF management fee to cover the costs of managing the PUF and providing day-to-day operations. The UT Board of Regents has authorized UTIMCO to assess an investment oversight fee of up to 0.005 percent of the net asset value of the PUF, but currently the fee is being assessed at less than 0.001 percent. The following table provides the UTIMCO fees paid by the PUF since fiscal year 2007.

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
UTIMCO Fee (in millions)	\$ 6.48	\$ 7.54	\$ 8.13	\$ 5.20	\$ 8.47	\$ 8.90	\$ 12.16	\$ 12.30	\$ 13.03

3 Annual Distribution from PUF to AUF. The UT Board of Regents determines the annual distribution amount from the PUF to the AUF. Pursuant to Article VII, Sec. 18(e), Texas Constitution, the distribution must: (1) be sufficient to pay principal and interest due on PUF-backed bonds; (2) provide the AUF with a stable annual income stream; (3) maintain the purchasing power of the PUF; and (4) may not exceed an amount equal to 7 percent of the net fair market value of the PUF, except as necessary to pay any principal and interest due on PUF-backed bonds.

UT Board of Regents Rule 80303 provides that the default annual distribution rate is 4.75 percent of the three year average of the net asset value of the PUF unless the average rate of return of the PUF exceeds the expected annual return included in the PUF Investment Policy Statement by 25 basis points or more, in which case the default distribution rate is 5.0 percent. However, the UT Board of Regents has the authority to approve a distribution rate up to 7 percent. Before fiscal year 2012, the distribution rate recommended by the UT Board of Regents equaled the default distribution rate. However, for fiscal year 2012 through 2015, the approved distribution rate has exceeded the default distribution rate as shown in the following table. Reasons for the increased distribution rates include high levels of PUF royalty income, strong investment performance by UTIMCO, and the desire of the Board to provide assistance in reducing the need for tuition increases.

	FY 2012	FY 2013	FY 2014	FY 2015 est
Default Distribution Rate	4.75%	5.00%	5.00%	4.75%
Board Approved Rate	5.50%	5.69%	7.00%	5.50%

4 Full-time Equivalent Positions. UT System Administration FTE's whose salaries and wages are paid with AUF are included in the UT System Administration FTE cap. The bill pattern for the AUF does not include FTE information.

5 AUF Balance Reserves. The UT System Administration maintains a AUF balance reserve of at least \$30 million at all times. This reserve is intended to cover any unexpected maintenance needs throughout the UT System and to provide a cushion for any market volatility that could impact future PUF distributions to AUF. As of August 31, 2014, the AUF reserve for UT System totaled \$200.5 million.

6 First Full Year of Operation. While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for UT System from 1991 as a similar reference point between the UT and TAMU Systems. The object of expense amounts included for fiscal year 1991 in the "Historical and Recommended Objects of Expense" chart on the previous page are estimated based on the relative object of expense distribution in fiscal year 2010. The number of FTEs included in the program in fiscal year 1991 is unknown.

7 New Rider Requirements. House Bill 1 as Introduced provides additional guidance on the use of AUF by UT System and includes the following new rider requirements regarding the use of the AUF for UT System Administration:

- In addition to existing reporting requirements, UT and TAMU Systems must report additional information regarding the use of the AUF for system office operations and system initiatives to the Legislative Budget Board;
- AUF appropriations used for system office operations and system initiatives by the UT System shall not increase more than two percent above the AUF amounts allocated for system office operations and system initiatives in the 2014-15 biennium; and
- The UT and TAMU System must categorize all expenditures made with AUF appropriations into one of the following categories: debt service; system office operations; system initiatives; or support and maintenance for eligible component institutions.

Recommended Statutory Changes for Program Improvement

None.

**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: TAMU System Operations

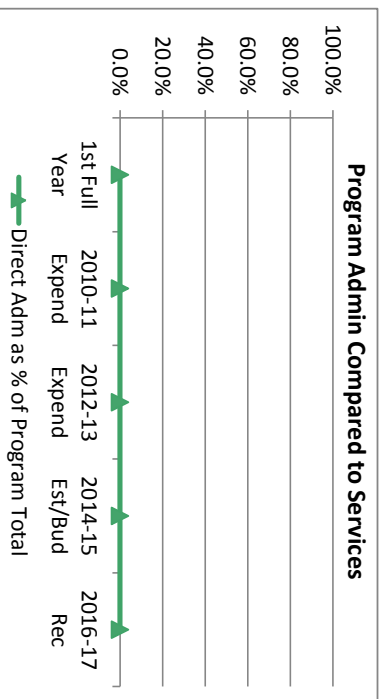
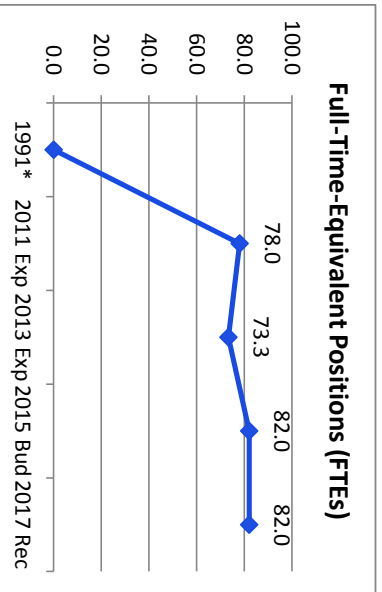
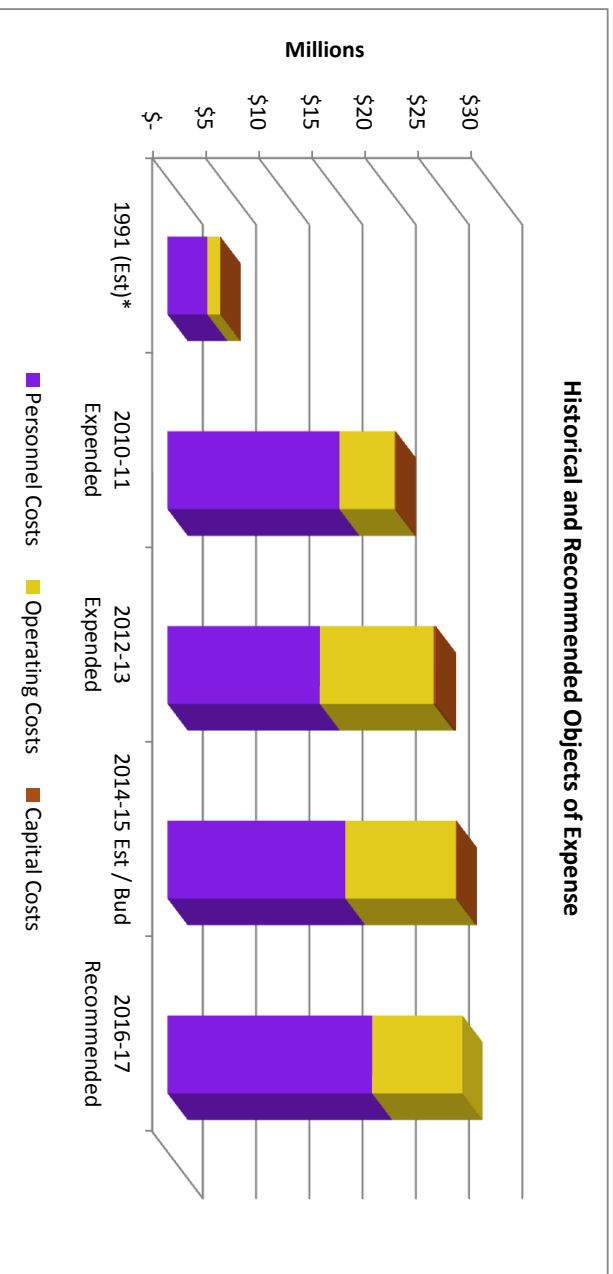
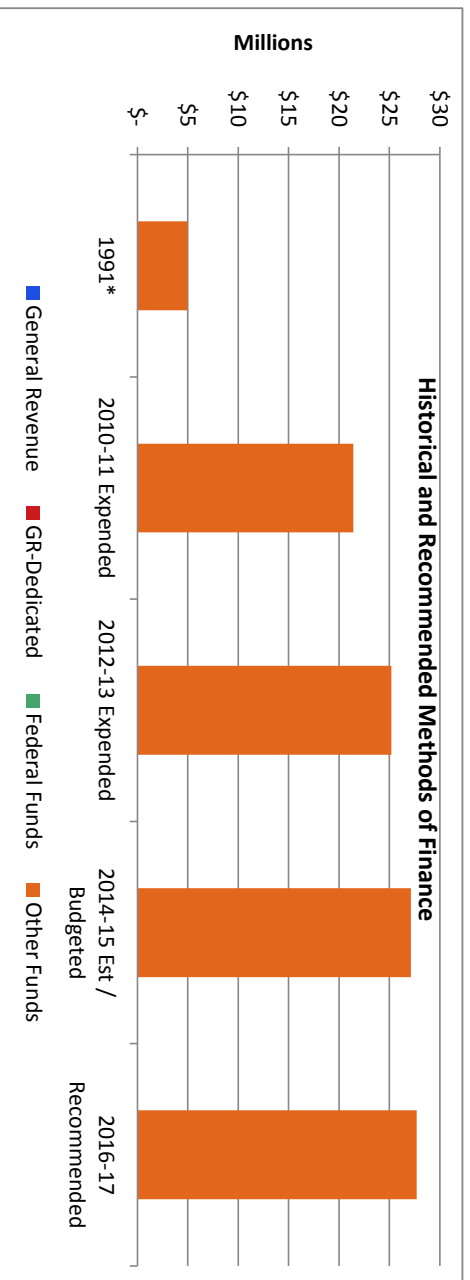
Agency Ranking
4 out of 5

AUF allocations used to support TAMU System Offices in providing operational support for the TAMU System and component institutions.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 2, Texas A&M University System Share, Article III-63.

Year Created	1956	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	Use of Dedicated Funds	State Service Category Higher Education Instruction, Financial Aid & Research	Compliant	Yes

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
System Office Operations	\$ 26,971,438	82.0	\$ 27,500,000	82.0	99.3%
Board of Regents	\$ 182,562	0.0	\$ 200,000	0.0	0.7%
TOTAL	\$ 27,154,000	82.0	\$ 27,700,000	82.0	100.0%



Program: TAMU System Operations

Agency Ranking **4 out of 5**

Summary of Recommendations and Fiscal and Policy Issues

- 1 AUF Balance Reserves.** TAMU System maintains an AUF balance reserve equal to one-half year's debt service. This reserve is intended to ensure market fluctuations do not impact the TAMU System's ability to continue paying debt service. As of August 31, 2014, the AUF reserve balance for TAMU System totaled \$96.4 million.
- 2 Full-time Equivalent Positions.** TAMU System FTE's whose salaries and wages are paid with AUF are included in the TAMU System Administrative and General Offices FTE cap. The bill pattern for the AUF does not include FTE information.
- 3 First Full Year of Operation.** While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for TAMU System from 1991 as a similar reference point between the UT and TAMU Systems. The object of expense amounts included for fiscal year 1991 in the "Historical and Recommended Objects of Expense" chart on the previous page are estimated based on the relative object of expense distribution in fiscal year 2010. The number of FTEs included in the program in fiscal year 1991 is unknown.
- 4 New Rider Requirements.** House Bill 1 as Introduced includes the following new rider requirements regarding the use of the AUF for TAMU System Operations:
 - In addition to existing reporting requirements, UT and TAMU Systems must report additional information regarding the use of the AUF for system office operations and system initiatives to the Legislative Budget Board; and
 - The UT and TAMU System must categorize all expenditures made with AUF appropriations into one of the following categories: debt service; system office operations; system initiatives; or support and maintenance for eligible component institutions.

Recommended Statutory Changes for Program Improvement

None.

**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program : UT Austin

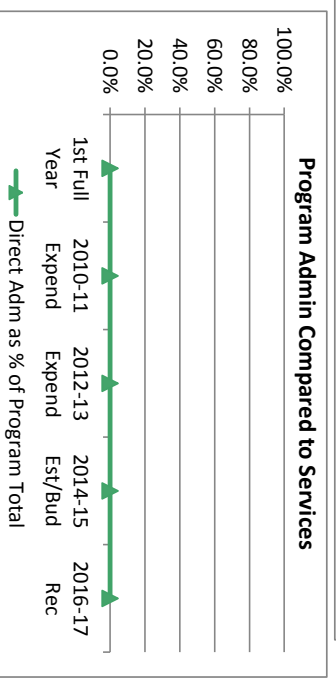
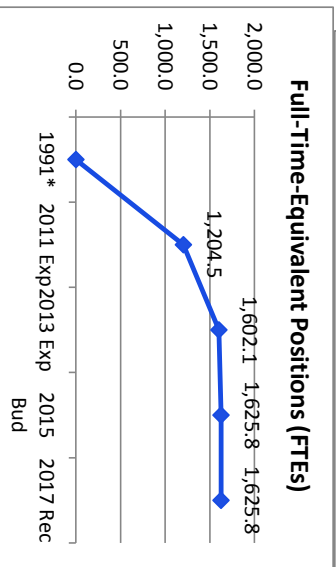
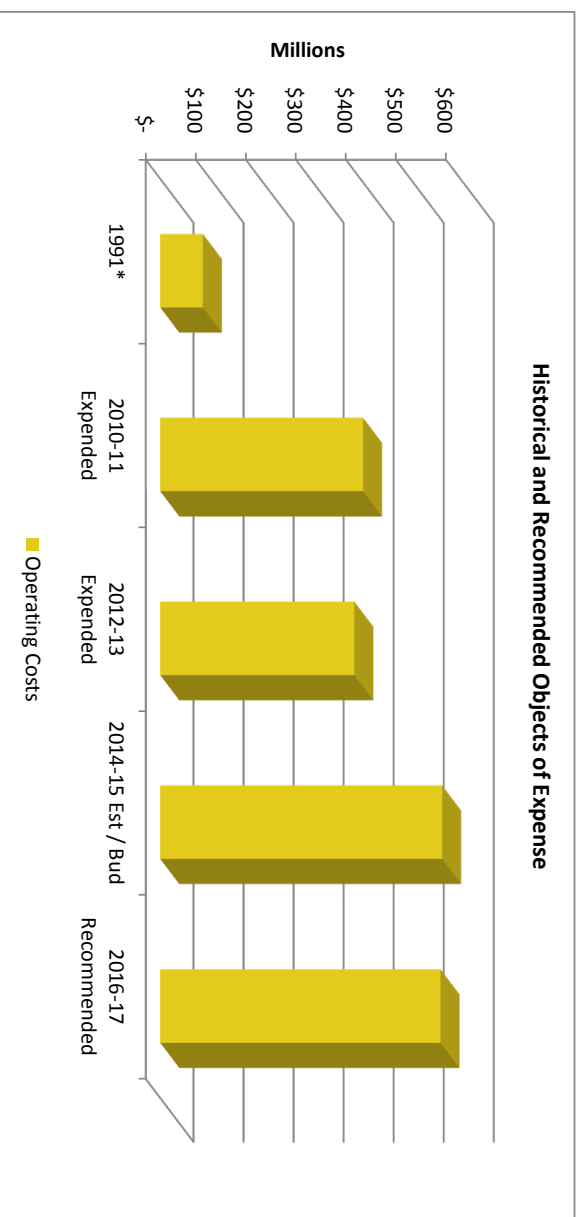
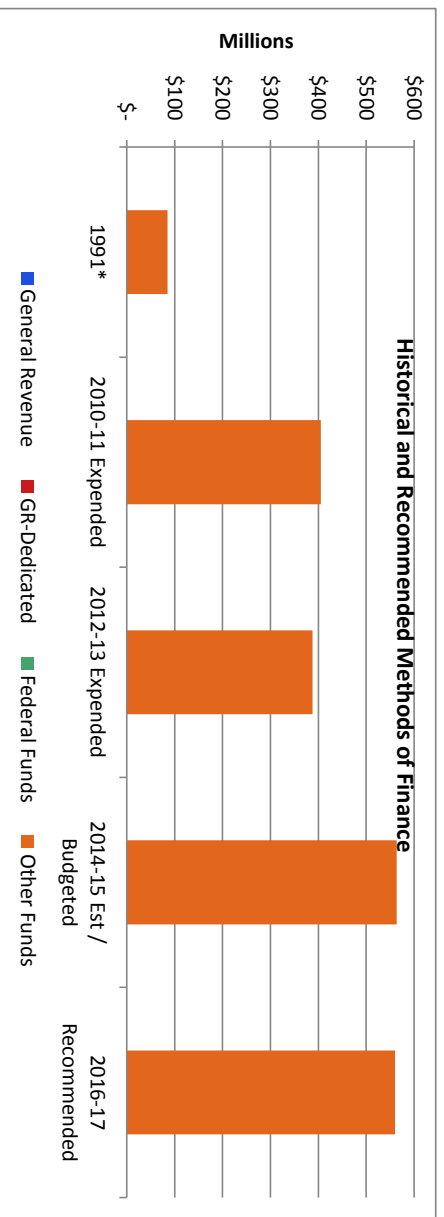
**Agency
Ranking** 2 out of 5

AUF funding to provide support and maintenance to UT Austin, including funding to support program enrichment purposes such as: improving instructional, research, and outreach excellence; recruiting and retaining talented faculty and students; promoting institutional accountability and enhanced connections to the public; and Regents outstanding teachers awards.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 3, The University of Texas System Share, Article III-64.

Year Created	1956	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes
Centrality	Strong			Use of Dedicated Funds	Compliant
Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Excellence Funding	\$ 453,395,000	1,625.8	\$ 508,035,000	1,625.8	90.7%
System wide Technology and Telecommunications	\$ 2,120,000	0.0	\$ 2,120,000	0.0	0.4%
Dell Medical School	\$ 42,000,000	0.0	\$ 50,000,000	0.0	8.9%
Other Projects and Capital	\$ 65,952,268	0.0	\$ -	0.0	0.0%
TOTAL	\$ 563,467,268	1,625.8	\$ 560,155,000	1,625.8	100.0%



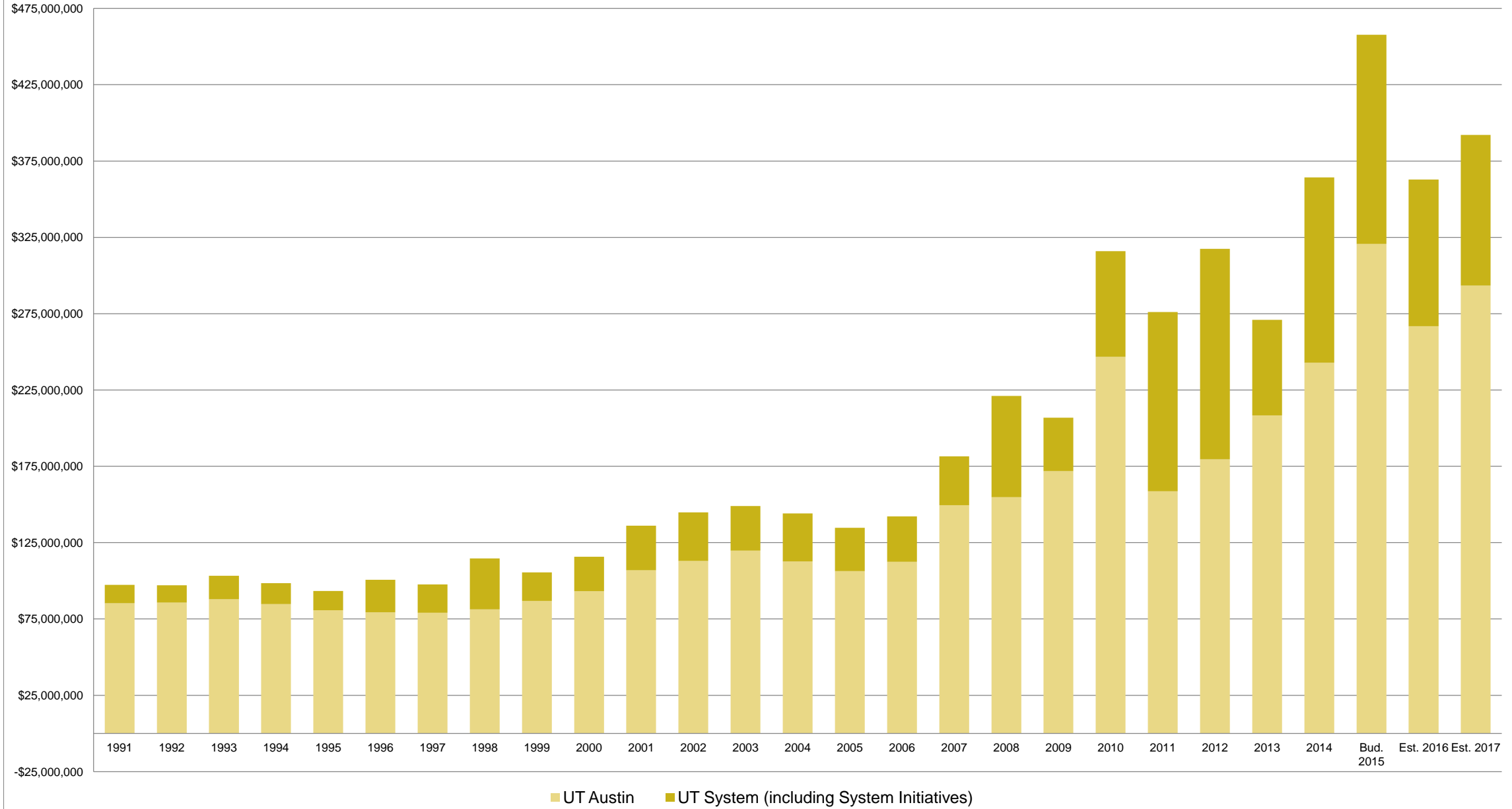
Summary of Recommendations and Fiscal and Policy Issues

- 1 Distribution Policy.** Pursuant to Art. VII, Sec. 18(f), Texas Constitution, UT Austin is the only component institution of the UT System eligible to receive AUF support and maintenance funding. The UT Board of Regents determine the distribution of AUF support and maintenance funding between UT Austin and the System Office. However, UT Board of Regents Rule 80303 requires that UT Austin must receive no less than 45 percent of the annual support and maintenance funding available to the UT System. Figure 5 provides a comparison of support and maintenance funding distributed to UT Austin and UT System since 1991.
- 2 Excellence Funding.** AUF provides funding for many excellence and support functions for UT Austin, but the largest portion of the excellence expenditures go toward Instructional Support (similar to Texas A&M), followed by Recruitment and Retention of Talent, and Institutional Accountability and Enhanced Connections to the Public. For reference, Figure 6 provides a comparison of expenditures for all UT Austin support and maintenance activities by category for fiscal year 2014 and Table 3 provides an overview of UT Austin support and maintenance expenditures since fiscal year 2010.
- 3 Dell Medical School.** The UT Board of Regents committed a portion of the AUF support and maintenance funding for the Dell Medical School at UT Austin. The annual commitment is equal to the greater of \$25 million or a 3 percent increase in the annual AUF distribution to UT Austin from 45 to 48 percent of the total support and maintenance funding. The first allocation of \$25 million was split between fiscal year 2013 and fiscal year 2014 to support identified startup needs at the medical school.
- 4 AUF Balance Reserves.** Similar to UT System, UT Austin maintains a AUF balance reserve in order to cover any emergency needs. As of August 31, 2014, AUF Net Assets at UT Austin totaled \$175.9 million.
- 5 Full-time Equivalent Positions.** UT Austin FTEs whose salaries and wages are paid with AUF are included in the UT Austin FTE cap. The bill pattern for the AUF does not include FTE information.
- 6 First Full Year of Operation.** While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for UT Austin from 1991 as a similar reference point between the UT and TAMU Systems. The number of FTEs included in the program in fiscal year 1991 is unknown.
- 7 Historical and Recommended Objects of Expense.** The objects of expense are unknown for the UT Austin program, therefore the operating costs object of expense is used as a placeholder to represent the AUF allocations to the program each biennium.

Recommended Statutory Changes for Program Improvement

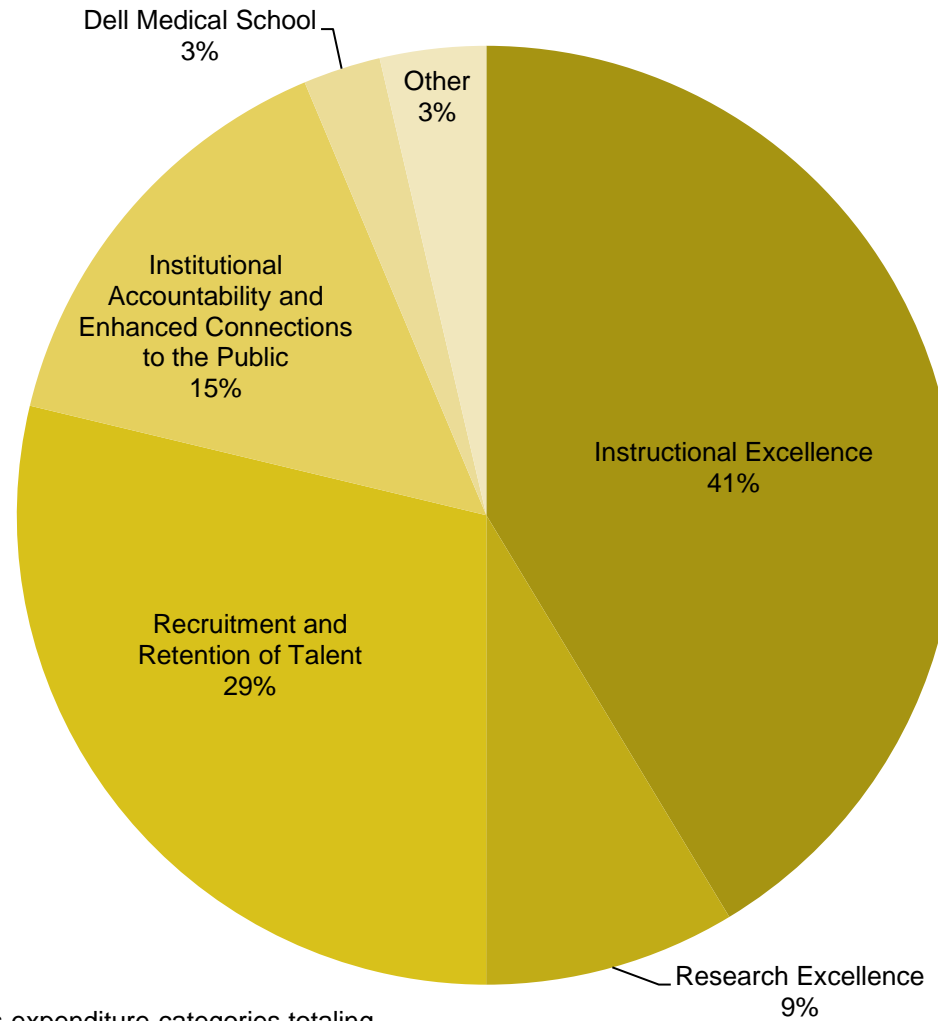
None

Figure 5: Support and Maintenance Funding Distribution Comparison - UT System vs. UT Austin



**Figure 6: UT Austin Support and Maintenance Expenditures
FY 2014**

Total Expenditures FY14: \$216.4 million



Note: "Other " includes expenditure categories totaling less than 2 percent of the total expenditure amount.

Table 3: AUF Support and Maintenance Funding Expenditures - UT Austin

	2010	2011	2012	2013	2014	Bud. 2015	Est. 2016	Est. 2017
UT Austin Allocation	\$ 246,750,000	\$ 158,730,000	\$ 179,560,000	\$ 208,345,000	\$ 242,817,268	\$ 320,650,000	\$ 266,765,000	\$ 293,390,000
Expenditure Categories:								
Instructional Excellence	\$ 63,287,715	\$ 52,356,794	\$ 86,306,723	\$ 85,318,664	\$ 89,458,372	\$ 115,397,648	\$ 117,912,648	\$ 128,537,648
Research Excellence	\$ 25,507,624	\$ 23,371,813	\$ 21,039,201	\$ 34,975,061	\$ 18,748,698	\$ 14,993,910	\$ 14,993,910	\$ 14,993,910
Outreach Excellence	\$ 4,240,252	\$ 4,396,279	\$ 3,964,479	\$ 4,270,209	\$ 3,723,522	\$ 2,866,973	\$ 2,866,973	\$ 2,866,973
Recruitment and Retention of Talent	\$ 54,168,551	\$ 56,966,802	\$ 55,371,640	\$ 61,841,908	\$ 62,192,287	\$ 55,765,670	\$ 55,765,670	\$ 71,765,670
Institutional Accountability and Enhanced Connections to the Public	\$ 17,588,621	\$ 21,851,959	\$ 23,864,033	\$ 26,155,737	\$ 32,298,267	\$ 48,248,469	\$ 53,248,469	\$ 53,248,469
Regents Outstanding Teachers Awards	\$ 946,000	\$ 946,000	\$ 742,500	\$ -	\$ 715,000	\$ -	\$ -	\$ -
Center for Technology Commercialization	\$ 231,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transforming Undergraduate Education Program	\$ 377,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas NanoElectronics Research Superiority Award	\$ 1,835,890	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Faculty Recruitment	\$ 582,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dell Medical School	\$ -	\$ -	\$ -	\$ 1,740,191	\$ 5,783,477	\$ 24,974,765	\$ 24,974,765	\$ 24,974,765
System wide Technology and Telecommunication Fund	\$ 1,704,661	\$ 5,931,043	\$ 8,557,174	\$ 6,588,968	\$ 3,465,413	\$ 2,002,565	\$ 2,002,565	\$ 2,002,565
Total Expenses:	\$ 170,471,066	\$ 165,820,690	\$ 199,845,750	\$ 220,890,738	\$ 216,385,036	\$ 264,250,000	\$ 271,765,000	\$ 298,390,000
Addition to (use of) AUF Reserves:	\$ 76,278,934	\$ (7,090,690)	\$ (20,285,750)	\$ (12,545,738)	\$ 26,432,232	\$ 56,400,000	\$ (5,000,000)	\$ (5,000,000)

Notes:

- Of the distributions made to UT Austin during fiscal year 2010, a total of \$53 million was provided with the intent that it be expended in fiscal year 2011 through fiscal year 2013.
- Of the distributions made to UT Austin during fiscal year 2014, a total of \$7.6 million was transferred in late August 2014. An additional \$19 million has been set aside for a long-term project (enterprise resource planning implementation).
- Fiscal year 2015 includes \$56.4 million from a special one-time 1.5 percent increase to the AUF distribution rate approved by the UT Board of Regents. Because the use of the funds has not been determined at this time, the funding is not included in the fiscal year 2015 expenditures and is captured in the addition to AUF reserves.

Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program : Texas A&M University

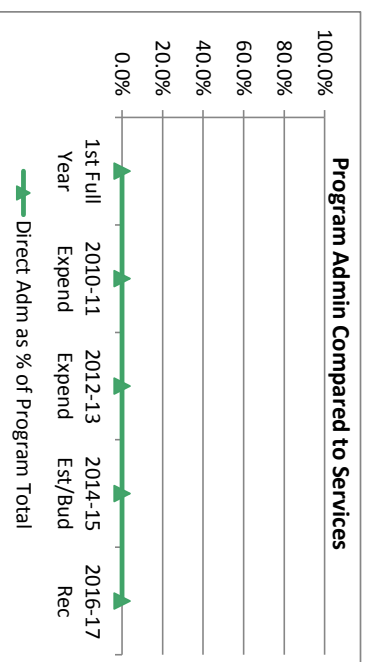
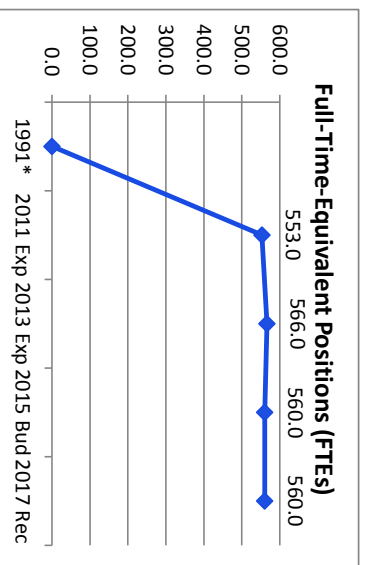
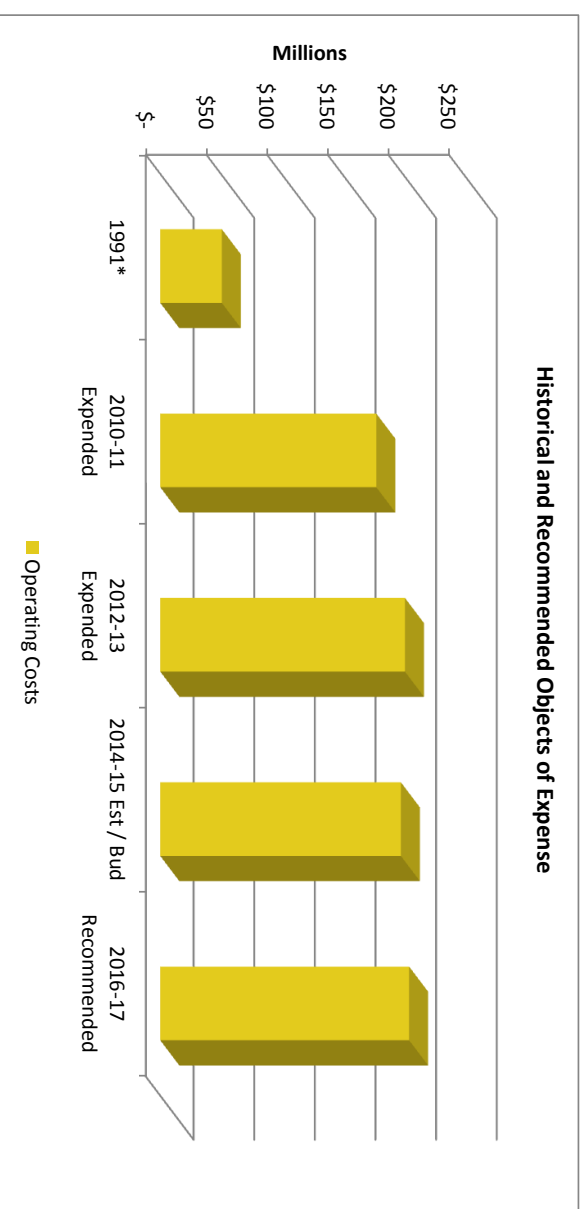
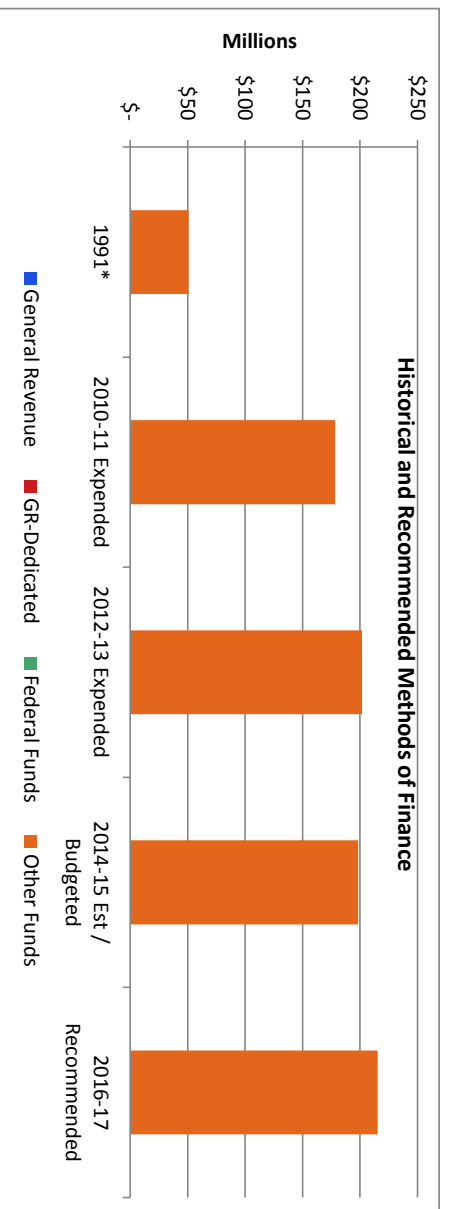
Agency Ranking
2 out of 5

AUF funding to provide support to Texas A&M to recruit and support world class faculty, provide academic and student support, and excellence funding to meet the goals of closing the gaps, and leverage for obtaining vital research awards in an increasingly competitive environment.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 2, Texas A&M University System Share, Article III-63.

Year Created	1956	Performance and/or	Operational Issues	No	Outsourced Services	No
Authority	Strong			Revenue Supported	Yes	
Centrality	Strong			Use of Dedicated Funds	Compliant	
Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research			

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Texas A&M Operational Support	\$ 185,963,000	560.0	\$ 190,292,000	560.0	88.4%
Law School Supplement	\$ 6,000,000	0.0	\$ 10,000,000	0.0	4.6%
TAMU Institute for Advanced Study	\$ 3,000,000	0.0	\$ -	0.0	0.0%
Health Science Center Gross Anatomy Lab	\$ 3,500,000	0.0	\$ -	0.0	0.0%
Classroom/Lab/Research/Faculty Support	\$ -	0.0	\$ 5,000,000	0.0	2.3%
Ag and Life Science Building #4	\$ -	0.0	\$ 10,000,000	0.0	4.6%
TOTAL	\$ 198,463,000	560.0	\$ 215,292,000	560.0	100.0%



Program : Texas A&M University

Agency
Ranking

2 out of 5

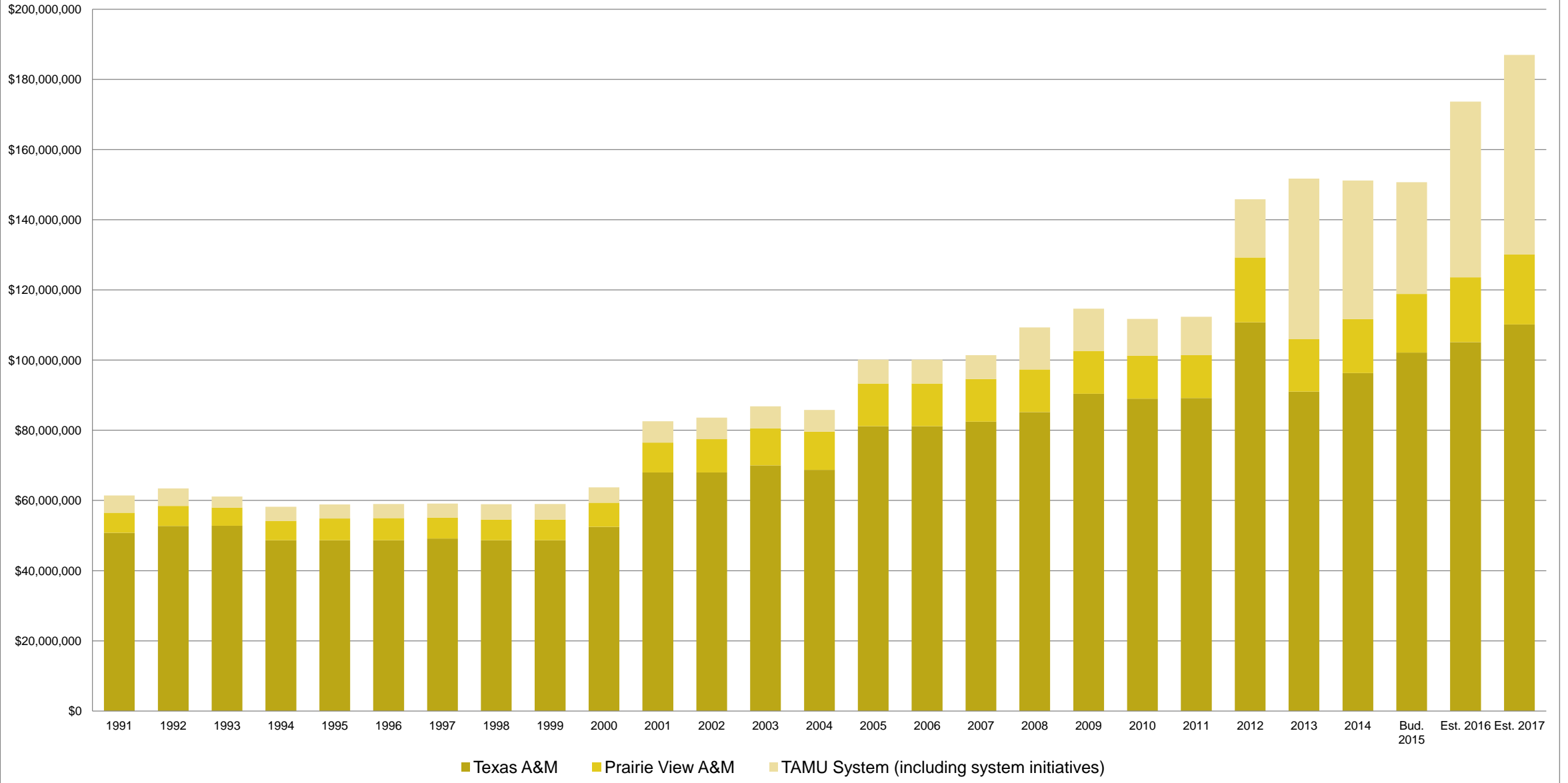
Summary of Recommendations and Fiscal and Policy Issues

- 1 Distribution Policy.** Pursuant to Art. VII, Sec. 18(f), Texas Constitution, Texas A&M and Prairie View A&M are the only component institutions of the TAMU System eligible to receive AUF support and maintenance funding. The Constitution also requires the TAMU System Board of Regents to allocate "just and equitable appropriations" of AUF support and maintenance funding between Texas A&M and Prairie View A&M. To fulfill this requirement, the distribution of AUF support and maintenance funding between the two institutions is based on each institution's respective formula funded semester credit hours. Figure 7 provides a comparison of support and maintenance funding distributed to Texas A&M, Prairie View A&M, and TAMU System Offices since 1991.
- 2 Operational Support.** AUF provides funding for many excellence and support functions for Texas A&M, but the majority of the operational support expenditures go toward instructional support (similar to UT Austin). For your reference, Figure 8 provides a comparison of expenditures for the Texas A&M operational support activity by category for fiscal year 2014 and Table 4 provides an overview of Texas A&M operational support funding expenditures since fiscal year 2010.
- 3 Law School Supplement.** In May 2014, the TAMU Board of Regents committed \$1 million per fiscal year of AUF allocations to the School of Law for five years (FY 2014-18). The Regents also allow for an additional \$4 million per year for five years (FY 2015-19) to match any private grants made to the School of Law. Any private grants raised above \$4 million in a year will be matched if possible in subsequent years as long as the AUF allocation does not exceed \$4 million per year or a maximum of \$20 million in matching funds over the five-year period. This funding is intended to help the School of Law acquire resources required to facilitate the progress of the law school to better serve students and the state.
- 4 Ag and Life Sciences Building.** The planned AUF allocation of \$10 million in the 2016-17 biennium will provide a portion of the funding needed to construct the fourth building of the Agriculture and Life Sciences Complex, which is budgeted to cost \$32.5 million. Depending on the availability of PUF capacity, some of the project may be funded with PUF debt proceeds instead of AUF.
- 5 Program Ranking.** TAMU System ranked the Texas A&M and Prairie View A&M programs at the same level to maintain the just and equitable standard provided by the Constitution.
- 6 Full-time Equivalent Positions.** FTE's whose salaries and wages are paid with AUF are included in the Texas A&M FTE cap. The bill pattern for the AUF does not include FTE information.
- 7 First Full Year of Operation.** While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for Texas A&M from 1991 as a similar reference point between the UT and TAMU Systems. The number of FTEs included in the program in fiscal year 1991 is unknown.
- 8 Historical and Recommended Objects of Expense.** The objects of expense are unknown for the Texas A&M program, therefore the operating costs object of expense is used as a placeholder to represent the AUF allocations to the program each biennium.

Recommended Statutory Changes for Program Improvement

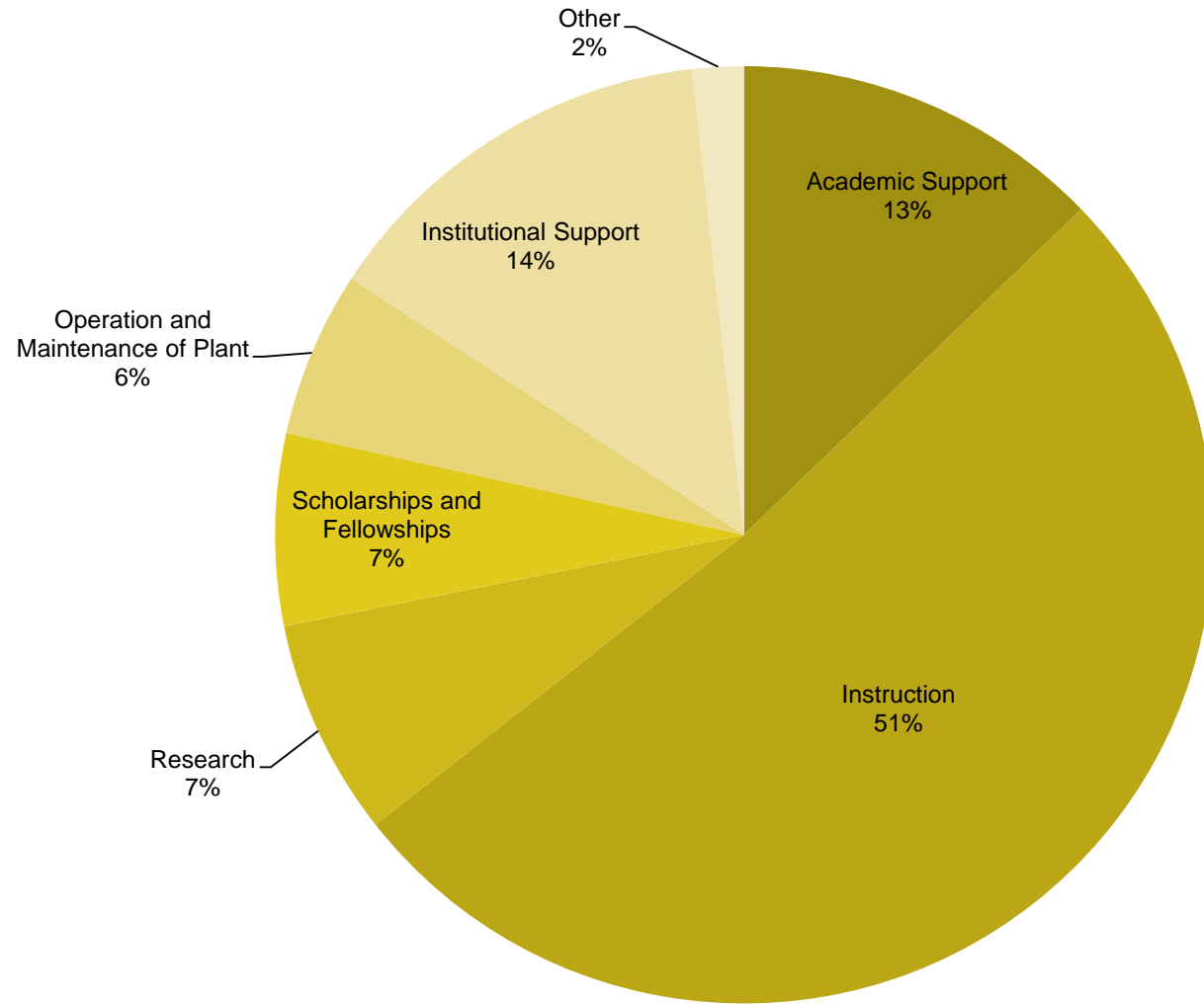
None.

Figure 7: Support and Maintenance Funding Distribution Comparison - TAMU System , Texas A&M, Prairie View A&M



**Figure 8: Texas A&M Support and Maintenance Expenditures
FY 2014**

Total Expenditures FY14: \$91.3 million



Note: "Other " includes expenditure categories totaling less than 2 percent of the total expenditure amount.

Table 4: AUF Support and Maintenance Funding Expenditures - Texas A&M Operational Support

	2010	2011	2012	2013	2014	Bud. 2015	Est. 2016	Est. 2017
Texas A&M Operational Support	\$ 88,500,000	\$ 89,000,000	\$ 90,860,000	\$ 91,029,000	\$ 91,817,000	\$ 100,146,000	\$ 100,146,000	\$ 100,146,000
Expenditure Categories:								
Academic Support	\$ 6,101,577	\$ 6,395,593	\$ 7,261,725	\$ 9,248,115	\$ 11,662,368	\$ 12,795,843	\$ 12,795,843	\$ 12,795,843
Instruction	\$ 58,065,093	\$ 45,858,717	\$ 45,053,995	\$ 33,231,576	\$ 47,106,648	\$ 51,684,983	\$ 51,684,983	\$ 51,684,983
Student Services	\$ 3,223,935	\$ 1,119,548	\$ 1,497,481	\$ 1,904,407	\$ 1,553,080	\$ 1,704,025	\$ 1,704,025	\$ 1,704,025
Research	\$ 4,399,254	\$ 4,049,787	\$ 8,929,399	\$ 5,042,271	\$ 6,834,299	\$ 7,498,530	\$ 7,498,530	\$ 7,498,530
Scholarships and Fellowships	\$ 3,740,665	\$ 4,021,977	\$ 28,126,761	\$ 6,205,391	\$ 6,037,844	\$ 6,624,667	\$ 6,624,667	\$ 6,624,667
Public Service	\$ 36,668	\$ 3,103	\$ (6,032)	\$ 51,119	\$ 58,299	\$ 63,965	\$ 63,965	\$ 63,965
Operation and Maintenance of Plant	\$ 2,249,563	\$ 6,267,108	\$ 15,891,721	\$ 3,546,393	\$ 5,210,598	\$ 5,717,020	\$ 5,717,020	\$ 5,717,020
Institutional Support	\$ 8,096,257	\$ 9,903,222	\$ 16,826,632	\$ 9,006,797	\$ 12,811,778	\$ 14,056,966	\$ 14,056,966	\$ 14,056,966
Total Expenses:	\$ 85,913,012	\$ 77,619,056	\$ 123,581,681	\$ 68,236,069	\$ 91,274,913	\$ 100,146,000	\$ 100,146,000	\$ 100,146,000
Addition to (use of) AUF Reserves:	\$ 2,586,988	\$ 11,380,944	\$ (32,721,681)	\$ 22,792,931	\$ 542,087	\$ -	\$ -	\$ -

Note:

- Texas A&M Operational Support allocations include allocations for the Law School Supplement.

**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Prairie View A&M University

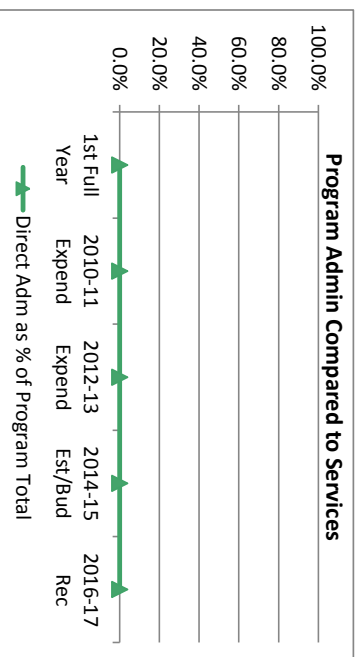
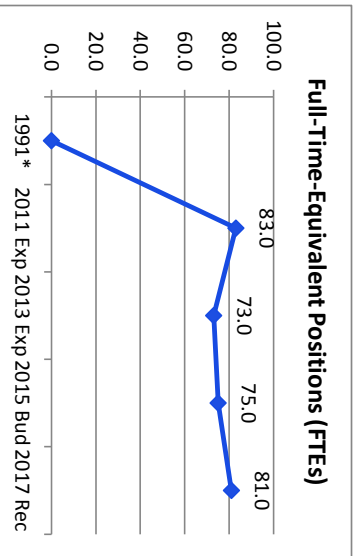
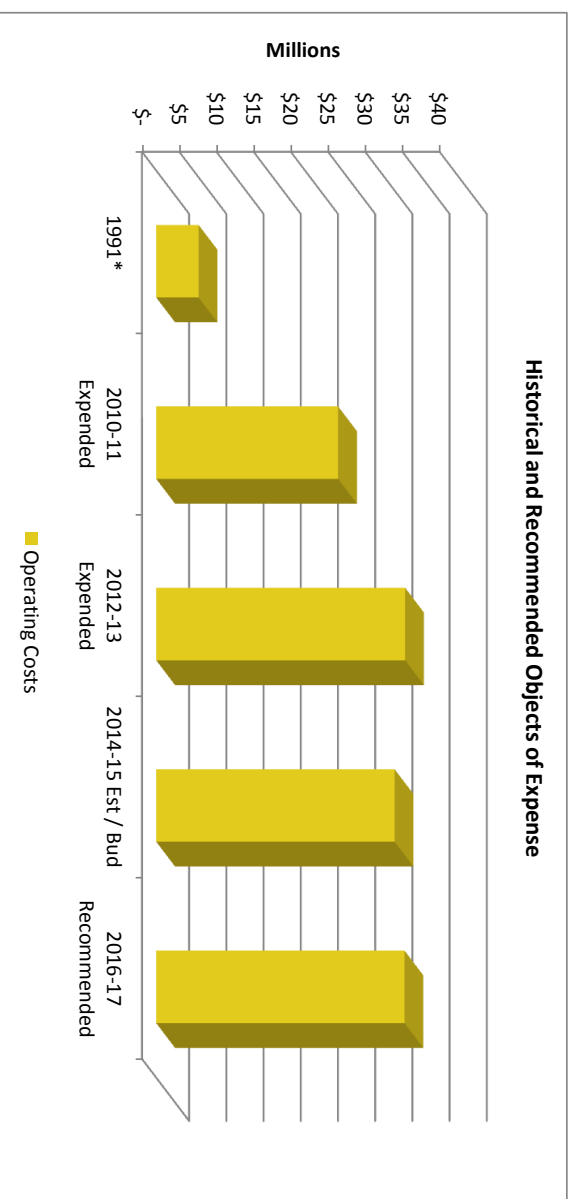
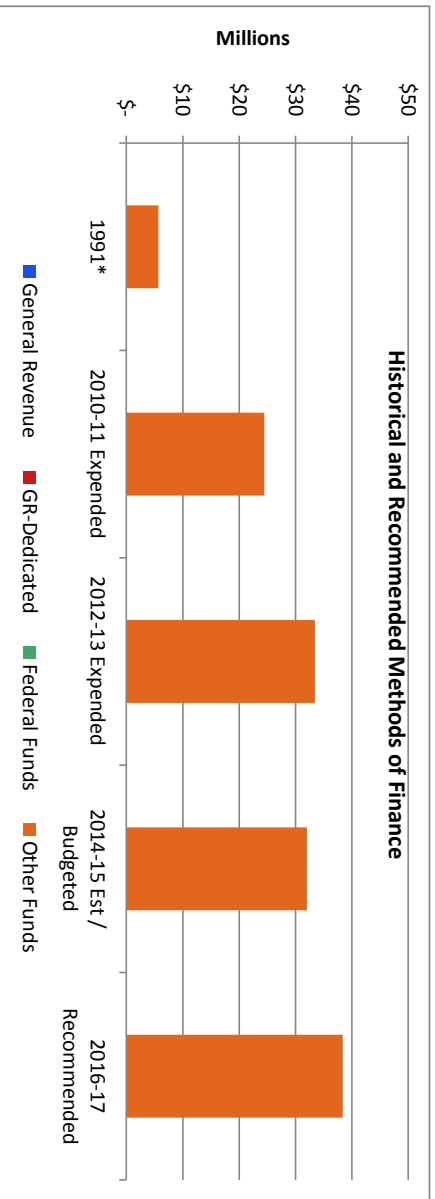
Agency Ranking
2 out of 5

AUF funding to support Prairie View A&M to recruit and support world class faculty, provide academic and student support, and excellence funding to meet the goals of closing the gaps, and leverage for obtaining vital research awards in an increasingly competitive environment.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 2, Texas A&M University System Share, Article III-63.

Year Created	1956	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes
Centrality	Strong			Use of Dedicated Funds	Compliant
Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Prairie View A&M Operational Support	\$ 31,037,000	75.0	\$ 31,708,000	81.0	82.6%
Fair and Equitable	\$ 1,002,000	0.0	\$ 1,670,000	0.0	4.4%
Entrace to Campus	\$ -	0.0	\$ 1,000,000	0.0	2.6%
Welcome Center/Classroom Renovation/Student Center	\$ -	0.0	\$ 4,000,000	0.0	10.4%
TOTAL	\$ 32,039,000	75.0	\$ 38,378,000	81.0	100.0%



Program: Prairie View A&M University

Agency
Ranking **2 out of 5**

Summary of Recommendations and Fiscal and Policy Issues

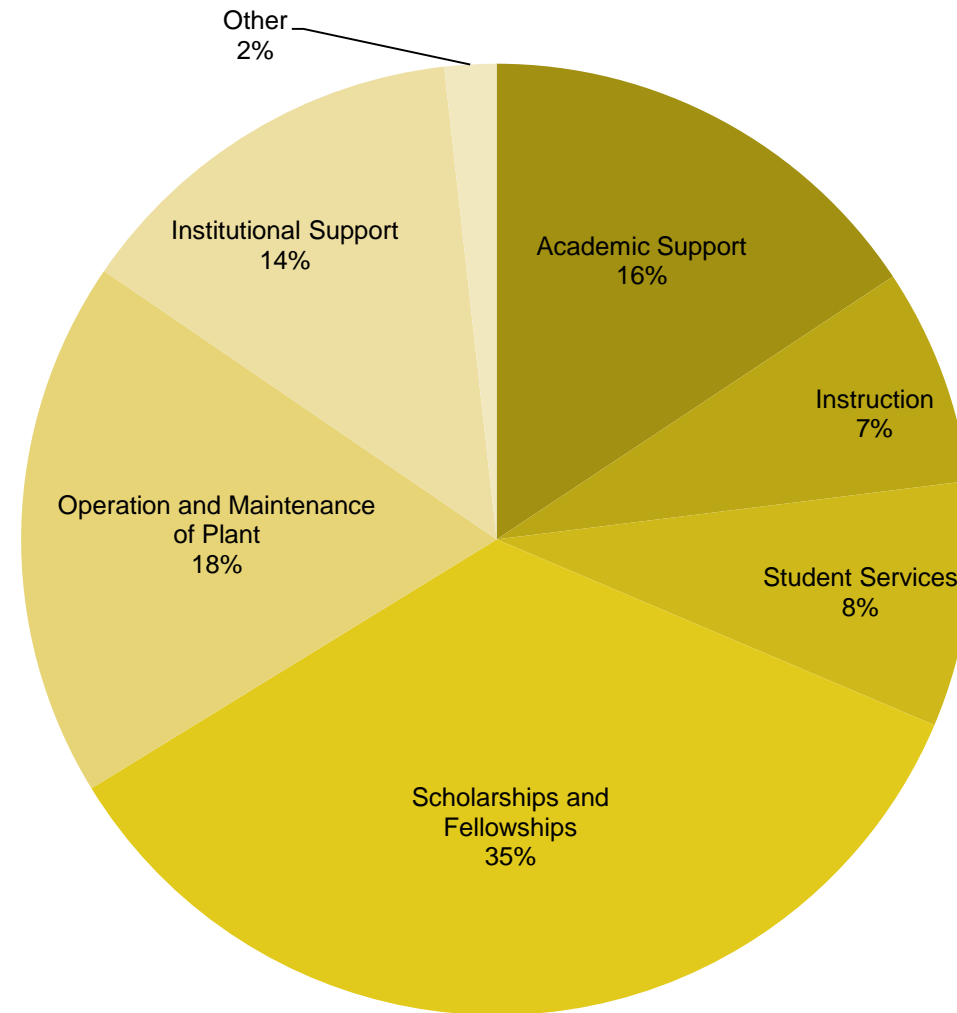
- 1 Distribution Policy.** Pursuant to Art. VII, Sec. 18(f), Texas Constitution, Prairie View A&M and Texas A&M are the only component institutions of the TAMU System eligible to receive AUF support and maintenance funding. The Constitution also requires the TAMU System Board of Regents to allocate "just and equitable appropriations" of AUF support and maintenance funding between Prairie View A&M and Texas A&M. To fulfill this requirement, the distribution of AUF support and maintenance funding between the two institutions is based on each institution's respective formula funded semester credit hours. The distribution is updated every year to ensure the fair and equitable standard is maintained. The Fair and Equitable activity included in the summary represents projected increases in AUF allocations to Prairie View.
- 2 Operational Support.** AUF provides funding for many excellence and support functions for Prairie View A&M. However, the majority of the operational support expenditures go toward Scholarships and Fellowships and Institutional Support. Even though Prairie View A&M receives much less support and maintenance funding compared to Texas A&M, the actual and estimated expenditure levels for scholarships and fellowships at Prairie View A&M are very similar to the level of expenditures at Texas A&M since fiscal year 2013. For reference, Figure 9 provides a comparison of expenditures for the Prairie View A&M operational support activity by category for fiscal year 2014 and Table 5 provides an overview of Prairie View A&M operational support funding expenditures since fiscal year 2010.
- 3 Projects in 2016-17 Biennium.** In the 2016-17 biennium, a total of \$5 million in AUF allocations will provide support projects at Prairie View A&M, including the construction of the entranceway to campus, the renovation and expansion of the Welcome Center, and renovations and technology upgrades to classrooms. Depending on the availability of PUF debt capacity, some of the qualifying projects may be funded with PUF debt instead of AUF.
- 4 Program Ranking.** TAMU System ranked the Texas A&M and Prairie View A&M programs at the same level to maintain the just and equitable standard provided by the Constitution.
- 5 Full-time Equivalent Positions.** FTEs whose salaries and wages are paid with AUF are included in the Prairie View A&M FTE cap. The bill pattern for the AUF does not include FTE information.
- 6 First Full Year of Operation.** While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for Prairie View from 1991 as a similar reference point between the UT and TAMU Systems. The number of FTEs included in the program in fiscal year 1991 is unknown.
- 7 Historical and Recommended Objects of Expense.** The objects of expense are unknown for the Prairie View A&M program, therefore the operating costs object of expense is used as a placeholder to represent the AUF allocations to the program each biennium.

Recommended Statutory Changes for Program Improvement

None.

**Figure 9: Prairie View A&M Support and Maintenance Expenditures
FY 2014**

Total Expenditures FY14: \$17.7 million



Note: "Other " includes expenditure categorize totaling less than 2 percent of the total expenditure amount.

Table 5: AUF Support and Maintenance Funding Expenditures - Prairie View A&M

	2010	2011	2012	2013	2014	Bud. 2015	Est. 2016	Est. 2017
Prairie View A&M Operational Support	\$ 12,150,000	\$ 12,150,000	\$ 15,140,000	\$ 14,971,000	\$ 15,350,000	\$ 16,689,000	\$ 16,689,000	\$ 16,689,000
Example Categories:								
Academic Support	\$ 601,366	\$ 523,525	\$ 145,215	\$ 2,962,790	\$ 2,768,723	\$ 3,783,763	\$ 3,742,000	\$ 3,617,000
Instruction	\$ 756,964	\$ 755,265	\$ 559,134	\$ 569,566	\$ 1,300,107	\$ 2,232,141	\$ 2,491,000	\$ 2,871,000
Student Services	\$ 1,724,797	\$ 1,516,558	\$ 1,432,016	\$ 1,385,769	\$ 1,474,382	\$ 2,004,396	\$ 2,017,000	\$ 2,017,000
Research	\$ 232,049	\$ 229,702	\$ 239,995	\$ 237,310	\$ 302,612	\$ 327,752	\$ 350,000	\$ 350,000
Scholarships and Fellowships	\$ 2,652,414	\$ 2,712,799	\$ 5,499,028	\$ 5,557,292	\$ 6,153,765	\$ 5,102,760	\$ 5,097,000	\$ 5,067,000
Public Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,785	\$ -	\$ -
Operation and Maintenance of Plant	\$ 10,948,433	\$ 4,006,947	\$ 9,053,300	\$ 2,019,859	\$ 3,234,347	\$ 38,017	\$ -	\$ -
Institutional Support	\$ 4,362,562	\$ 3,492,740	\$ 6,921,680	\$ 2,415,353	\$ 2,418,258	\$ 3,185,386	\$ 2,992,000	\$ 2,767,000
Major Repair & Rehabilitation	\$ -	\$ -	\$ -	\$ -	\$ 8,933	\$ -	\$ -	\$ -
Total Expenses:	\$ 21,278,584	\$ 13,237,536	\$ 23,850,368	\$ 15,147,938	\$ 17,661,126	\$ 16,689,000	\$ 16,689,000	\$ 16,689,000
Addition to (use of) AUF Reserves	\$ (9,128,584)	\$ (1,087,536)	\$ (8,710,368)	\$ (176,938)	\$ (2,311,126)	\$ -	\$ -	\$ -

Note:

- Prairie View A&M Operational Support allocations include allocations for Fair and Equitable funding.

**Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program : UT System Initiatives

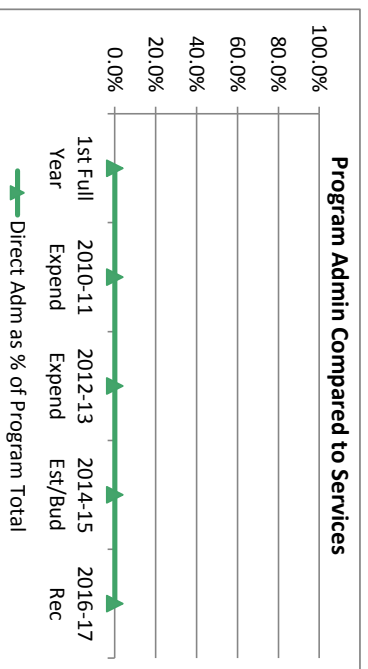
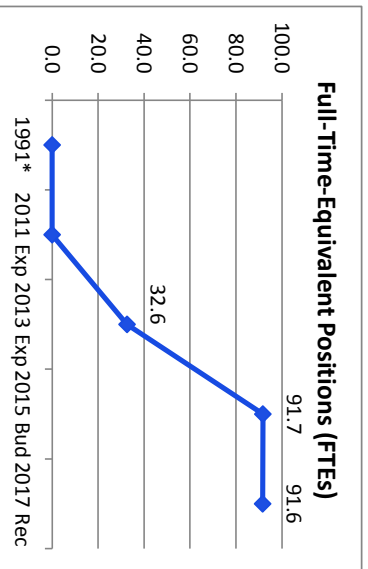
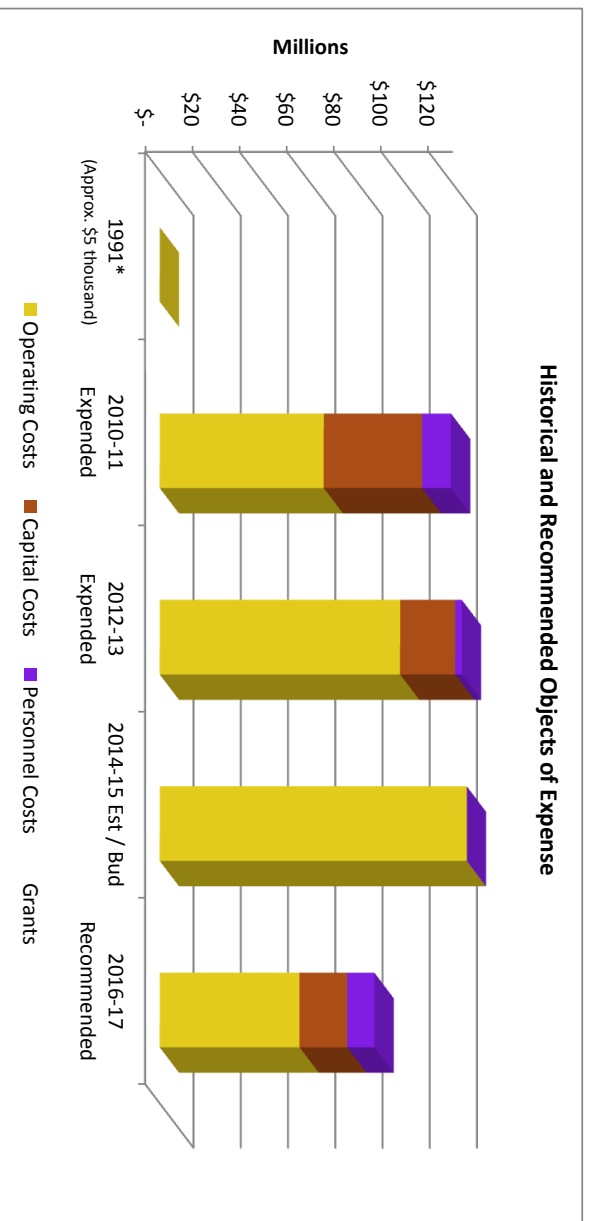
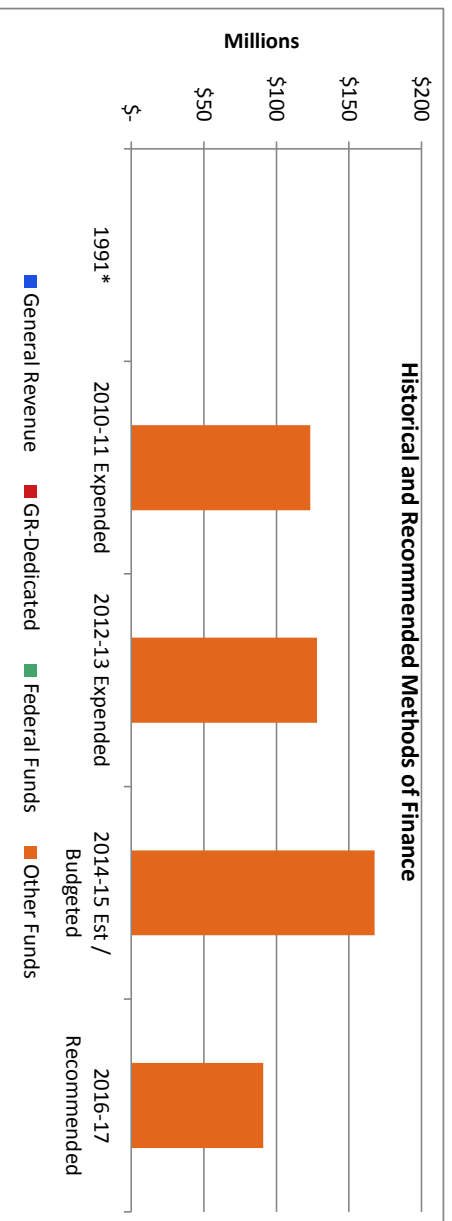
Agency
Ranking **4 out of 4**

AUF allocations used for initiatives that support the UT System in its role to provide oversight and coordination of the activities of the system and all the component institutions and to assist the Board of Regents in its role to govern, operate, support, and maintain the UT System component institutions.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 3, The University of Texas System Share, Article III-64.

Year Created	1995	Performance and/or		Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes
Centrality	Strong	Use of Dedicated Funds		Compliant	
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Tuition Offset	\$ 38,996,570	48.0	\$ 65,889,290	48.0	72.5%
Horizon Fund	\$ 12,500,000	11.0	\$ 25,000,000	11.0	27.5%
Supporting Online and On-Campus Enrollment Growth	\$ 68,939,116	0.0	\$ -	0.0	0.0%
PeopleSoft Human Resource/Finance System	\$ 15,000,000	0.0	\$ -	0.0	0.0%
Other	\$ 32,180,000	32.7	\$ -	32.6	0.0%
TOTAL	\$ 167,615,686	91.7	\$ 90,889,290	91.6	100.0%



Program : UT System Initiatives

Summary of Recommendations and Fiscal and Policy Issues

1 Tuition Offsets. In order to avoid tuition increases for resident undergraduate and graduate students, the UT System Board of Regents approved a proposal to provide \$28.2 million in additional AUF allocations to UT Austin and to shift the cost of certain functions from the other academic institutions to UT System to be funded by the AUF. The transfer of functions to UT System is expected to free up approximately \$31 million across the UT general academic institutions, \$13 million more than the revenue that was expected to be generated through the previously proposed tuition increases. Although the tuition offsets are represented as a stand-alone activity, the funding captured by this activity represents the cost of the additional functions taken on by the UT System and not direct AUF payments to the academic institutions.

2 Horizon Fund. The UT Horizon Fund is a strategic venture fund of the UT System intended to provide resources for high quality prospects with potentially strong commercial application. The mission of the fund is to improve commercialization of technologies out of research at UT System institutions by engaging entrepreneurs and the investment community to help translate innovations to practical use.

3 Full-time Equivalent Positions. In the Major Activities summary for the 2016-17 biennium, FTEs are included in activities that do not have any estimated AUF allocations. These FTEs are funded with AUF that was allocated in previous fiscal years that have been carried forward and will be expended in the 2016-17 biennium. UT System Administration FTEs whose salaries and wages are paid with AUF are included in the UT System Administration FTE cap. The bill pattern for the AUF does not include FTE information.

In addition, while personnel costs were incurred during the 2010-11 biennium, no FTEs are shown in the FTE chart on the previous page because all 10.0 FTEs were funded in fiscal year 2010 for distance education initiatives. Further, personnel costs increased from the 2014-15 biennium to the 2016-17 biennium due to an increase in FTEs from 39.4 in fiscal year 2014 to 91.7 in fiscal year 2015. This increase was primarily due to additional FTEs funded through the tuition offset.

4 First Full Year of Operation. While the constitutional authority for the AUF was established in 1956, the program summary includes AUF funding for UT System Initiatives from 1991 as a similar reference point between the UT and TAMU Systems.

5 New Rider Requirements. House Bill 1 as Introduced provides additional guidance on the use of AUF by UT System and includes the following new rider requirements regarding the use of the AUF for UT System Initiatives:

- In addition to existing reporting requirements, UT and TAMU Systems must report additional information regarding the use of the AUF for system office operations and system initiatives to the Legislative Budget Board;
- No AUF appropriations can be used for system initiatives at UT or TAMU System without prior written approval from the Legislative Budget Board;
- AUF appropriations used for system office operations and system initiatives by the UT System shall not increase more than two percent above the AUF amounts allocated for system office operations and system initiatives in the 2014-15 biennium; and
- The UT and TAMU System must categorize all expenditures made with AUF appropriations into one of the following categories: debt service; system office operations; system initiatives; or support and maintenance for eligible component institutions.

Recommended Statutory Changes for Program Improvement

None.

Strategic Fiscal Review 2016-17 - House
Available University Fund (Agency 799)

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program : TAMU System Initiatives

Agency Ranking

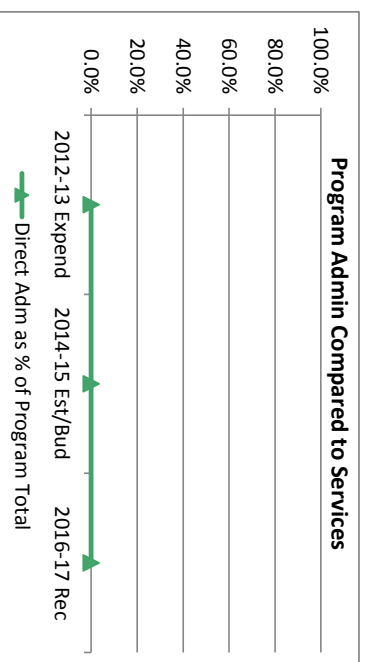
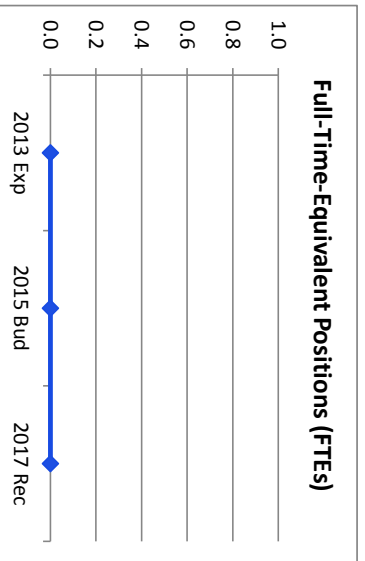
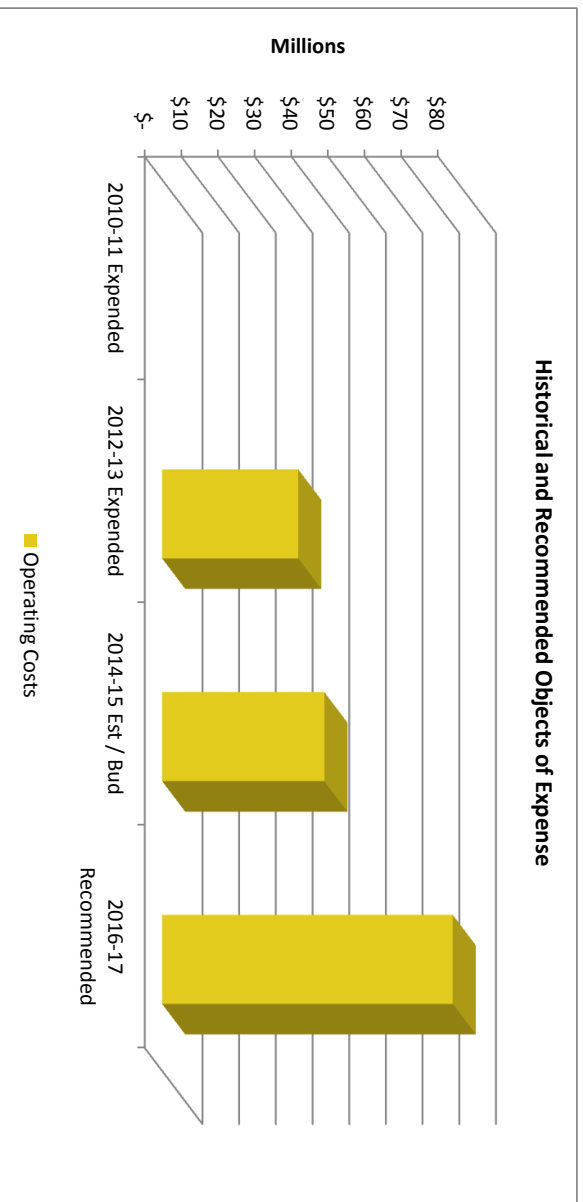
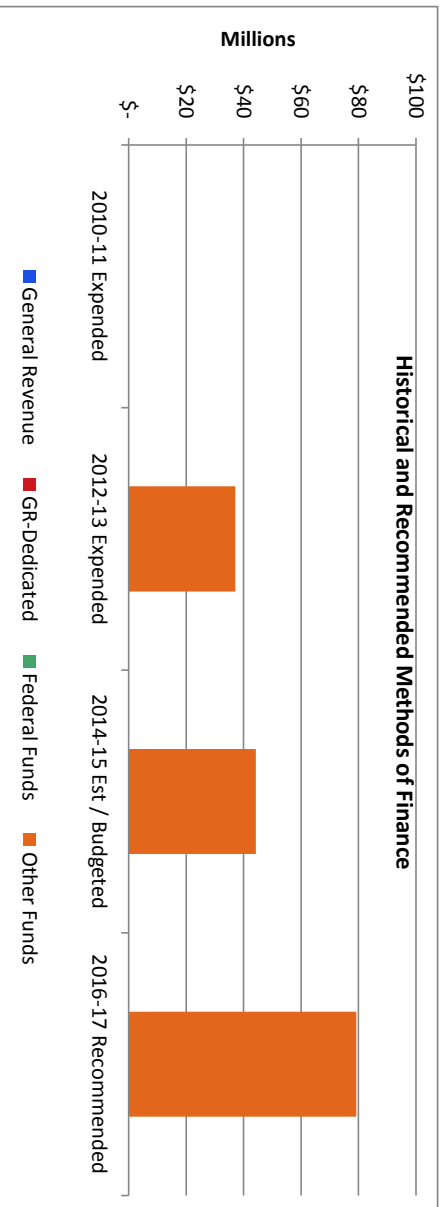
5 out of 5

AUF allocations used for initiatives to support the entire TAMU System and for recruitment of high caliber faculty at Texas A&M and Prairie View A&M.

Legal Authority: Texas Constitution, Article VII, Sec. 18(f); General Appropriations Act 2014-15, Rider 2, Texas A&M University System Share, Article III-63.

Year Created	2008	Performance and/or Operational Issues	No	Outsourced Services Revenue Supported	No
Authority	Strong	Centrality	Strong	Use of Dedicated Funds	Yes
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Compliant	

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Chancellor's National Academy Scholars' and Renowned Faculty Program	\$ -	0.0	\$ 52,500,000	0.0	66.3%
System Wide Initiatives	\$ 12,900,000	0.0	\$ -	0.0	0.0%
Chancellor's Research Initiative	\$ 6,897,123	0.0	\$ -	0.0	0.0%
Planned Future Allocations	\$ 24,433,000	0.0	\$ 26,743,000	0.0	33.7%
TOTAL	\$ 44,230,123	0.0	\$ 79,243,000	0.0	100.0%



Program : TAMU System Initiatives

Agency
Ranking

5 out of 5

Summary of Recommendations and Fiscal and Policy Issues

- 1 Chancellor's Research Initiative and Chancellor's National Academy Scholars' and Renowned Faculty Program.** The Chancellor's Research Initiative provides one-time funding to Texas A&M and Prairie View for the recruitment and hiring of high-level research faculty. The Chancellor's National Academy Scholars' (NAS) and Renowned Faculty Program provides funding for the recruitment of NAS faculty and other high achieving faculty members.
- 2 Planned Future Allocations.** The planned future allocations activity represents AUF support and maintenance funds that have not been allocated to a specific purpose.
- 3 New Rider Requirements.** House Bill 1 as Introduced includes the following new rider requirements regarding the use of the AUF for TAMU System Initiatives:
 - In addition to existing reporting requirements, UT and TAMU Systems must report additional information regarding the use of the AUF for system office operations and system initiatives to the Legislative Budget Board;
 - No AUF appropriations can be used for system initiatives at UT or TAMU System without prior written approval from the Legislative Budget Board; and
 - The UT and TAMU System must categorize all expenditures made with AUF appropriations into one of the following categories: debt service; system office operations; system initiatives; or support and maintenance for eligible component institutions.

Recommended Statutory Changes for Program Improvement

None.

Appendix A: AUF and PUF Comparison between UT and TAMU System

	UT System	TAMU System
PUF Constitutional Debt Limit	20 percent PUF book value	10 percent PUF book value
<i>As of 8/31/14:</i>		
Debt Limit	\$2,853.8 million	\$1,377.5 million
Outstanding Debt	\$2,002.5 million	\$810.4 million
Authorized but Unissued Debt	\$706.4 million	\$310.0 million
Remaining PUF Debt Capacity	\$145.0 million	\$257.1 million
AUF Distribution	Two-thirds	One-third
AUF Beginning Year Balance (9/1/14)	\$200.5 million	\$96.4 million
<i>For the 2014-15 biennium:</i>		
Debt Service	\$329.5 million	\$207.2 million
System Administration/Operations	\$90.9 million	\$27.2 million
System Initiatives	\$167.6 million	\$44.2 million

	UT Austin	Texas A&M	Prairie View A&M
<i>For the 2014-15 biennium:</i>			
AUF Support and Maintenance Allocations	\$563.5 million	\$198.5 million	\$32.0 million
FTEs funded with AUF (FY 15)	1625.8	560.0	75.0

Section 1

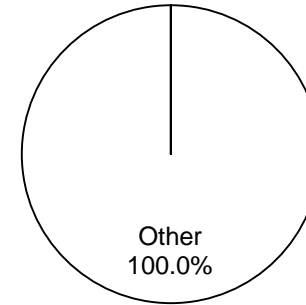
**Available University Fund
Summary of Recommendations - House**

Page: III-66

Emily Deardorff, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$1,702,190,396	\$1,690,499,008	(\$11,691,388)	(0.7%)
All Funds	\$1,702,190,396	\$1,690,499,008	(\$11,691,388)	(0.7%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



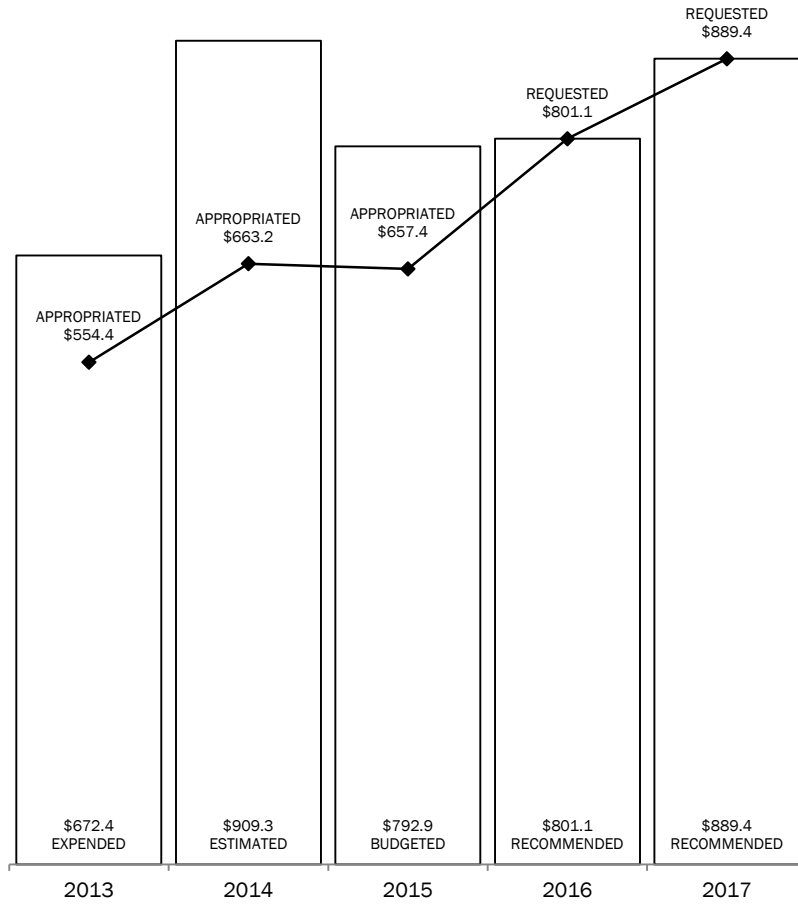
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs			0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

Section 1
Available University Fund
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$1,690.5 MILLION

ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Available University Fund
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIV SYSTEM ALLOCATION A.1.2	\$565,953,080	\$561,533,003	(\$4,420,077)	(0.8%)	The slight difference between the percentage decline for Texas A&M University (TAMU) System and The University of Texas (UT) System strategies is attributable to the inclusion of Available University Fund (AUF) interest income values in the UT System strategy. The TAMU strategy does not include any interest income.
THE UNIV OF TEXAS SYSTEM ALLOCATION A.1.3	\$1,136,237,316	\$1,128,966,005	(\$7,271,311)	(0.6%)	
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$1,702,190,396	\$1,690,499,008	(\$11,691,388)	(0.7%)	
Grand Total, All Strategies	\$1,702,190,396	\$1,690,499,008	(\$11,691,388)	(0.7%)	The biennial decrease in the recommended appropriation level is due to a special one-time distribution from the Permanent University Fund (PUF) to the AUF for fiscal year 2014 in an amount equal to an increase in the distribution rate from the PUF from 5.5 percent to 7.0 percent (approximately \$188 million).

**2014-15 Base reflects an increase of \$381,682,977 from the estimated amounts appropriated in the 2014-15 General Appropriations Act. This increase is attributable to the increase in the value of the PUF corpus and the special one-time distribution from the PUF to the AUF in fiscal year 2014 approved by the UT Board of Regents on August 21, 2014.

Section 3a

**Available University Fund
Selected Fiscal and Policy Issues - House**

1. **Strategic Fiscal Review.** The AUF is included in the Strategic Fiscal Review (SFR). Please refer to the SFR packet for specific information and findings. Significant observations and considerations include:

- **Agency Programs.** The AUF has nine programs, which are described in the following bullets:
 - Debt Service for the UT and TAMU Systems—AUF allocations used to secure the payment of principal and interest of PUF-backed bonds that are used for the following purposes: acquiring land; constructing, equipping, and repairing buildings; and acquiring capital equipment, library books, and library materials.
 - UT System Administration and TAMU System Operations—AUF allocations used to support to UT System Administration and TAMU System Offices in providing operational support to the System Office and component institutions.
 - Support and Maintenance Funding for Eligible Component Institutions—AUF allocations to provide support and maintenance to UT Austin, Texas A&M University, and Prairie View A&M University.
 - System Initiatives—AUF allocations used for initiatives that support the entire UT System and TAMU System.
- **AUF and PUF Comparison between UT and TAMU System.** The following tables provide a comparison of AUF and PUF related data for the UT System and TAMU System for reference.

	UT System	TAMU System
PUF Debt Comparison (as of 8/31/14)		
Constitutional Debt Limit	20 percent PUF book value	10 percent PUF book value
Value Constitutional Debt Limit	\$2,853.8 million	\$1,377.5 million
Outstanding Debt	\$2,002.5 million	\$810.4 million
Authorized but Unissued Debt	\$706.4 million	\$310.0 million
Remaining PUF Debt Capacity	\$145.0 million	\$257.1 million
AUF Comparison (2014-15 biennium)		
AUF Distribution	Two-thirds	One-third
Debt Service	\$329.5 million	\$207.2 million
System Administration/Operations	\$90.9 million	\$27.2 million
System Initiatives	\$167.6 million	\$44.2 million

Section 3a

	UT Austin	Texas A&M	Prairie View A&M
AUF Distributions (2014-15 Biennium)			
AUF Support and Maintenance Allocations	\$563.5 million	\$198.5 million	\$32.0 million
FTEs funded with AUF (FY 15)	1,625.8	560.0	75.0

2. **Estimated Appropriations.** The recommended AUF estimated appropriations for the 2016-17 biennium are based on the following assumptions:
 - An assumed annual investment return for the PUF of 6.82 percent; and
 - A distribution rate from the PUF of 5.0 percent in fiscal year 2016 and fiscal year 2017.

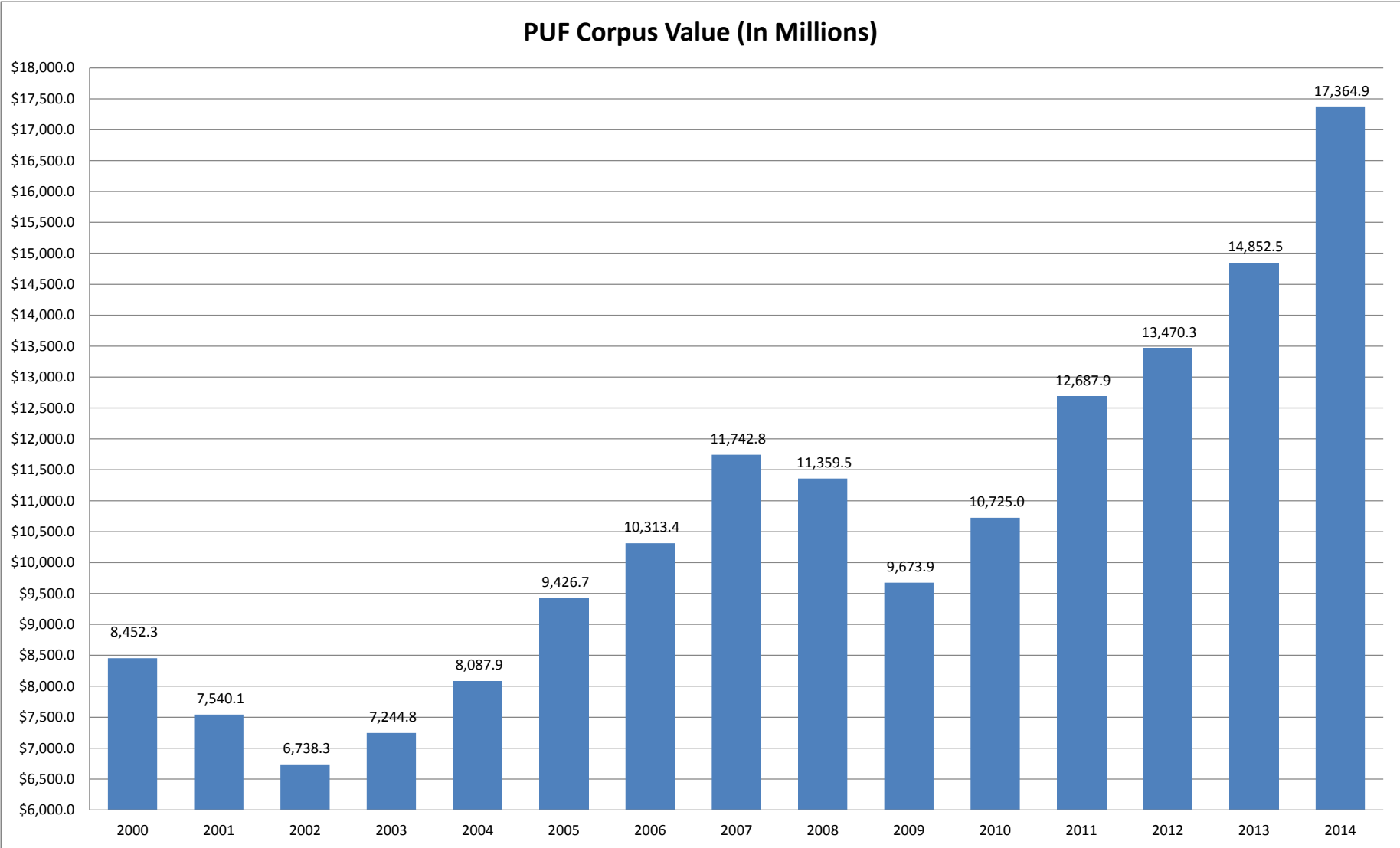
3. **Value of the PUF.** The market value of the PUF was \$17.4 billion as of August 31, 2014. Attachments to this section provide additional information on the corpus value of the PUF since fiscal year 2000 and a comparison of existing funds.

4. **PUF-backed Bonds.** The Texas Constitution authorizes the UT and TAMU System governing boards to issue PUF bonds to finance capital expenditures. Debt service payments on PUF bonds are paid from each respective system’s AUF allocation. As of August 31, 2014, outstanding PUF debt totaled \$2,002.5 million for UT System and \$810.4 million for TAMU System.

Section 3b

Performance of the Permanent University Fund (2000-2014)

Fiscal Year	Corpus Value	% Change Corpus Value
2000	8,452.3	0.00%
2001	7,540.1	(10.79%)
2002	6,738.3	(10.63%)
2003	7,244.8	7.52%
2004	8,087.9	11.64%
2005	9,426.7	16.55%
2006	10,313.4	9.41%
2007	11,742.8	13.86%
2008	11,359.5	(3.26%)
2009	9,673.9	(14.80%)
2010	10,725.0	10.87%
2011	12,687.9	18.30%
2012	13,470.3	6.17%
2013	14,852.5	10.26%
2014	17,364.9	16.92%



Section 3c

Comparison of Constitutional Funds

Fund	2016-17 Recommendations (Estimated)	Function/Purpose	Eligibility	Legal Basis	Allocation Methodology
Available University Fund	\$1,690.5 million (Estimated)	<p>Texas Constitution: "...for the purpose of acquiring land ...constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this Section..."</p> <p>Also:"...for the purpose of the support and maintenance of The Texas A&M University System administration, Texas A&M University, and Prairie View A&M University" and "The University of Texas at Austin and The University of Texas System".</p>	<p>Texas Constitution:</p> <p>For "support and maintenance": UT Austin, Texas A&M University, Prairie View University, UT System, A&M System</p> <p>For debt service: All component institutions that are not eligible to receive HEF support, including the TAMU System Agencies except Texas Veterinary Medical Diagnostic Laboratory (which per Education Code Section 88.701 "is a state agency under the jurisdiction and supervision of the board").</p>	<p>Article VII, Section 18(a-i) of the Texas Constitution</p> <p>General Appropriations Act</p>	<p>Texas Constitution requires 1/3 of the annual AUF proceeds be transferred to the Texas A&M University System and 2/3 of the annual AUF proceeds be transferred to The University of Texas System. Each System office determines how to apportion its share of the AUF between debt service and "support and maintenance", within guidelines specified by the Texas Constitution.</p>
Higher Education Fund	\$525.0 million	<p>To support institutions ineligible for AUF support.</p> <p>Article VII, Section 17(a): "...for the purpose of acquiring land...constructing and equipping buildings ...major repairacquisition of capital equipment...other permanent improvements, or capital equipment used jointly for educational and general activities...."</p>	<p>Article VII, Section 17(c) provides an allowance to add a new institution by a 2/3 vote of both houses of the Legislature if the new institution is outside the UT and A&M Systems.</p>	<p>Article VII, Section 17(a-l) of the Texas Constitution</p> <p>Education Code, Section 62.002</p> <p>General Appropriations Act</p>	<p>Article VII, Section 17(a) requires the HEF be allocated using an "equitable formula", defined in the Education Code (Section 62.021) as: "The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System."</p> <p>THECB administers the HEF formula reallocation advisory process.</p> <p>Education Code (Section 62.021) provides a by-institution breakout of annual HEF appropriations.</p>
Available National Research University Fund	\$61.1 million (Estimated)	<p>Article VII, Section 20 (a): "...for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities."</p> <p>Article VII, Section 20 (h): "...only for the support and maintenance of educational and general activities that promote increased research capacity at the university."</p>	<p>Designated an emerging research university by Texas Higher Education Coordinating Board.</p> <p>Reports at least \$45 million in restricted research expenditures in each of the last 2 years. Plus four of the following additional criteria:</p> <ol style="list-style-type: none"> 1) Endowments > \$400 million; 2) Produces > 200 PhDs per year; 3) Selective entering Freshmen class; 4) Member of Phi Beta Kappa or equivalent; 5) Possesses high quality faculty; and 6) Demonstrated commitment to high-quality graduate education. 	<p>Article VII, Section 20 (a-h) of the Texas Constitution</p> <p>Education Code, Section 62.141</p> <p>General Appropriation Act</p>	<p>Education Code, Section 62.148 (c): ".....of the total amount appropriated from the fund for distribution in a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of:</p> <ol style="list-style-type: none"> (1) one-seventh of the total amount appropriated; and (2) an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount." <p>Education Code, Section 62.148 (e):"If the number of institutions that are eligible for distributions in a state fiscal year is more than four, each eligible institution is entitled to an equal share of the total amount appropriated from the fund for distribution in that fiscal year."</p>

Section 4

**Available University Fund
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Available University Fund Rider Highlights - House

3. **The University of Texas System Share (amended).** Rider is amended to provide additional guidance on the use of the AUF by UT System Administration.
7. **Reporting Requirements for System Office Operations and System Initiatives (new).** Rider includes additional reporting requirements for both the UT and TAMU Systems regarding the use of AUF appropriations for system office operations and system initiatives.
8. **Appropriation Limitation for System Initiatives (new).** Rider requires that no AUF appropriations can be used for system initiatives at either system without prior written approval from the Legislative Budget Board.
9. **Limitation on Expenditure Growth for The University of Texas System (new).** Rider provides that AUF appropriations used for system office operations and system initiatives by the UT System in the 2016-17 biennium shall not increase more than two percent above the AUF amounts allocated for system office operations and system initiatives in the 2014-15 biennium.
10. **Program Categories (new).** Rider requires that all expenditures made with AUF appropriations must be categorized into one of the following categories: debt service; system office operations; system initiatives; or support and maintenance for eligible component institutions.

Section 1

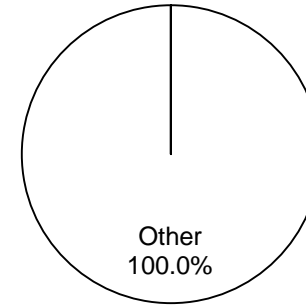
**Available National Research University Fund
Summary of Recommendations - House**

Page: III-69

Emily Deardorff, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$55,835,235	\$61,068,150	\$5,232,915	9.4%
All Funds	\$55,835,235	\$61,068,150	\$5,232,915	9.4%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs			0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

Section 1
Available National Research University Fund

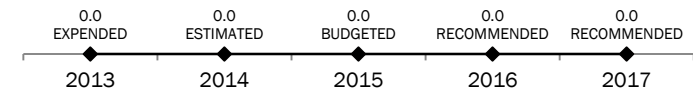
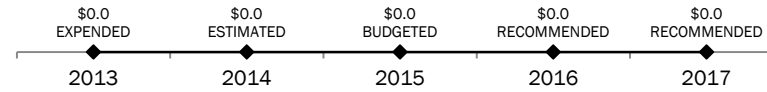
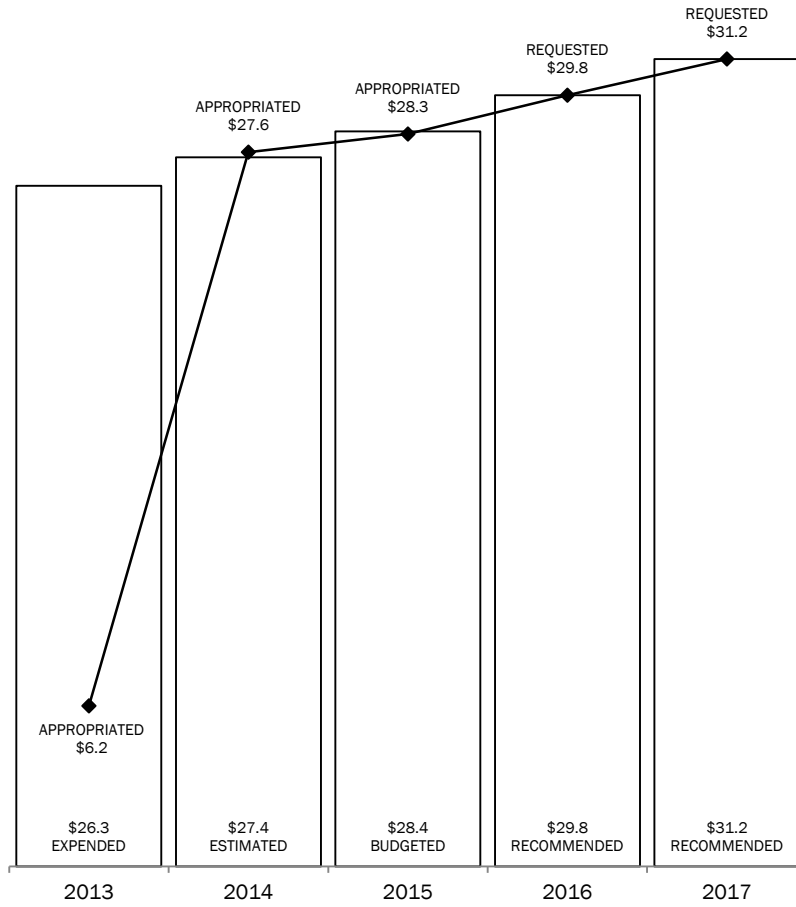
2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$61.1 MILLION

ALL FUNDS

**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Available National Research University Fund
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$55,835,235	\$61,068,150	\$5,232,915	9.4%	
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$55,835,235	\$61,068,150	\$5,232,915	9.4%	
Grand Total, All Strategies	\$55,835,235	\$61,068,150	\$5,232,915	9.4%	Increase is attributable to the expected growth of the National Research University Fund (NRUF) corpus.

Section 3a

National Research University Fund Selected Fiscal and Policy Issues - House

1. **Fund Purpose.** The National Research University Fund (NRUF) was established in 2010 to provide eligible institutions funding so that they may achieve national prominence as major research universities. Eligibility requirements are listed in Section 62.145 of the Texas Education Code. Eligibility is determined by the Higher Education Coordinating Board.
2. **Fund Distribution.** Annual distributions from the NRUF are 4.5 percent of the average value of the NRUF corpus for the previous three fiscal years. Of the total annual distribution, each eligible institution receives a distribution in an amount equal to the sum of: (1) one-seventh of the total distribution amount, and (2) an equal share of any remaining distribution amount, not to exceed an amount equal to one-fourth of the remainder. However, if more than four institutions are eligible to receive NRUF appropriation, then each eligible institution would receive an equal share of the distribution.
3. **Eligible Institutions.** The University of Houston and Texas Tech University are currently eligible to receive distributions. Of the remaining emerging research universities, The University of Texas at Dallas (UT Dallas) has fulfilled the most eligibility criteria but still must fulfill the mandatory criteria of reporting \$45 million in annual restricted research expenditures and one additional optional criterion. Because the eligibility criteria requires institutions to exceed the required criteria threshold in the two state fiscal years preceding the state fiscal year for which the appropriation is made, it is not likely that UT Dallas will become eligible to receive NRUF distributions before fiscal year 2017. Projected 2016-17 NRUF distributions for each eligible institution and the resulting reinvestment in the fund are included in Section 3b.
4. **Additional Information.** Additional information on the corpus value of the NRUF is included in Section 3c as well as a comparison of research fund eligibility for institutions of higher education.

Projected National Research University Fund Distributions 2016-17

FY 2015 (Houston, Texas Tech)	
NRUF Average Value	\$ 631,295,111
4.5 percent distribution	\$ 28,408,280
1/7 to Each Institution	\$ 4,058,326
1/4 remaining distribution to each institution	\$ 5,072,907
Total to Each Institution	\$ 9,131,233
Total Distribution	\$ 18,262,466
Amount Reinvested	\$ 10,145,814

FY 2016 (Houston, Texas Tech)	
NRUF Average Value	\$ 662,648,044
4.5 percent distribution	\$ 29,819,162
1/7 to Each Institution	\$ 4,259,880
1/4 remaining distribution to each institution	\$ 5,324,850
Total to Each Institution	\$ 9,584,731
Total Distribution	\$ 19,169,461
Amount Reinvested	\$ 10,649,701

Assuming two eligible institutions

FY 2017 (Houston, Texas Tech)	
NRUF Average Value	\$ 694,421,956
4.5 percent distribution	\$ 31,248,988
1/7 to Each Institution	\$ 4,464,141
1/4 remaining distribution to each institution	\$ 5,580,176
Total to Each Institution	\$ 10,044,318
Total Distribution	\$ 20,088,635
Amount Reinvested	\$ 11,160,353

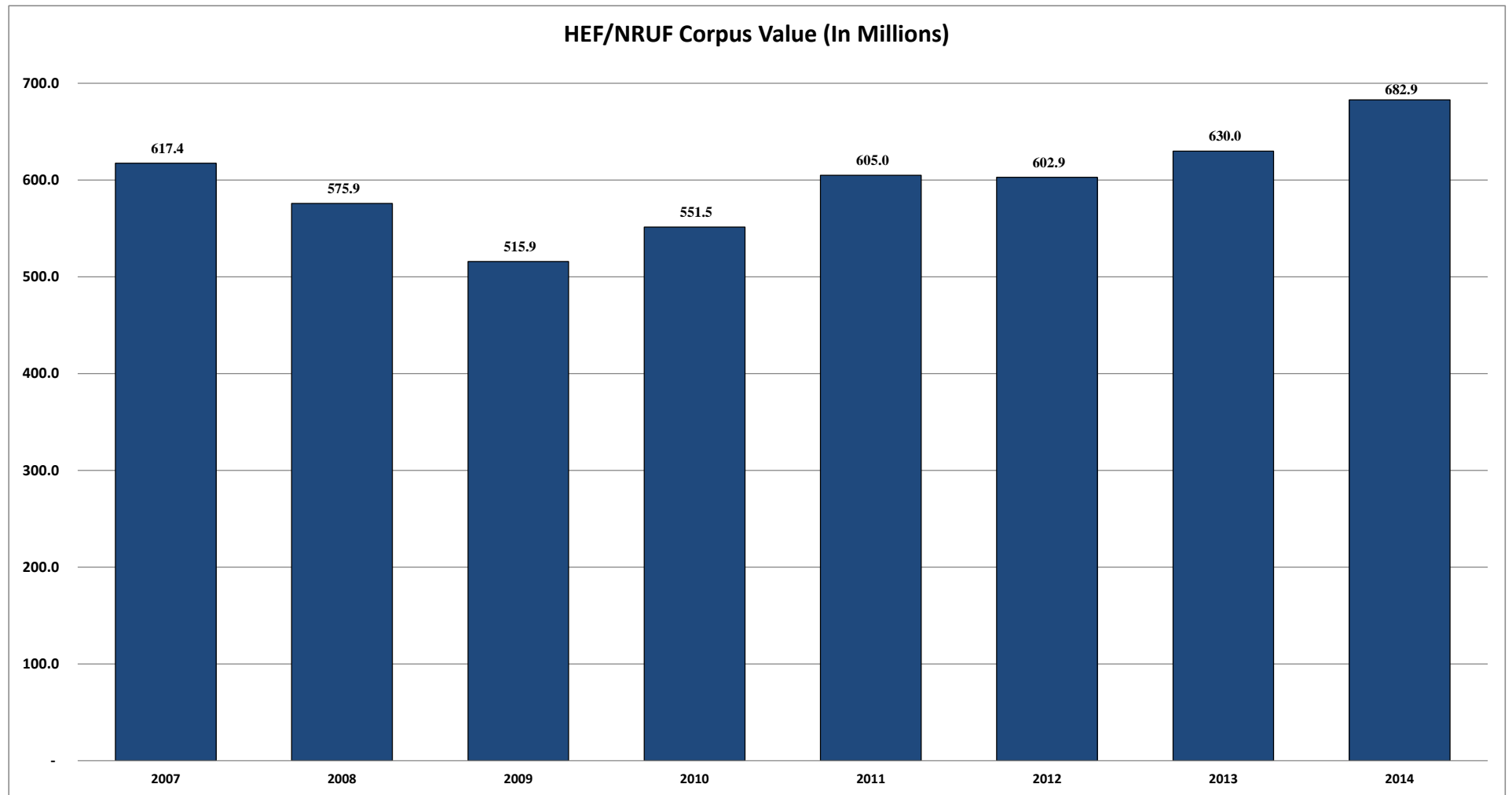
Assuming three eligible institutions

FY 2017 (Houston, Texas Tech, UT Dallas)	
NRUF Average Value	\$ 694,421,956
4.5 percent distribution	\$ 31,248,988
1/7 to Each Institution	\$ 4,464,141
1/4 remaining distribution to each institution	\$ 4,464,141
Total to Each Institution	\$ 8,928,282
Total Distribution	\$ 26,784,847
Amount Reinvested	\$ 4,464,141

Performance of the Permanent Higher Education Fund / National Research University Fund (2007-2014)

Fiscal Year	Corpus Value	% Change Corpus Value
2007	617.4	
2008	575.9	-6.7%
2009	515.9	-10.4%
2010	551.5	6.9%
2011	605.0	9.7%
2012	602.9	-0.3%
2013	630.0	4.5%
2014	682.9	8.4%

Proposition 4 passed in November of 2009 transferring the HEF corpus to the credit of the NRUF.



Comparison of Research Fund Eligibility for Institutions of Higher Education, 2016-17 biennium

Institution	National Research University Fund	Texas Research University Fund	Comprehensive Research Fund	Texas Research Incentive Program
The University of Texas at Arlington				X
The University of Texas at Austin		X		
The University of Texas at Dallas				X
The University of Texas at El Paso				X
The University of Texas of the Permian Basin			X	
The University of Texas Rio Grande Valley			X	
The University of Texas at San Antonio				X
The University of Texas at Tyler			X	
Texas A&M University		X		
Texas A&M University at Galveston			X	
Prairie View A&M University			X	
Tarleton State University			X	
Texas A&M University--Corpus Christi			X	
Texas A&M International University			X	
Texas A&M University--Kingsville			X	
Texas A&M University--Commerce			X	
Texas A&M University--San Antonio			X	
Texas A&M University--Texarkana			X	
Texas A&M University--Central Texas			X	
West Texas A&M University			X	
University of Houston	X			X
University of Houston--Clear Lake			X	
University of Houston--Downtown			X	
University of Houston--Victoria			X	
Texas Tech University	X			X
Angelo State University			X	
University of North Texas				X
University of North Texas--Dallas			X	
Midwestern State University			X	
Stephen F. Austin State University			X	
Texas Southern University			X	
Texas Woman's University			X	
Lamar University			X	
Sul Ross University			X	
Sul Ross University--Rio Grande			X	
Sam Houston State University			X	
Texas State University				X

*This chart denotes which institutions are eligible to receive funding from each respective research fund, but does not necessarily imply those institutions have received funding from the research fund.

**All general academic institutions are eligible for Norman Hackerman Advanced Research Program; however, the fund was not included in this comparison due to the relatively small size of the fund and because private institutions are also eligible recipients.

Section 3e

Comparison of Constitutional Funds

Fund	2016-17 Recommendations (Estimated)	Function/Purpose	Eligibility	Legal Basis	Allocation Methodology
Available University Fund	\$1,690.5 million (Estimated)	<p>Texas Constitution: "...for the purpose of acquiring land ...constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this Section..."</p> <p>Also:"...for the purpose of the support and maintenance of The Texas A&M University System administration, Texas A&M University, and Prairie View A&M University" and "The University of Texas at Austin and The University of Texas System".</p>	<p>Texas Constitution:</p> <p>For "support and maintenance": UT Austin, Texas A&M University, Prairie View University, UT System, A&M System</p> <p>For debt service: All component institutions that are not eligible to receive HEF support, including the TAMU System Agencies except Texas Veterinary Medical Diagnostic Laboratory (which per Education Code Section 88.701 "is a state agency under the jurisdiction and supervision of the board").</p>	<p>Article VII, Section 18(a-i) of the Texas Constitution</p> <p>General Appropriations Act</p>	<p>Texas Constitution requires 1/3 of the annual AUF proceeds be transferred to the Texas A&M University System and 2/3 of the annual AUF proceeds be transferred to The University of Texas System. Each System office determines how to apportion its share of the AUF between debt service and "support and maintenance", within guidelines specified by the Texas Constitution.</p>
Higher Education Fund	\$525.0 million	<p>To support institutions ineligible for AUF support.</p> <p>Article VII, Section 17(a): "...for the purpose of acquiring land...constructing and equipping buildings ...major repairacquisition of capital equipment...other permanent improvements, or capital equipment used jointly for educational and general activities...."</p>	<p>Article VII, Section 17(c) provides an allowance to add a new institution by a 2/3 vote of both houses of the Legislature if the new institution is outside the UT and A&M Systems.</p>	<p>Article VII, Section 17(a-l) of the Texas Constitution</p> <p>Education Code, Section 62.002</p> <p>General Appropriations Act</p>	<p>Article VII, Section 17(a) requires the HEF be allocated using an "equitable formula", defined in the Education Code (Section 62.021) as: "The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System."</p> <p>THECB administers the HEF formula reallocation advisory process.</p> <p>Education Code (Section 62.021) provides a by-institution breakout of annual HEF appropriations.</p>
Available National Research University Fund	\$61.1 million (Estimated)	<p>Article VII, Section 20 (a): "...for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities."</p> <p>Article VII, Section 20 (h): "...only for the support and maintenance of educational and general activities that promote increased research capacity at the university."</p>	<p>Designated an emerging research university by Texas Higher Education Coordinating Board.</p> <p>Reports at least \$45 million in restricted research expenditures in each of the last 2 years. Plus four of the following additional criteria:</p> <ol style="list-style-type: none"> 1) Endowments > \$400 million; 2) Produces > 200 PhDs per year; 3) Selective entering Freshmen class; 4) Member of Phi Beta Kappa or equivalent; 5) Possesses high quality faculty; and 6) Demonstrated commitment to high-quality graduate education. 	<p>Article VII, Section 20 (a-h) of the Texas Constitution</p> <p>Education Code, Section 62.141</p> <p>General Appropriation Act</p>	<p>Education Code, Section 62.148 (c): ".....of the total amount appropriated from the fund for distribution in a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of:</p> <ol style="list-style-type: none"> (1) one-seventh of the total amount appropriated; and (2) an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount." <p>Education Code, Section 62.148 (e):"If the number of institutions that are eligible for distributions in a state fiscal year is more than four, each eligible institution is entitled to an equal share of the total amount appropriated from the fund for distribution in that fiscal year."</p>

Section 1

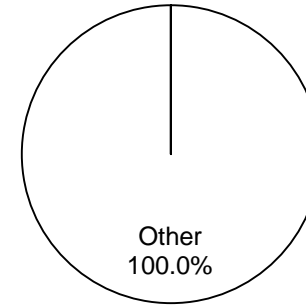
**Permanent Fund Supporting Military and Veterans Exemptions
Summary of Recommendations - House**

Page: III-70

Emily Deardorff, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$11,374,590	\$23,504,213	\$12,129,623	106.6%
All Funds	\$11,374,590	\$23,504,213	\$12,129,623	106.6%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs			0.0	0.0%

The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

Section 1
Permanent Fund Supporting Military and Veterans Exemptions

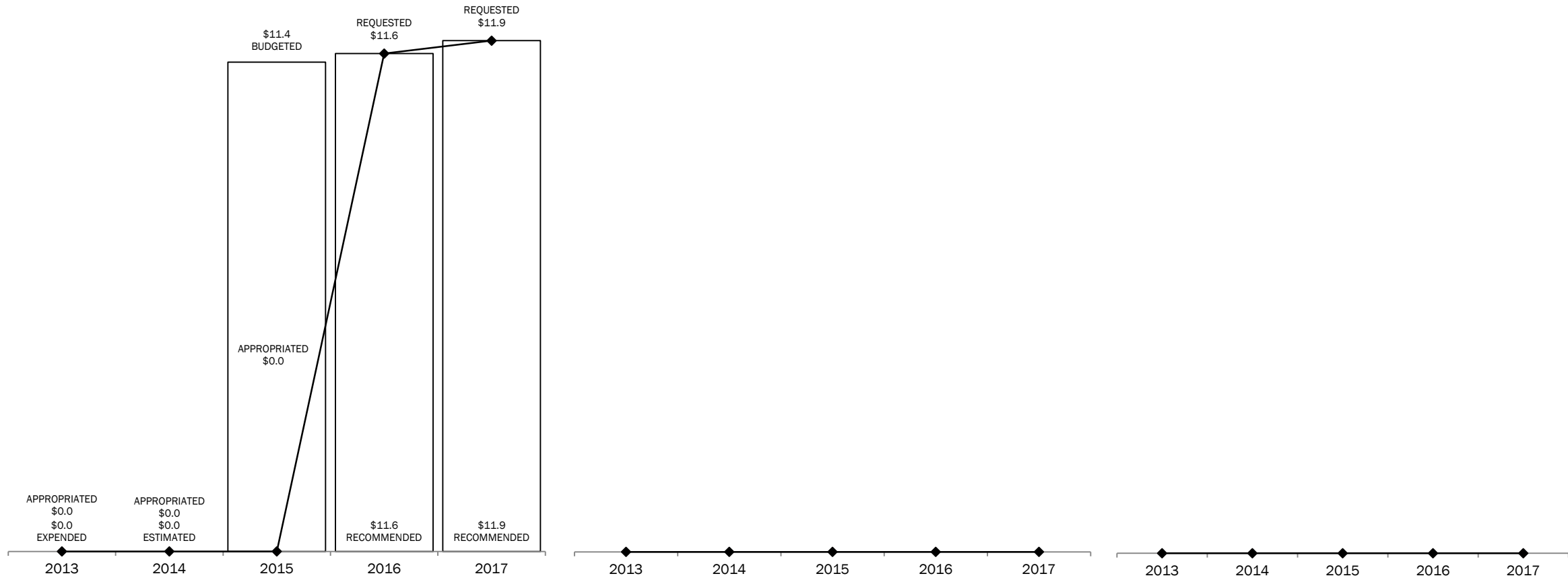
2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$23.5 MILLION

ALL FUNDS

**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**

FULL-TIME-EQUIVALENT POSITIONS



Note: No appropriations were made for the Permanent Fund Supporting Military and Veterans Exemptions in the 2014-15 biennium. Donations were made to the fund in fiscal year 2014 allowing for a distribution of \$11.4 million to eligible institutions in fiscal year 2015.

Section 2

**Permanent Fund Supporting Military and Veterans Exemptions
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$11,374,590	\$23,504,213	\$12,129,623	106.6%	
Total, Goal A, MANAGE/ADMINISTER PERMANENT FUND	\$11,374,590	\$23,504,213	\$12,129,623	106.6%	
Grand Total, All Strategies	\$11,374,590	\$23,504,213	\$12,129,623	106.6%	Increase is attributable to the expected growth of the Permanent Fund Supporting Military and Veterans Exemptions and annual distributions in each year of the 2016-17 biennium. The first distribution from the fund was released in October 2014.

Section 3

Permanent Fund Supporting Military and Veterans Exemptions Selected Fiscal and Policy Issues – House

- 1. Establishment of Fund.** The Hazlewood Exemption provides an educational benefit to eligible Texas veterans residing in the state, and certain dependents or spouses of Texas veterans, by authorizing an exemption from tuition and required fees at public institutions of higher education. The Hazlewood Legacy Program, which began in fall 2009 due to the enactment of Senate Bill 93, Eighty-first Legislature, allows a veteran to pass on this educational benefit to a child for use at public institutions of higher education. The Eighty-third Legislature, Regular Session, 2013, created the Permanent Fund Supporting Military and Veterans Exemptions (MVE) to help public institutions of higher education offset the waived tuition and fee revenue from the Hazlewood Legacy Program. Funding for the MVE is composed of money transferred or appropriated to the fund by the Legislature, gifts and grants contributed to the fund, and investment returns from the fund. To date, the corpus of the MVE is composed only of donations made to the fund and the resulting investment returns. No appropriations have been made to the fund. The MVE is managed by the Texas Treasury Safekeeping Trust Company in a manner that is consistent with other funds managed by the Treasury Safekeeping Trust Company.
- 2. Fund Distribution.** The annual distribution of the MVE is an amount equal to 4.5 percent of the twenty-quarter, moving-average value of the fund. Until the MVE has been in place for twenty quarters, a shorter average will be used based on the number of quarters the MVE has been in place. Once the annual distribution is released, the Legislative Budget Board (LBB) determines the appropriate distribution of funds to each eligible institution of higher education based on the proportion of each institution's respective share of the total waived tuition and fee revenue resulting from the Hazlewood Legacy Program according to data from the Hazlewood database (see Rider Highlights #1). The Hazlewood database is managed by the Texas Higher Education Coordinating Board (THECB) but is in the process of being transitioned to the Texas Veterans Commission (TVC).
- 3. Fund Balance.** The value of the MVE was \$260.0 million as of August 31, 2014.
- 4. Funding at Veterans Commission.** In addition to appropriations from the MVE, recommendations include \$30.0 million in General Revenue appropriations to Veterans Commission for the 2016-17 biennium to provide funding to institutions of higher education to offset the waived tuition and fee revenue from the Hazlewood Legacy Program. Pursuant to a new rider in the Veterans Commission bill pattern, the appropriations will be allocated to each eligible institution based on the proportion of each institution's respective share of the total waived tuition and fee revenue resulting from the Hazlewood Legacy Program in a manner consistent with the annual distribution from the MVE.
- 5. Waived Tuition and Fee Revenue.** The following table provides the total annual amount of waived tuition and fee revenue by recipient type for the Hazlewood Exemption across all institutions of higher education. In fiscal year 2014, the Legacy Program comprised 65.8 percent of the total value of the annual waived tuition and fees for the Hazlewood Exemption.

Section 3

Waived Tuition and Fees for Hazlewood Exemption by Recipient Type (in millions)

Fiscal Year	Veteran	Dependent	Spouse	Legacy	Total
2012	\$43.4	\$3.5	\$0.6	\$62.7	\$110.2
2013	\$50.0	\$4.2	\$1.1	\$90.9	\$146.1
2014	\$49.8	\$6.5	\$1.4	\$111.3	\$169.1

6. **Hazlewood Exemption Lawsuit.** On January 26, 2015, the U.S. District Court for the Southern Division of Texas ruled that the fixed point residency requirement of the Hazlewood Exemption is unconstitutional. The fixed point residency requirement requires that individuals must have entered military service in Texas, declared Texas as their home of record, or were Texas residents when they entered military service in order to qualify for a Hazlewood Exemption. The judge ruled that this provision violates the Equal Protection Clause of the Fourteenth Amendment of the U.S. Constitution because the requirement discriminates between veterans based solely upon their state of residency when they entered military service. The judge determined the fixed point residency requirement to be severable from the remainder of the Hazlewood Exemption provisions, allowing individuals currently receiving the benefit to continue using the exemption. However, the Office of the Attorney General has stated they plan on appealing the decision. Should the fixed point residency requirement be finally determined to be no longer applicable, the number of eligible exemption recipients would be expected to increase significantly.

Section 4

**Permanent Fund Supporting Military and Veterans Exemptions
Performance Review and Policy Report Highlights**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Permanent Fund Supporting Military and Veterans Exemptions Rider Highlights - House

1. **Distribution to Eligible Institutions.** New rider outlining the annual distribution process of funds from the MVE to institutions of higher education.

Section 1

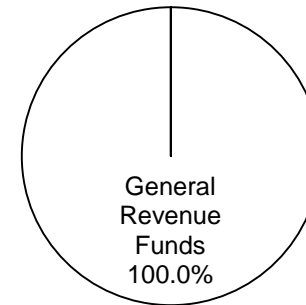
Higher Education Employees Group Insurance Contributions
Summary of Recommendations - House

Page: III-39

Emily Deardorff, LBB Analyst

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$1,189,205,243	\$1,375,254,536	\$186,049,293	15.6%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,189,205,243</i>	<i>\$1,375,254,536</i>	<i>\$186,049,293</i>	<i>15.6%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$1,622,947	\$0	(\$1,622,947)	(100.0%)
All Funds	\$1,190,828,190	\$1,375,254,536	\$184,426,346	15.5%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs			0.0	0.0%

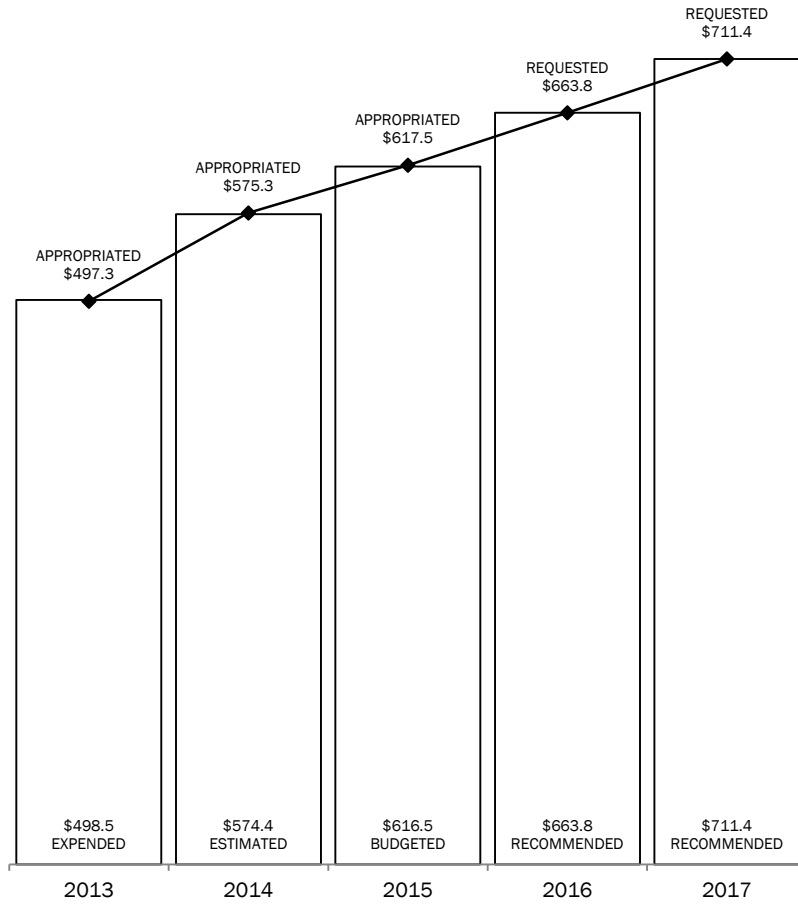
The bill pattern for this agency (2016-17 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2016-17 biennium.

The General Revenue amounts recommended here represent 100 percent of the direct General Revenue state contributions appropriated to institutions of higher education for the purpose of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree they receive fund sources other than General Revenue. Any difference between actual premium costs and appropriated state contributions is paid by the institution.

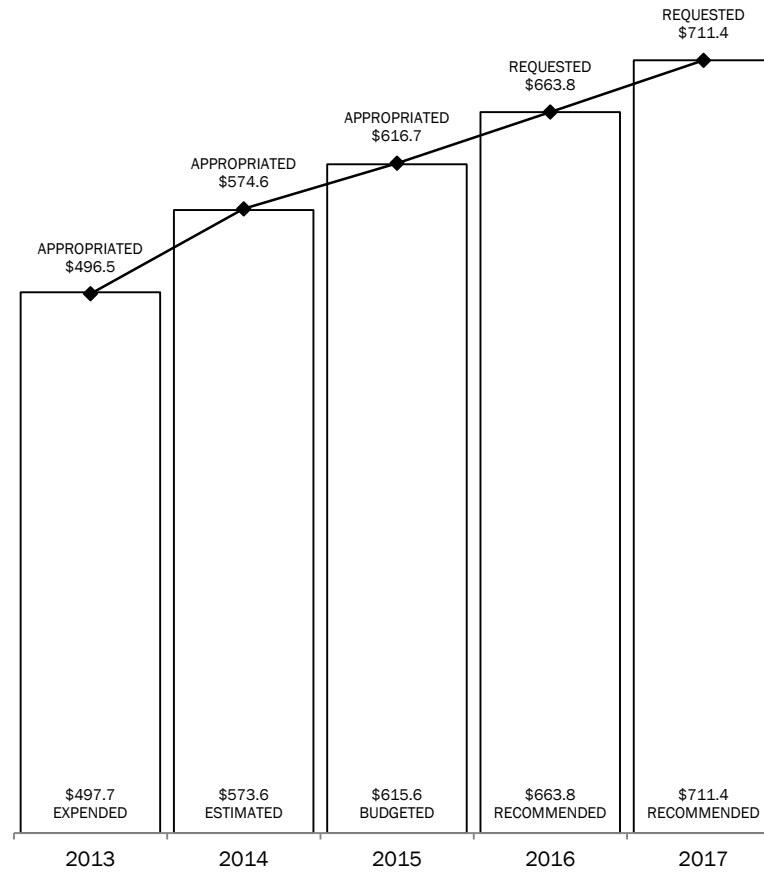
Section 1
Higher Education Employees Group Insurance Contributions
 2016-2017 BIENNIUM
 IN MILLIONS

TOTAL= \$1,375.3 MILLION

ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Section 2

**Higher Education Employees Group Insurance Contributions
Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
Total, Goal A, STATE CONTRIBUTION, UT SYSTEM	\$397,706,643	\$471,651,920	\$73,945,277	18.6%	
Total, Goal B, STATE CONTRIBUTION, A&M SYSTEM	\$195,420,713	\$227,857,796	\$32,437,083	16.6%	
Total, Goal C, STATE CONTRIBUTION, ERS	\$597,700,834	\$675,744,820	\$78,043,986	13.1%	
Grand Total, All Strategies	\$1,190,828,190	\$1,375,254,536	\$184,426,346	15.5%	

Contributions for The University of Texas System and Texas A&M University System are based on the same annual premium growth assumptions (cost growth of 7.19 percent in fiscal year 2016 and 7.17 percent in fiscal year 2017) used for the Employees Retirement System group benefits program recommendations.

All of the above Higher Education Employees Group Insurance (HEGI) contributions are General Revenue Fund 001, except for the Texas A&M Forest Service, which in addition to Fund 001 appropriations, also receives HEGI contributions paid out of the Insurance Company Maintenance Tax Fees and Insurance Department Fund 8042 (\$2.3 million in fiscal year 2016; \$2.5 million in fiscal year 2017). In House Bill 1 as Introduced, the Texas A&M Transportation Institute no longer receives appropriations from State Highway Fund 6 (see Selected Fiscal and Policy Issues #5).

Section 3a

Higher Education Employees Group Insurance Contributions Selected Fiscal and Policy Issues - House

1. **HEGI Data Assumptions.** Recommendations are based on each institution's best estimate of actual enrollment as of December 1, 2014, and the institution's estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution's fiscal year 2014 Accounting Policy Statement 011 (APS 011) report, as reported in each institution's respective Legislative Appropriations Request. Community colleges are not subject to proportionality requirements and therefore do not submit an APS 011 Report. Institutions will submit actual enrollment and proportionality submitted in the APS 011 report to the LBB by mid-February for the December 1, 2014, census date. Should the Legislature opt to use the updated census data and maintain the recommended rates, there will be a reallocation in funding among institutions and possibly also in overall appropriations.
2. **Premium Contribution Rates.** While premium contributions for general state employees are funded at 100 percent of Employee Retirement System (ERS) premium rates, since fiscal year 2004 the Legislature has provided a lower level of premium contributions for higher education employees.

For the 2012-13 biennium, the state paid the following percentages of premium rates:

- 85.8 percent for institutions of higher education insured within the ERS Group Benefits Program (GBP);
- 83.4 percent for institutions of higher education within the University of Texas (UT) and Texas A&M University (TAMU) Systems; and
- 42.1 percent for community colleges insured within the ERS GBP.

For the 2014-15 biennium, the state paid the following percentages of premium rates:

- 89.4 percent for institutions of higher education insured within the ERS GBP;
- 87.0 percent for institutions of higher education within the UT and TAMU Systems; and
- 50.0 percent for community colleges insured within the ERS GBP.

Recommended amounts maintain the 2014-15 rate contribution levels. Using these rates as a baseline, the recommendations are consistent with the recommendations for ERS' general state employees by providing annual rate increases of 7.19 percent in fiscal year 2016 and 7.17 percent in fiscal year 2017. Senate Bill (SB) 1812, Eighty-third Legislature, set the state contribution rate for community colleges at 50 percent of the full contribution rate in statute, therefore this rate can only change through legislation. Please see Section 3c and 3d for a comparison of different proration rates and the resulting funding compared to the recommended 2016-17 biennium funding level as well as a comparison of HEGI expenditure amounts since the 2010-11 biennium.

3. **Employee Headcount Trends.** For institutions of higher education (excluding community colleges), the total number of employees increased by 3.6 percent from the previous biennium and the number of General Revenue funded employees increased by 2.7 percent from the previous biennium. For community colleges, the total number of employees increased by 5.8 percent and the number of Instructional and Administrative (I&A) employees increased by 4.3 percent. However, because of the growth limitations established in SB 1812, the number of I&A employees eligible to receive HEGI contributions decreased by 2.6 percent from the previous biennium. Sections 3e and 3f provide additional detail on employee headcount trends for reference.

Section 3a

- 4. **Contributions for Community Colleges.** SB 1812, Eighty-third Legislature, set the state contribution rate for HEGI contributions for community colleges at 50 percent of the cost associated with eligible I&A employees. SB 1812 also specifies that the number of employees eligible to receive HEGI contributions may not be adjusted in a proportion greater than the change in student enrollment at each institution. For community colleges that experience a decline in enrollment, they may petition the LBB to maintain eligible employees up to 98 percent of the employee level of the previous biennium.

Recommendations are based on enrollment and headcount growth limitations provided in statute and do not consider any petition adjustments. For all community college districts, the growth limitations reduce the total number of employees eligible to receive HEGI contributions from 39,491 to 36,871 employees (approximately a 6.6 percent decrease). The reduction in eligible employees is greater than the 4.6 percent decline in contact hours because at some community colleges the number of eligible HEGI employees declined at a rate greater than enrollment.

The following table provides a summary of the recommended eligible employees and resulting recommended appropriations for the 2016-17 biennium included in House Bill 1 as Introduced. For reference, the table also includes the number of eligible employees and resulting funding level if the maximum 98 percent hold harmless level was granted through the petition process.

Community College HEGI Contributions: Petition Option Comparison

	Total Eligible Employees	2016-17 Appropriation
Recommended: No Petition	36,871	\$314,347,484
Maximum Petition Hold Harmless (98%)	37,758	\$322,219,025
Difference:	887	\$7,871,541

- 5. **Method of Finance Swap.** Recommendations replace HEGI appropriations to the Texas A&M Transportation Institute (TTI) funded with State Highway Fund 6 with General Revenue. This recommendation is consistent with the recommended method of finance swap for funding directly appropriated to TTI in the agency’s bill pattern. HEGI Appropriations to TTI total \$1.9 million for the 2016-17 biennium.
- 6. **Contributions for Correctional Managed Health Care (CMHC) Employees.** Certain institutions receive HEGI appropriations for individuals employed by institutions, but associated with an external contract. This applies to The University of Texas Medical Branch (UTMB) at Galveston and Texas Tech Health Sciences Center (TTHSC) for the CMHC contracts with the Texas Department of Criminal Justice (TDCJ) and/or the Texas Juvenile Justice Department (JJJ), and for the University of Texas Health Science Center at Houston for its contract for the Harris County Psychiatric Center. Rider 6 specifies the amounts allocated for employees associated with these contracts within Strategy A.1.10 UT Medical – Galveston, Strategy C.1.23 Texas Tech Health Sciences Center, and Strategy A.1.11 UTHSC Houston.

Section 3a

7. **Contributions for CMHC Retirees.** Recommendations include TDCJ and JJD retirees within the CMHC employee calculation for both UTMB and TTHSC. In previous biennia, TDCJ retirees from TTHSC were included in the TTHSC HEGI contribution calculation rather than the CHMC HEGI contribution calculation, causing those employees to be funded at the General Revenue proportionality rate for TTHSC instead of the CMHC contract. This recommended change makes the CMHC HEGI contribution calculation methodology consistent between TTHSC and UTMB. Compared to the previous calculation methodology, this recommendation results in \$0.2 million in additional HEGI appropriations to TTHSC.
8. **Regional Academic Health Center Employees.** Employees reported for The University of Texas Health Science Center San Antonio (UTHSC-SA) include employees from the Regional Academic Health Center (RAHC) in the Rio Grande Valley. Recommendations include allowing UTHSC-SA to transfer HEGI appropriations to The University of Texas Rio Grande Valley (UTRGV) for the purpose of funding group insurance for employees of the UTRGV School of Medicine (see Rider Highlights #6). Please see Section 3b for a supplementary policy overview for additional information on the integration of Health Related Institutions and General Academic Institutions.
9. **Higher Education Benefits Reporting Issues.** During the interim, audit findings showed that the University of North Texas (UNT) had engaged in accounting practices that resulted in the institution receiving state-funded benefits for locally-funded employees. This included payments for group insurance, retirement, and social security. This discovery prompted Governor Perry to require all institutions of higher education to internally audit their benefits reporting practices and ensure all institutions were adhering to proportionality standards. The following summaries provide an overview of six institutions that have engaged in reporting practices that have resulted in the institutions receiving excess benefits payments. The degree to which these funds should be repaid to the state is a budget policy issue that is yet to be determined.
 - **University of North Texas.** Over the course of the interim, UNT officials discovered accounting irregularities regarding how the institution managed its state appropriations. The institution's practice was to use General Revenue to pay employee salary and benefits and then reimburse their account with local funds as needed for locally funded employees. However, while the institution reimbursed the salary amounts for the locally funded employees, they did not reimburse the corresponding benefit expenses for those salaries, resulting in the institution drawing down General Revenue benefits for non-state funded employees. This practice violates the proportionality requirement provided in Article IX, Sec. 6.08, 2014-15 General Appropriations Act, which requires that employee benefits must be paid from the same source of funds as the salaries associated with those benefits.

In addition, UNT incorrectly reported employees in Schedule 3A, Staff Group Insurance Data Elements, in their previous Legislative Appropriations Requests. The data provided by this schedule is used to calculate each institution's HEGI and Staff Group Insurance (SGI) appropriations. As a result of their accounting practices, UNT was incorrectly categorizing employees as Educational and General Funds (E&G) employees, resulting in additional HEGI and SGI appropriations to the institution. For the 2016-17 biennium, the institution corrected the reporting practice. As a result, recommended HEGI appropriations for UNT total \$30.3 million for the 2016-17 biennium, a decrease of \$11.2 million from HEGI appropriated amounts for the 2014-15 biennium.

UNT hired Deloitte to perform an independent audit of the institution's financial management practices and the State Auditor's Office (SAO) also conducted an audit. Both audits found evidence of the reporting practice being in place since at least fiscal year 2004. According to the SAO report, UNT received an estimated \$75.6 million in excess state funding since 2004. SAO recommends that the Eighty-fourth Legislature require UNT to reimburse at least \$75.6 million to the General Revenue Fund over the next 10 years. To date, UNT has

Section 3a

submitted a remittance payment of \$4.7 million to CPA to reimburse the state for the overpayments received in fiscal year 2012.

- **The University of Texas at Dallas.** In September 2014, LBB was notified that due to a programming mapping error in PeopleSoft, UT Dallas had incorrectly reported some local-funded benefits as state-funded benefits in their Accounting Policy Statement (APS) 011 report in fiscal years 2011 through 2013. This caused the actual state-funded benefits they included in their APS 011 reports to be overstated resulting in UT Dallas receiving excess benefit funds from the state totaling approximately \$4.0 million from fiscal year 2011 to fiscal year 2014. UT Dallas worked with the CPA to correct the problem and submitted a remittance payment of \$3.1 million to CPA to reimburse the state for the overpayments received in fiscal year 2012 and fiscal year 2013. Because fiscal year 2011 was closed, CPA determined that they would not allow UT Dallas to make any adjustments in USAS for fiscal year 2011.
- **Texas State System Office.** In October 2014, LBB was notified that the Texas State System Office had been incorrectly categorizing some of their employees as E&G employees, resulting in the System Office receiving excess benefits funding from the state totaling approximately \$0.8 million from fiscal year 2011 to fiscal year 2014. The System Office has been working with CPA to fix the problem and submitted a remittance payment of \$0.4 million to reimburse the state for the overpayments received in fiscal year 2013 and fiscal year 2014. Similar to UT Dallas, CPA determined that they would not allow the System Office to make any adjustments in USAS for fiscal years 2011 and 2012 because those fiscal years were already closed. While the problem may have existed in prior fiscal years, the scope of the internal audit only went back to fiscal year 2011 so the level of prior overpayments is unknown.
- **University of Houston System.** During Strategic Fiscal Review of the system offices, LBB found that the University of Houston (UH) System was incorrectly categorizing some locally funded employees as E&G employees in the group insurance data submitted for HEGI calculations. UH System provided updated HEGI data which resulted in a decrease of \$0.6 million in HEGI appropriations for the 2016-17 biennium compared to the calculations based on the original data elements submitted in the institution's 2016-17 biennium Legislative Appropriations Request.
- **Stephen F. Austin State University.** In January 2015, LBB was notified that Stephen F. Austin State University (SFA) was reporting their benefits proportionality based on job function rather than method of finance. This resulted in SFA drawing down excess benefits funding from the state totaling approximately \$6.7 million from fiscal year 2012 to fiscal year 2014. SFA is currently working with CPA to resolve the issue. While the problem may have existed in prior fiscal years, the scope of CPA's investigation only went back to fiscal year 2012 so the level of prior overpayment is unknown.
- **The University of Texas at Arlington.** In January 2015, LBB was notified that in fiscal year 2011, The University of Texas at Arlington (UTA) also reimbursed salaries and wages previously paid with state funds with institutional funds but did not reimburse the related benefit costs associated with those salaries and wages. This resulted in UTA receiving excess benefits funding from the state totaling approximately \$0.7 million fiscal year 2011. Similar to other institutions, CPA has determined they would not allow UTA to make any adjustments in USAS for fiscal year 2011 because the fiscal year is closed.

Section 3b

Integration of Health Related Institutions (HRI) and General Academic Institutions (GAI) Selected Policy Overview - House

Background. Prior to the Eighty-third Legislative Session, all public medical schools in Texas were located at health related institutions (HRI) and were not directly associated with a general academic institution (GAI). During the current biennium, several institutions have realized an integration of medical schools within a GAI:

- **Texas A&M University Health Sciences Center (TAMUHSC) and Texas A&M University (TAMU):** On July 15, 2013, TAMUHSC completed its realignment under TAMU as an academic unit within the university after previously operating as separate entities since TAMUHSC's creation in 1976. Below is a brief summary of how the two institutions have aligned individual functions:
 - **Budget Structure:** TAMU and TAMUHSC each maintain a separate bill pattern, agency code, and participate in formula funding and legislative discussions as a GAI and HRI, respectively.
 - **Formula Funding:** TAMU and TAMUHSC each receive formula funding through the GAI and HRI formulas, respectively. When beginning a new program, the institution chooses whether it will be done through TAMU and TAMUHSC and thus, receive the corresponding formula funding.
 - **Research Considerations:** TAMU and TAMUHSC each maintain separate accounting of research expenditures based on the principal investigator. The research expenditures are reported to the state under the separate entities. TAMU does not receive any allocation of funds from research funds designated for GAIs for research generated through TAMUHSC and vice versa.
- **The University of Texas Rio Grande Valley (UTRGV) School of Medicine:** Senate Bill (SB) 24, Eighty-third Legislative Session, established UTRGV as a GAI comprised of components including a medical school and the Lower Rio Grande Valley Academic Health Center authorized by Texas Education Code Section 74, Subchapter N and Subchapter L, respectively. The Lower Rio Grande Valley Academic Health Center is currently managed by The University of Texas Health Science Center at San Antonio (UTHSC-SA). The center is referred to as the Regional Academic Health Center (RAHC) and UTHSC-SA received \$30.6 million for this special item during the 2014-15 biennium. Of this funding, \$10.0 million over the biennium was contingency funding provided to UTHSC-SA to implement the provisions of SB24, Eighty-third Legislature, UTRGV's enabling statute. The RAHC is intended to provide the basis of UTRGV School of Medicine. The UTRGV School of Medicine is scheduled to open in fall 2016. UTHSC-SA will continue to matriculate students through the RAHC until 2020.
- **The University of Texas (UT) at Austin Dell Medical School:** UT Austin notified the Higher Education Coordinating Board (THECB) of the establishment of a new medical program in February 2013. UT Austin did not receive direct appropriations for the Dell Medical School during the 2014-15 biennium and the school is scheduled to open in fall 2016.

Items for Consideration and Items Included in Recommendations for the 2016-17 Biennium

Issue #1. Budget Structure. The introduced bill includes funding for a medical school in a separate bill pattern from its affiliated GAI for UTRGV and UTRGV School of Medicine. This methodology is consistent with the structure of TAMU and TAMUHSC.

Included in Recommendations: Appropriations for the UTRGV School of Medicine are provided in a new bill pattern and include \$15.7 million each year of the 2016-17 biennium reallocated from funding provided to UTHSC-SA during the 2014-15 biennium for the RAHC and Family Practice Residency Training Program. Authority is also provided to allow UTRGV School of Medicine, UTRGV, and UTHSC-SA to transfer funding between the institutions relating to the establishment, operation, and administration of the RAHC and School of Medicine. UTRGV and UTRGV School of Medicine are provided authority to enter into an agreement for UTRGV to provide administrative services to the UTRGV School of Medicine until the school becomes fully operational. Currently, there are no recommendations for appropriations related to UT Austin Dell Medical School for the 2016-17 biennium.

Section 3b

Issue #2: Formula Funding. HRIs and GAls both receive formula funding through separate allocations for instruction and operations and infrastructure.

Included in Recommendations: None. UTRGV School of Medicine and UT Austin will not have any medical students during the base period of formula funding for the 2016-17 biennium and will not receive an allocation for these formulas. There would not be a fiscal implication until the 2018-19 biennium.

Issue #3. Higher Education Employees Group Insurance (HEGI). UT Austin and UTRGV receive appropriations through the HEGI bill pattern based on employees at the institution as of Dec. 1, 2014. Employees associated with the Dell Medical School are included in the UT Austin HEGI appropriation. Employees of the RAHC are currently funded within the UTHSC-SA appropriation for HEGI.

Included in Recommendations: Recommendations include a rider allowing the transfer of funding between UTHSC-SA, UTRGV, and UTRGV School of Medicine to fund group insurance costs for employees of the UTRGV School of Medicine at the discretion of the chief administrative officer of The UT System.

Issue #4. Research Considerations. There are four research funds that provide funding to support research at GAls.

- Research Funds: The Available National Research University Fund (NRUF) and the Texas Research Incentive Program (TRIP) are research funds established for institutions designated as emerging research universities by the THECB Accountability System and meeting certain criteria specified in the Constitution and statute, respectively. The Comprehensive Research Fund (CRF) provides appropriations to general academic institutions, except UT Austin, TAMU, and emerging research universities. The Texas Research University Fund (TRUF) provides appropriations to UT Austin and TAMU. UTRGV is not expected to be classified as an emerging research university during the upcoming 2016-17 biennium.
 - LBB Considerations for TRUF and CRF: The legislature appropriates TRUF and CRF directly to institutions based on research expenditures at each institution. In future biennia, the Legislature can choose whether to include research funds generated by medical schools in the distribution calculation for either fund.
 - LBB Considerations for NRUF and TRIP: A change in statute would be required to prohibit UTRGV from using research funding generated by the associated medical school to reach emerging research university status and/or to receive appropriations from NRUF or TRIP once that status and other criteria is attained. UT Austin is not eligible for either of these funds and would not be impacted by Dell Medical School.
- Research Enhancement Formula: The HRIs receive funding through the research enhancement formula based on research expenditures in the most recent fiscal year. There is no research generated by the UTRGV School of Medicine or Dell Medical School in the base period for the 2016-17 biennium.

Included in Recommendations: In preparation for the 2018-19 biennium, recommendations include a reporting requirement for UT Austin, UTRGV, and UTRGV School of Medicine to provide the LBB and the Governor's Office with information on research expenditures at the medical school during the 2016-17 biennium.

Issue #5. Benefits. Both UT Austin and UTRGV receive benefit appropriations through the Teachers Retirement System (TRS), Optional Retirement Program (ORP), and social security. TRS, ORP, and social security are estimated appropriations and are based on actual benefit expenditures. UTRGV School of Medicine will also participate in these benefit programs during the 2016-17 biennium.

Included in Recommendations: In preparation for the 2018-19 biennium, recommendations include a reporting requirement for UT Austin, UTRGV, and UTRGV School of Medicine to provide the LBB and the Governor's Office with information on benefit expenditures at the medical school during the 2016-17 biennium.

Section 3c

**Summary of Recommendations and Potential Funding Options for HEGI Contributions to
Institutions of Higher Education**

2016-17 Recommendations included in House Bill 1 as Introduced (2014-15 Levels)

	2016	2017	Biennium
UT (87.0%)	\$ 227,664,198	\$ 243,987,722	\$ 471,651,920
TAMU (87.0%)	\$ 109,985,904	\$ 117,871,892	\$ 227,857,796
ERS - IHE (89.4%)	\$ 174,448,025	\$ 186,949,311	\$ 361,397,336
Community Colleges (50%)	\$ 151,740,197	\$ 162,607,287	\$ 314,347,484
Total	\$ 663,838,324	\$ 711,416,212	\$ 1,375,254,536

Estimated Cost to Fund All Institutions at "Full" ERS Premium Rate

	2016	2017	Biennium	Increase/(Decrease) from Recommendations
UT (100%)	\$ 261,649,906	\$ 280,410,199	\$ 542,060,105	\$ 70,408,185
TAMU (100%)	\$ 126,404,589	\$ 135,467,803	\$ 261,872,392	\$ 34,014,596
ERS - IHE (100%)	\$ 195,134,138	\$ 209,118,616	\$ 404,252,754	\$ 42,855,418
Total	\$ 583,188,633	\$ 624,996,618	\$ 1,208,185,251	\$ 147,278,199

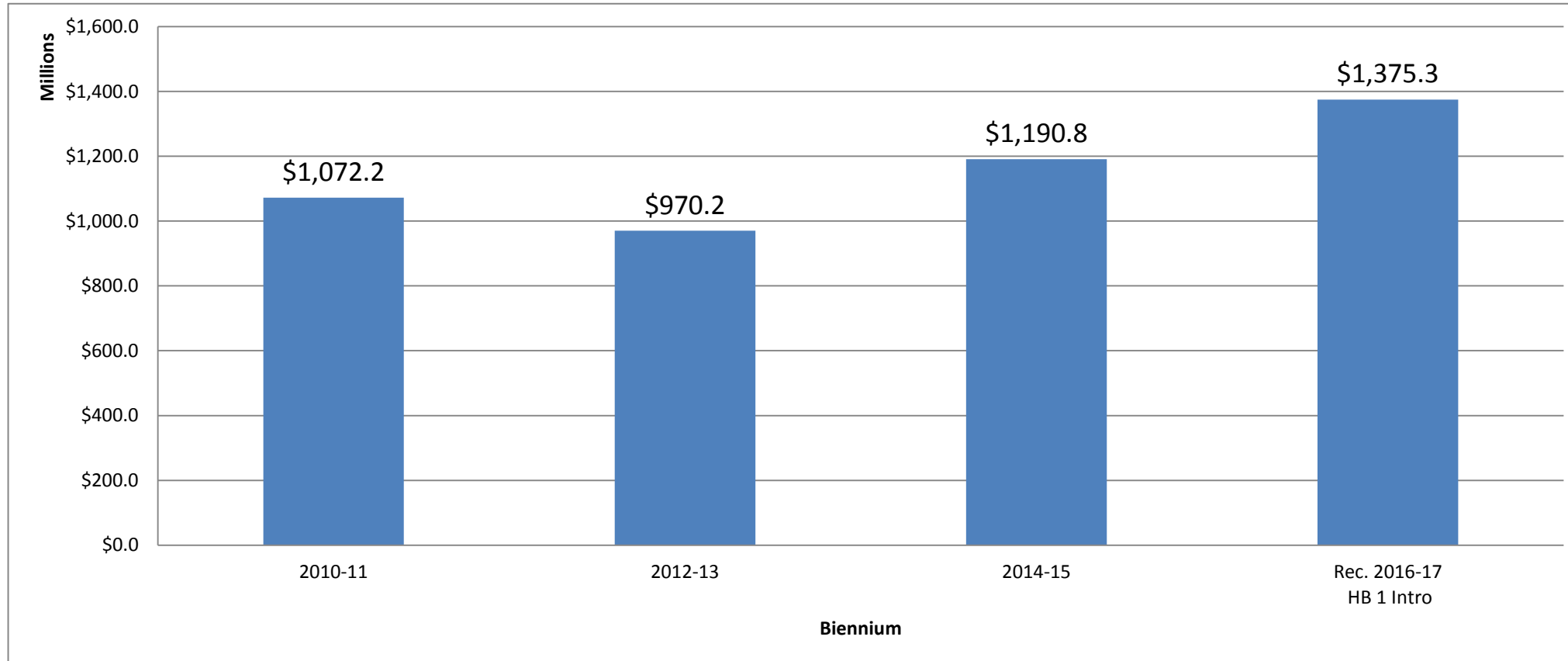
Estimated Cost to Fund UT and TAMU Institutions at 2016-17 ERS Recommended Proration Rates

	2016	2017	Biennium	Increase/(Decrease) from Recommendations
UT (89.4%)	\$ 233,899,316	\$ 250,669,893	\$ 484,569,209	\$ 12,917,289
TAMU (89.4%)	\$ 112,998,125	\$ 121,100,088	\$ 234,098,213	\$ 6,240,417
Total	\$ 346,897,441	\$ 371,769,981	\$ 718,667,422	\$ 19,157,706

Note: Because the state contribution for community colleges is now set in statute, community college funding was not included in the potential funding options since the proration rate is fixed.

Section 3d

**History of HEGI All Funds Expended/Budgeted and Appropriated Amounts by Biennium
(in millions)**



	2010-11	2012-13	2014-15	2016-17 HB 1 Intro
HEGI (in millions)	\$ 1,072.2	\$ 970.2	\$ 1,190.8	\$ 1,375.3
Percent Change from Previous Biennium	N/A	-9.5%	22.7%	15.5%

Section 3e

Summary of Employee Headcount for Institutions of Higher Education (excluding community colleges)

General Revenue Funded Employee Headcount Totals (By Insuring System)							
	2006	2008	2010	2012	2014 est.	Diff.*	% Change
ERS (excluding community colleges)	24,406	26,359	25,940	25,082	25,479	397	1.58%
UT System Institutions	32,255	34,296	35,325	31,503	32,918	1,415	4.49%
TAMU System Institutions	15,532	16,064	16,980	15,219	15,339	120	0.79%
TOTAL:	72,193	76,719	78,245	71,804	73,736	1,932	2.69%

General Revenue Funded Employee Headcount Totals (by Institution Type)							
	2006	2008	2010	2012	2014 est.	Diff.*	% Change
General Academic Institutions**	45,538	48,026	48,524	44,634	44,496	(138)	-0.31%
Health Related Institutions	20,154	21,921	22,991	20,656	22,726	2,070	10.02%
Lamar Two-Year	517	486	472	468	493	25	5.34%
TSTCs	1,047	1,066	1,001	938	956	18	1.92%
TAMU System Agencies	4,069	4,240	4,343	4,050	3,972	(78)	-1.93%
System Offices (Excluding TSTC)	868	980	914	1,058	1,093	35	3.31%
TOTAL:	72,193	76,719	78,245	71,804	73,736	1,932	2.69%
Percent Change from Previous Biennium	NA	6.27%	1.99%	-8.23%	2.69%		

All E&G and Local Non-E&G Funded Employee Headcount Totals (By Insuring System)							
	2006	2008	2010	2012	2014 est.	Diff.*	% Change
ERS (excluding community colleges)	45,884	48,663	48,413	50,712	52,934	2,222	4.38%
UT System Institutions	95,181	102,084	106,112	108,504	114,070	5,566	5.13%
TAMU System Institutions	31,471	32,879	35,368	34,034	33,228	(806)	-2.37%
TOTAL:	172,536	183,626	189,893	193,250	200,232	6,982	3.61%

All E&G and Local Non-E&G Funded Employee Headcount Totals (by Institution Type)							
	2006	2008	2010	2012	2014 est.	Diff.*	% Change
General Academic Institutions	95,842	102,529	105,802	106,457	109,175	2,718	2.55%
Health Related Institutions	64,479	68,479	71,094	73,939	78,430	4,491	6.07%
Lamar Two-Year	675	642	668	637	667	30	4.71%
TSTCs	1,477	1,497	1,493	1,416	1,457	41	2.90%
TAMU System Agencies	7,786	7,938	8,497	8,135	7,711	(424)	-5.21%
System Offices (Excluding TSTC)	2,277	2,541	2,339	2,666	2,792	126	4.73%
TOTAL:	172,536	183,626	189,893	193,250	200,232	6,982	3.61%
Percent Change from Previous Biennium	NA	6.43%	3.41%	1.77%	3.61%		

* Difference and percent change calculated between 2014 and 2012 employee headcount

**The decline in General Revenue funded employees for the General Academic Institutions is primarily due to the decline of E&G employees reported at UNT due to the institution correcting their previous practice of incorrectly categorizing E&G employees (see Selected Fiscal and Policy Issues #9). This resulted in a decline of 978 General Revenue funded employees from 2012 to 2014.

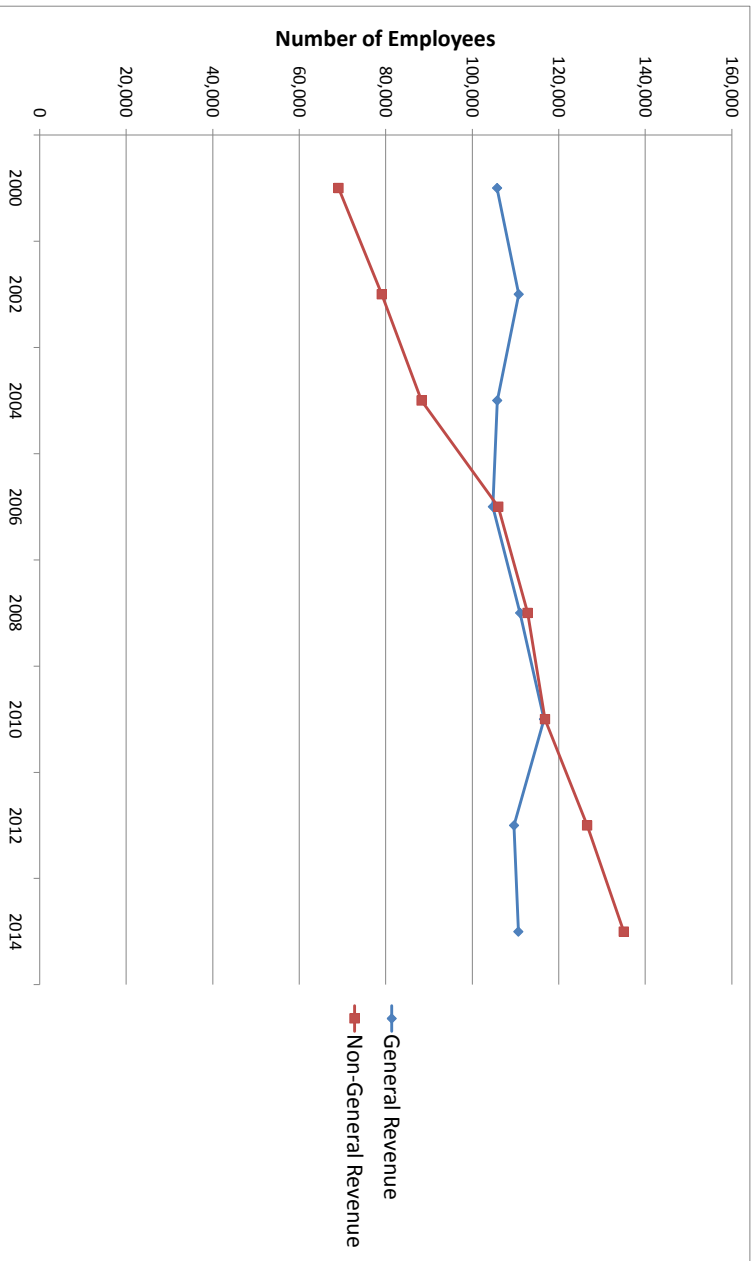
Section 3f

Summary of Employee Headcount and Growth Limitations for Community Colleges

Community College Employees							
	2006	2008	2010	2012	2014 est.	Diff. from 2012 to 2014	% Change
General Revenue I&A (prior to growth limitations)	32,574	34,355	38,311	37,855	39,491	1,636	4.32%
General Revenue I&A (after growth limitations)	N/A	N/A	N/A	N/A	36,871	(984)	-2.60%
All I&A and Non-I&A Employees	38,242	40,240	43,502	42,961	45,443	2,482	5.78%

*For General Revenue I&A (after growth limitations), difference and percent change show change from 2012 to 2014 after growth limitations

Comparison: General Revenue versus Non-General Revenue Funded Employees for Institutions of Higher Education



Higher Education Employees Group Insurance (HEGI) Historical Rates

Historical System Proration of "Full" ERS Rates

System	78th Legislature	79th Legislature	80th Legislature	81st Legislature	82nd Legislature	83rd Legislature
	2004-05	2006-07	2008-09	2010-11	2012-13	2014-15
ERS - Institutions of Higher Education	87.5%	87.5%	97.5%	97.5%	85.8%	89.4%
University of Texas (UT) System	87.5%	87.5%	95.0%	95.0%	83.4%	87.0%
Texas A&M University (TAMU) System	87.5%	87.5%	95.0%	95.0%	83.4%	87.0%
ERS - Community Colleges	87.5%	87.5%	90.0%	83.0%	42.1%	50.0%

Until FY 2004, state premium contributions for HEGI roughly equaled the state premium contributions for general state employees and followed the appropriations decisions for the ERS Group Benefits Plan (GBP). However, starting in FY 2004, the Legislature funded all higher education institutions at 87.5% of the "full" premium cost for general state employees. The Legislature has since differentially funded each of the following HEGI appropriations: community colleges insured within ERS' GBP, state higher education institutions insured within ERS' GBP, components insured within The UT System, and components insured within the Texas A&M System. With the passage of SB 1812, 83rd Legislature, the state contribution for community college is now set in statute at 50 percent of full premium contributions.

Recommended Plan Year 2015 Premium Contribution Base Rates - 84th Legislature*

HEGI Rates

		Employee Only	Employee & Child	Employee & Spouse	Employee & Family
ERS - "FULL" RATES (100%)					
Full-time		\$ 537.66	\$ 743.80	\$ 845.54	\$ 1,051.68
Part-time		\$ 268.83	\$ 371.90	\$ 422.77	\$ 525.84
ERS HEGI - HIGHER EDUCATION INSTITUTIONS					
Full-time	89.4% of ERS Rates	\$ 480.64	\$ 664.91	\$ 755.86	\$ 940.14
Part-time		\$ 240.32	\$ 332.46	\$ 377.93	\$ 470.07
ERS HEGI - COMMUNITY COLLEGES					
Full-time	50.0% of ERS Rates	\$ 268.83	\$ 371.90	\$ 422.77	\$ 525.84
Part-time		\$ 134.42	\$ 185.95	\$ 211.39	\$ 262.92
UT SYSTEM					
Full-time	87.0% of ERS Rates	\$ 467.82	\$ 647.19	\$ 735.71	\$ 915.08
Part-time		\$ 233.91	\$ 323.59	\$ 367.86	\$ 457.54
A&M SYSTEM					
Full-time	87.0% of ERS Rates	\$ 467.82	\$ 647.19	\$ 735.71	\$ 915.08
Part-time		\$ 233.91	\$ 323.59	\$ 367.86	\$ 457.54

*2015 rates will be inflated by out year rate increases of 7.19% in fiscal year 2016 and 7.17% in fiscal year 2017

Section 4

**Higher Education Group Insurance Contributions
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Higher Education Employees Group Insurance Contributions Rider Highlights - House

Amended Riders:

4. **Transfer Authority.** Recommendations amend rider to no longer include exemptions to Texas Southmost College (TSC) and The University of Texas at Brownsville (UTB). The two institutions are no longer partners and the HEGI appropriations will be transferred to the Employees Retirement System's Group Benefits Program and to The University of Texas System Office, respectively, as stipulated in the rider.
6. **Appropriations Transfers.** Recommendations amend the rider to allow UTHSC-SA to transfer appropriations to UT RGV or UTRGV School of Medicine for the purpose of funding group insurance for employees of the UTRGV School of Medicine (see Integration of Health Related Institutions (HRI) and General Academic Institutions (GAI) Selected Policy Overview).

Deleted Riders:

8. **(previous) Contingent Appropriations, Higher Education Group Insurance Contributions.** Recommendations delete this rider. TSC and UTB are no longer partners, therefore the contingent appropriations are no longer necessary.
9. **Higher Education Group Insurance rates for Public Community/Junior Colleges.** Recommendations delete this rider. Senate Bill 1812, Eighty-third Legislature, set the state contribution rate for group insurance at 50 percent of ERS premium costs.

Section 6

**Higher Education Employees Group Insurance Contributions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	All Funds
1. Texas A&M University System - Increased Proration Rates Additional funding requested by the Texas A&M University System in the administrator's statement of their Legislative Appropriations Request to restore some increment of the differential funding level between Texas A&M System employees and state employees in the ERS group insurance plan. Funding Texas A&M System institutions at the same proration rate for institutions of higher education in the ERS group insurance plan would require an additional \$6.2 million in General Revenue over recommended funding levels.	\$ -	\$ -
2. Texas Tech University System - Increased Proration Rates Additional funding requested by the Texas Tech University System in the administrator's statement of their Legislative Appropriations Request to increase the state's share of group insurance premium costs. Funding all institutions of higher education (excluding community colleges) at the full ERS premium rate would require an additional \$147.3 million in General Revenue over recommended funding levels.	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ -	\$ -

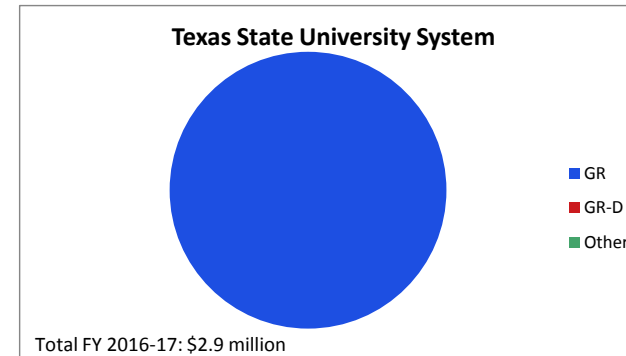
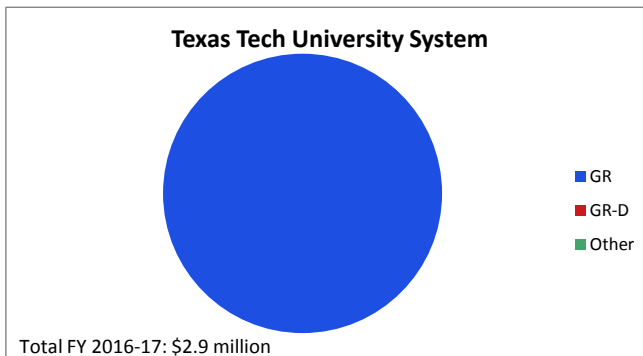
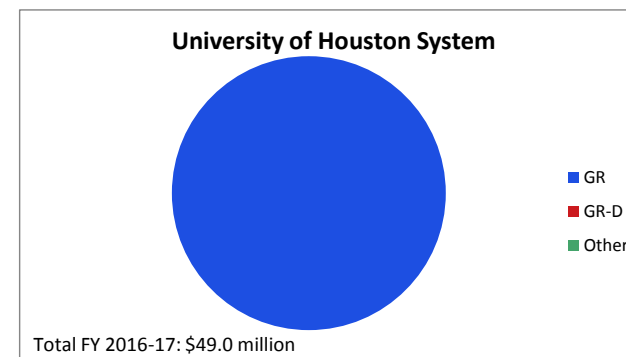
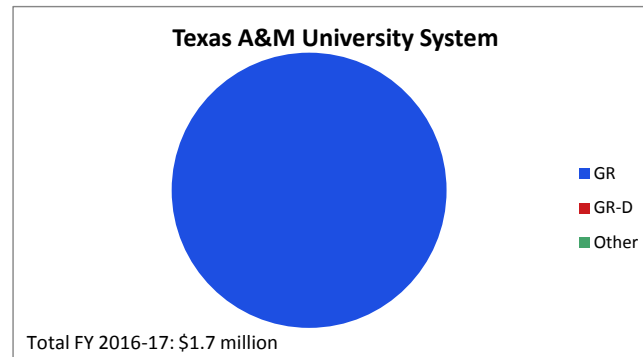
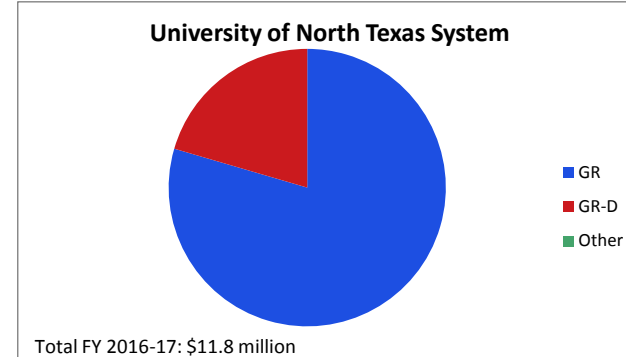
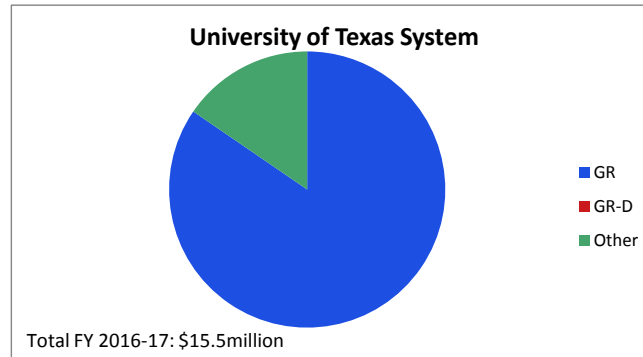
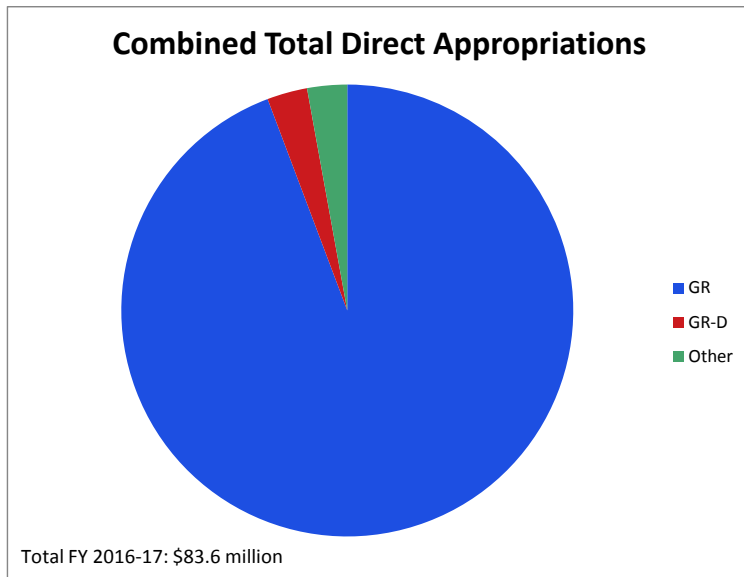
Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
University System Offices

The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Overview and Significant Findings

- **University Systems.** The six public university system offices under strategic fiscal review consist of the following: The University of Texas System, Texas A&M University System, Texas Tech University System, University of North Texas System, University of Houston System, and Texas State University System.
- **Direct Appropriations.** Recommendations for the appropriations to the six university system offices provide \$83.6 million in All Funds, which consists of \$78.8 million in General Revenue Funds, \$2.4 million in General Revenue-Dedicated Funds, and \$2.4 million in Other Funds. These recommendations reflect a decrease of \$14.7 million in General Revenue Funds from 2014-15 appropriated levels due primarily to the transfer of \$9.2 million in support for the Darrel K Royal Alzheimer's Initiative from The University of Texas System to The University of Texas at Austin. Additionally, the Introduced Bill does not include General Revenue Funding for system office operations at The University of Texas System and the Texas A&M University System and General Administrative Offices. System operations funding for the other four university systems is provided at 2014-15 levels. The 2016-17 recommendations include increases for formula appropriations made to the University of North Texas System for the law school at the University of North Texas at Dallas. Funding recommendations for the system offices were consistent with recommendations for institutions and provide funding for special items and existing debt service at requested levels.
- **External Funding Sources.** In addition to direct appropriations made to the university systems in their bill patterns, the systems also have access to various sources of funding outside of their bill patterns. These sources of funding include the Available University Fund (for The University of Texas and Texas A&M University systems), both General Revenue and non-General Revenue transfers from their component institutions, as well as other various institutional funds. During the 2014-15 biennium, the amounts of these funds range from \$9.6 million at Texas State University System to \$365.6 million at The University of Texas System.
- **FTE Cap Recommendations.** Appropriated Full Time Employee Equivalent (FTEs) at the university systems are supported by both appropriations made directly to the systems in their bill pattern and through indirect state appropriations. These indirect appropriations include funding through the Available University Fund, as well as General Revenue appropriated to the systems' component institutions. The 2016-17 recommended FTE levels for 2016-17 range from 12.0 at Texas State University System to 292.5 at the University of North Texas System, and reflect only those FTEs that are supported by state appropriations.
- **Employee Levels.** The Introduced Bill does not include FTEs supported by direct appropriations for the Texas A&M University and The University of Texas system offices. Recommendations for the other four system offices are consistent with recommendations for institutions of higher education where FTE levels reflect the lower of the fiscal year 2014 actual levels or the institutions' requested FTE levels. Through the strategic fiscal review, it was determined that the University of Houston System had been incorrectly reporting the number of its appropriated FTEs by including those that are funded through transfers of local funds from its component institutions. Therefore, the recommendations reflect a decrease in the University of Houston System FTE cap from the current cap of 71.5 FTEs to 14.1 FTEs, which is the number of FTEs the system is reporting as funded directly with state appropriations.
- **Excess Benefit Payments.** Over the course of the interim, several component institutions and system offices across multiple systems were found to be engaging in accounting practices that resulted in the institutions receiving excess state benefit payments. Additional controls are needed to ensure the practice does not continue.

Total Directly Appropriated System Office Funding by Method of Finance - 2016-17 Biennium
House Budget Recommendations: HB 1 as Introduced



**System Office Operations Direct Appropriations - Standardized Activities
2014-15 and 2016-17 HB 1 as Introduced**

MOF: General Revenue Funds	FY 2014 Estimated	FY 2015 Budgeted	2014-15 Biennium	FY 2016 HB 1 - Intro	FY 2017 HB 1 - Intro	2016-17 Biennium
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Board of Regents

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Houston System	\$ 149,722	\$ 149,722	\$ 299,444	\$ 149,722	\$ 149,722	\$ 299,444
University of North Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University System	\$ 116,094	\$ 118,533	\$ 234,627	\$ 118,533	\$ 118,533	\$ 237,066
Texas State University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SYSTEM OFFICES SUBTOTAL:	\$ 265,816	\$ 268,255	\$ 534,071	\$ 268,255	\$ 268,255	\$ 536,510

Audit

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Houston System	\$ 287,301	\$ 312,841	\$ 600,142	\$ 312,841	\$ 312,841	\$ 625,682
University of North Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University System	\$ 1,138,130	\$ 1,059,709	\$ 2,197,839	\$ 1,059,709	\$ 1,059,709	\$ 2,119,418
Texas State University System	\$ 134,773	\$ 140,169	\$ 274,942	\$ 140,169	\$ 140,169	\$ 280,338
SYSTEM OFFICES SUBTOTAL:	\$ 1,560,204	\$ 1,512,719	\$ 3,072,923	\$ 1,512,719	\$ 1,512,719	\$ 3,025,438

Legal

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Houston System	\$ 308,321	\$ 312,841	\$ 621,162	\$ 312,841	\$ 312,841	\$ 625,682
University of North Texas System	\$ 1,341,561	\$ 1,354,769	\$ 2,696,330	\$ 1,354,769	\$ 1,354,769	\$ 2,709,538
Texas Tech University System	\$ 170,776	\$ 246,758	\$ 417,534	\$ 246,758	\$ 246,758	\$ 493,516
Texas State University System	\$ 355,434	\$ 350,836	\$ 706,270	\$ 350,836	\$ 350,836	\$ 701,672
SYSTEM OFFICES SUBTOTAL:	\$ 2,176,092	\$ 2,265,204	\$ 4,441,296	\$ 2,265,204	\$ 2,265,204	\$ 4,530,408

Business & Financial Services

The University of Texas System	\$ 1,325,000	\$ 1,325,000	\$ 2,650,000	\$ -	\$ -	\$ -
Texas A&M University System	\$ 42,215	\$ 37,982	\$ 80,197	\$ -	\$ -	\$ -
University of Houston System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of North Texas System	\$ 13,208	\$ -	\$ 13,208	\$ -	\$ -	\$ -
Texas Tech University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State University System	\$ 298,473	\$ 301,363	\$ 599,836	\$ 301,363	\$ 301,363	\$ 602,726
SYSTEM OFFICES SUBTOTAL:	\$ 1,678,896	\$ 1,664,345	\$ 3,343,241	\$ 301,363	\$ 301,363	\$ 602,726

Academic Affairs

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ 752,587	\$ 725,136	\$ 1,477,723	\$ -	\$ -	\$ -
University of Houston System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of North Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State University System	\$ 150,013	\$ 147,905	\$ 297,918	\$ 147,905	\$ 147,905	\$ 295,811
SYSTEM OFFICES SUBTOTAL:	\$ 902,600	\$ 873,041	\$ 1,775,641	\$ 147,905	\$ 147,905	\$ 295,811

Governmental Relations

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of Houston System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of North Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State University System	\$ 176,379	\$ 172,839	\$ 349,218	\$ 172,839	\$ 172,839	\$ 345,678
SYSTEM OFFICES SUBTOTAL:	\$ 176,379	\$ 172,839	\$ 349,218	\$ 172,839	\$ 172,839	\$ 345,678

Facilities

The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ 169,308	\$ 53,116	\$ 222,424	\$ -	\$ -	\$ -
University of Houston System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
University of North Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State University System	\$ 180,709	\$ 177,124	\$ 357,832	\$ 177,124	\$ 177,124	\$ 354,247
SYSTEM OFFICES SUBTOTAL:	\$ 350,017	\$ 230,240	\$ 580,256	\$ 177,124	\$ 177,124	\$ 354,247

Office of the Chancellor

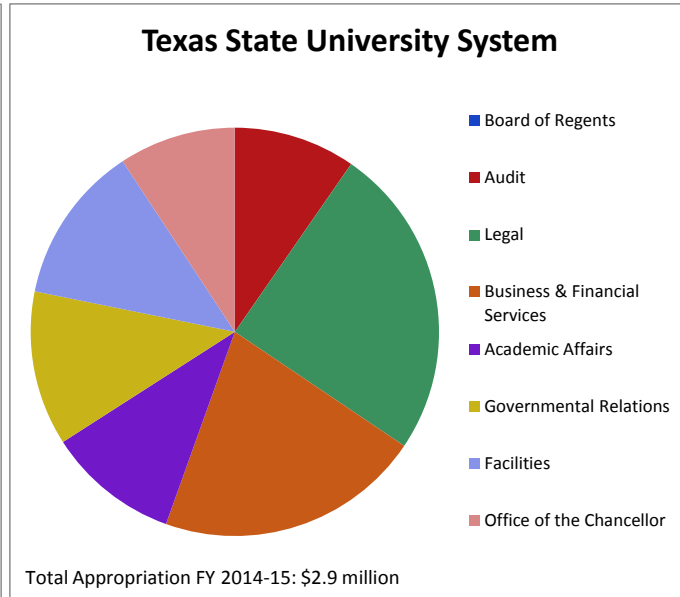
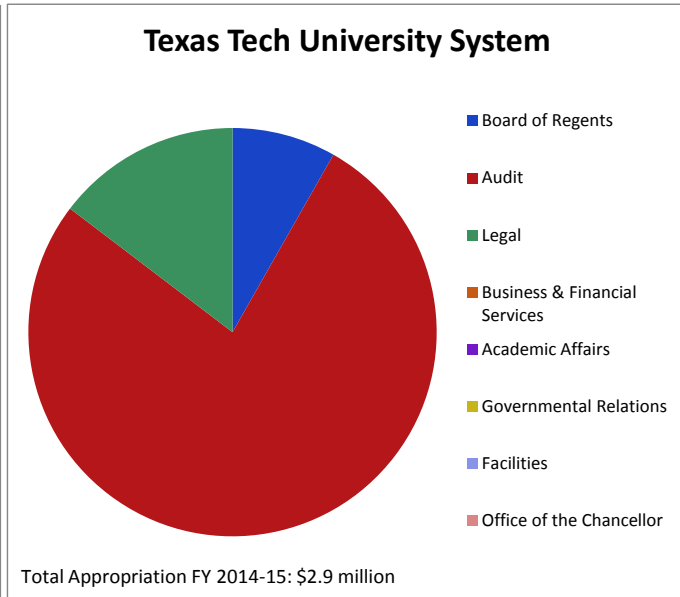
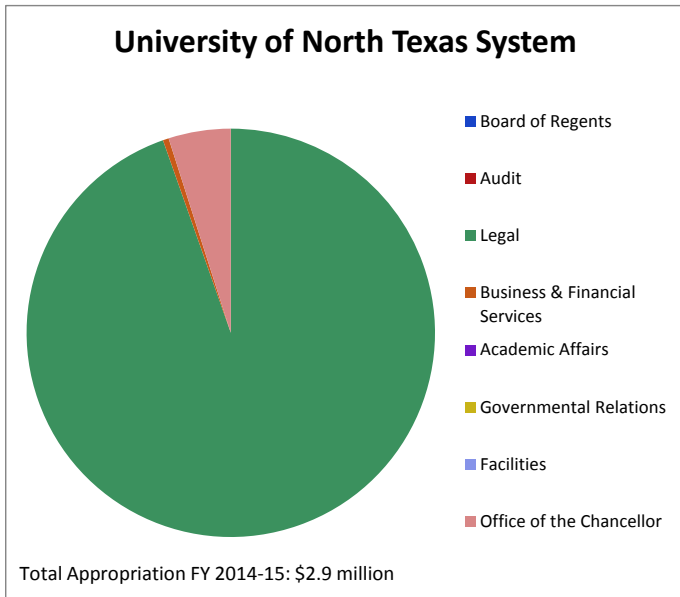
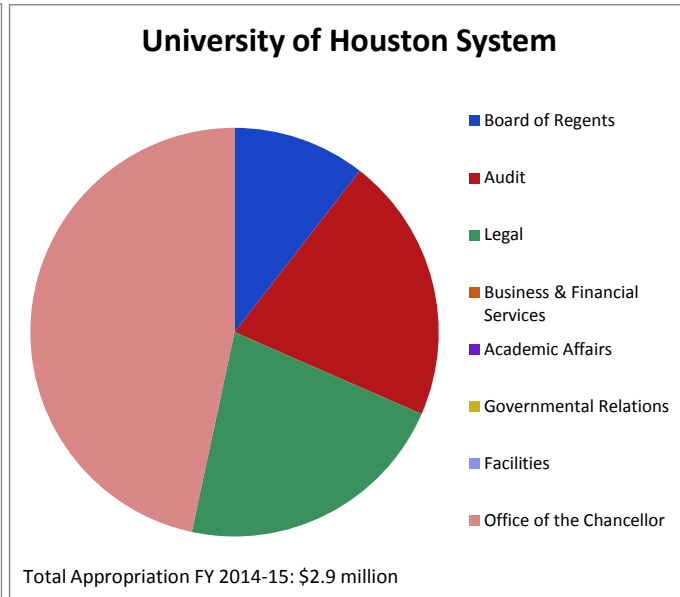
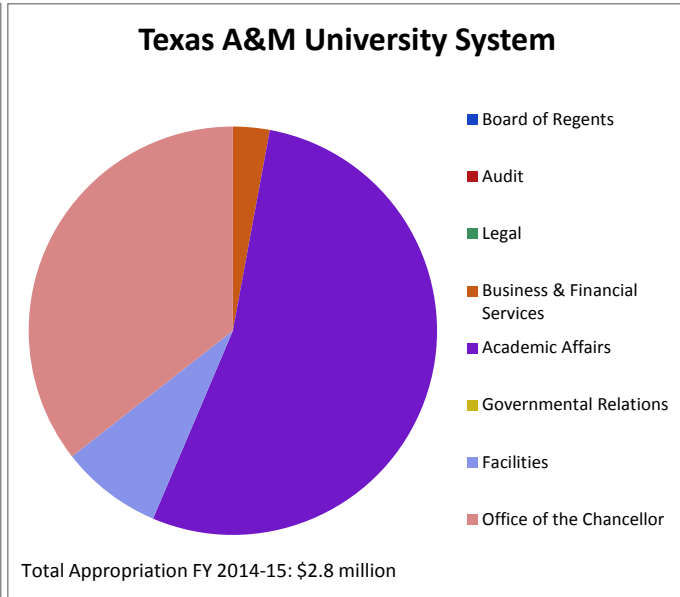
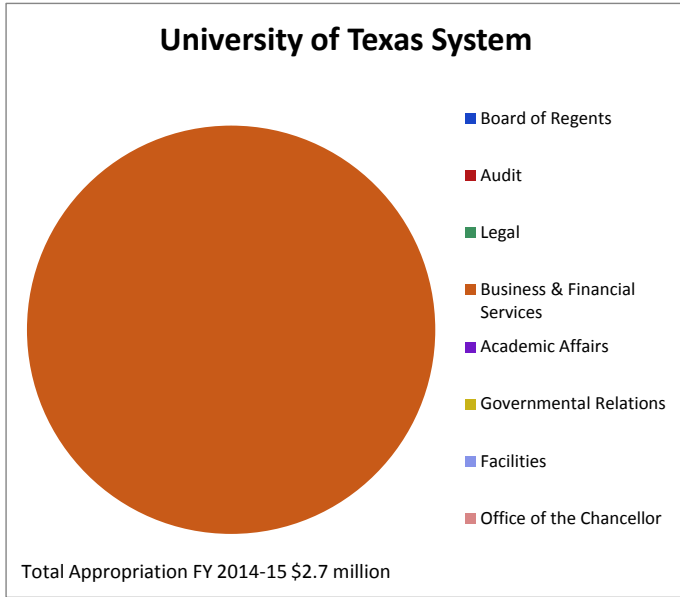
The University of Texas System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University System	\$ 417,238	\$ 565,114	\$ 982,352	\$ -	\$ -	\$ -
University of Houston System	\$ 679,656	\$ 649,596	\$ 1,329,252	\$ 649,596	\$ 649,596	\$ 1,299,192
University of North Texas System	\$ 70,231	\$ 70,231	\$ 140,462	\$ 70,231	\$ 70,231	\$ 140,462
Texas Tech University System	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State University System	\$ 129,219	\$ 134,764	\$ 269,983	\$ 134,764	\$ 134,764	\$ 269,528
SYSTEM OFFICES SUBTOTAL:	\$ 1,296,344	\$ 1,419,705	\$ 2,716,049	\$ 854,591	\$ 854,591	\$ 1,709,182

MOF: General Revenue Funds	FY 2014 Estimated	FY 2015 Budgeted	2014-15 Biennium	FY 2016 Recommended	FY 2017 Recommended	2016-17 Biennium
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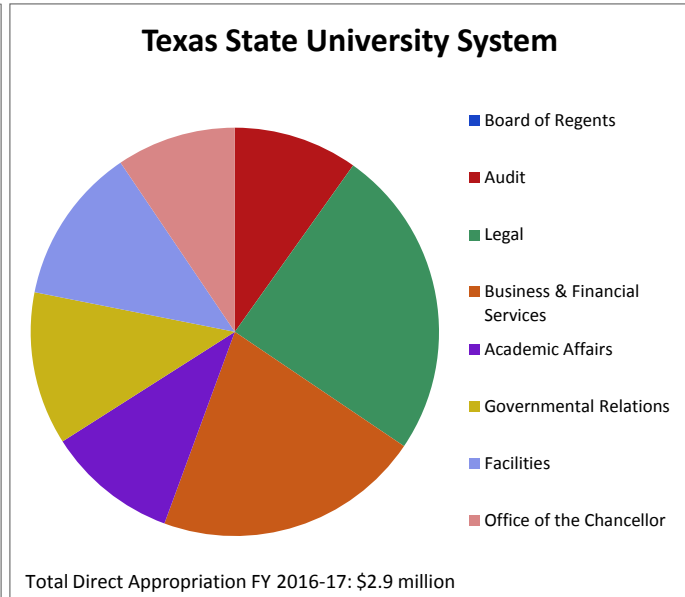
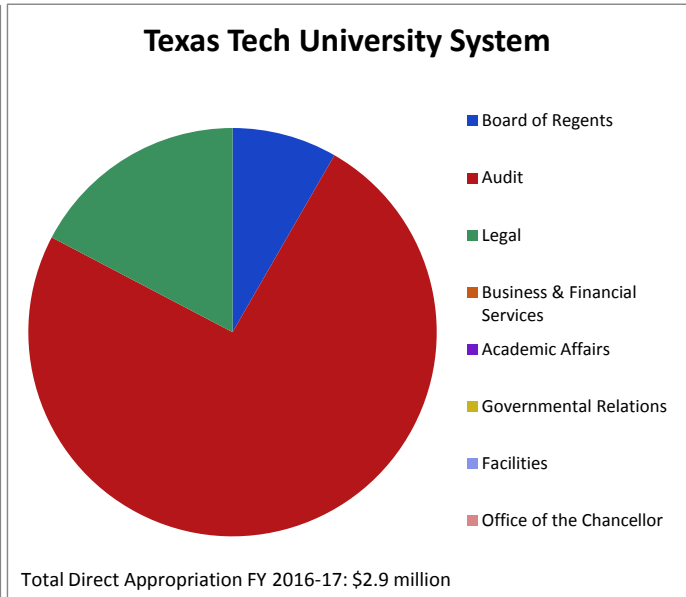
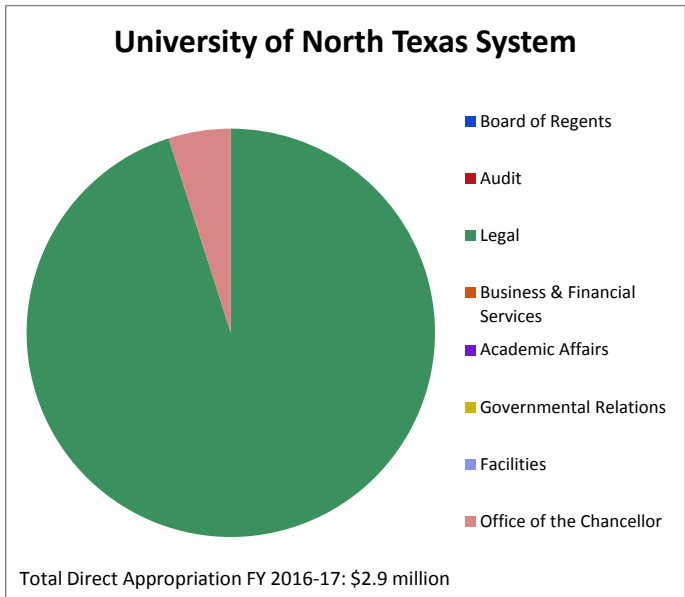
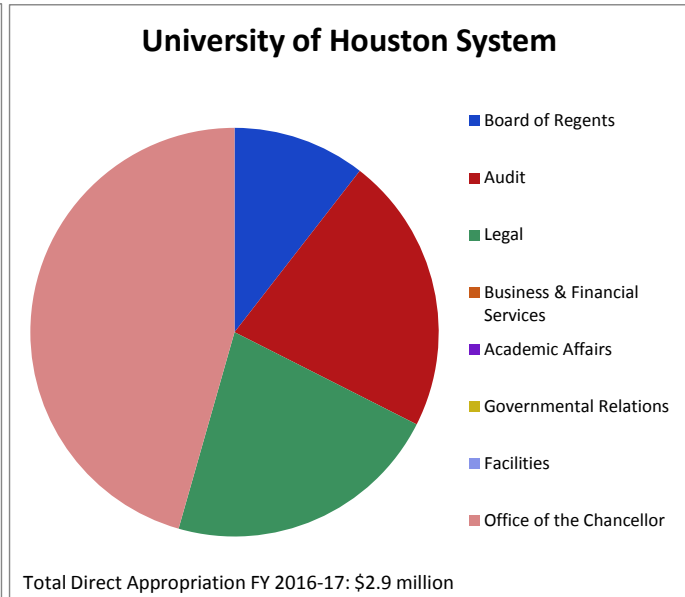
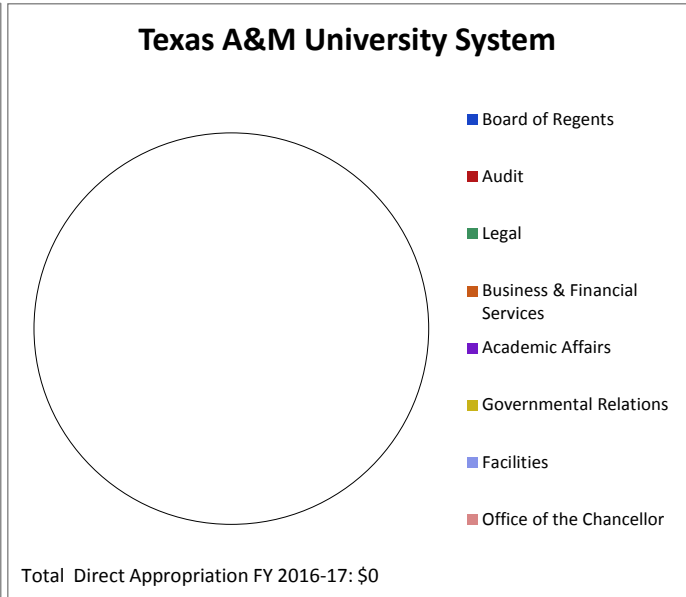
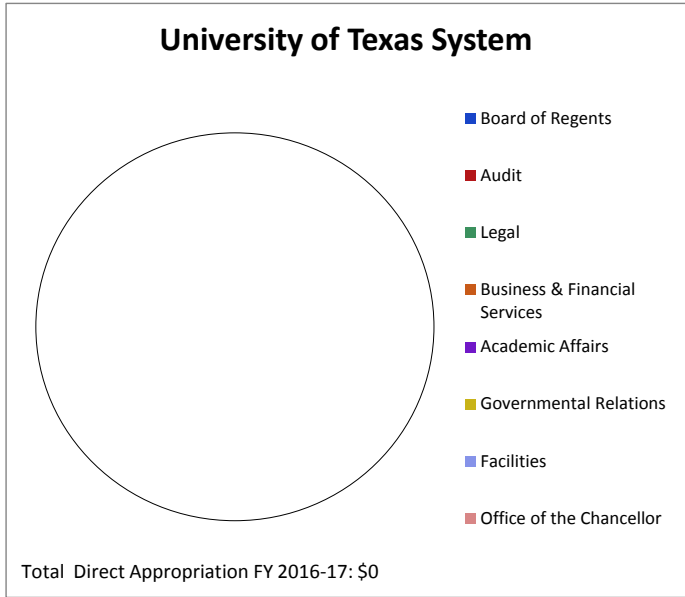
System Office Operations Direct

Appropriations	\$ 8,406,348	\$ 8,406,348	\$ 16,812,696	\$ 5,700,000	\$ 5,700,000	\$ 11,400,000
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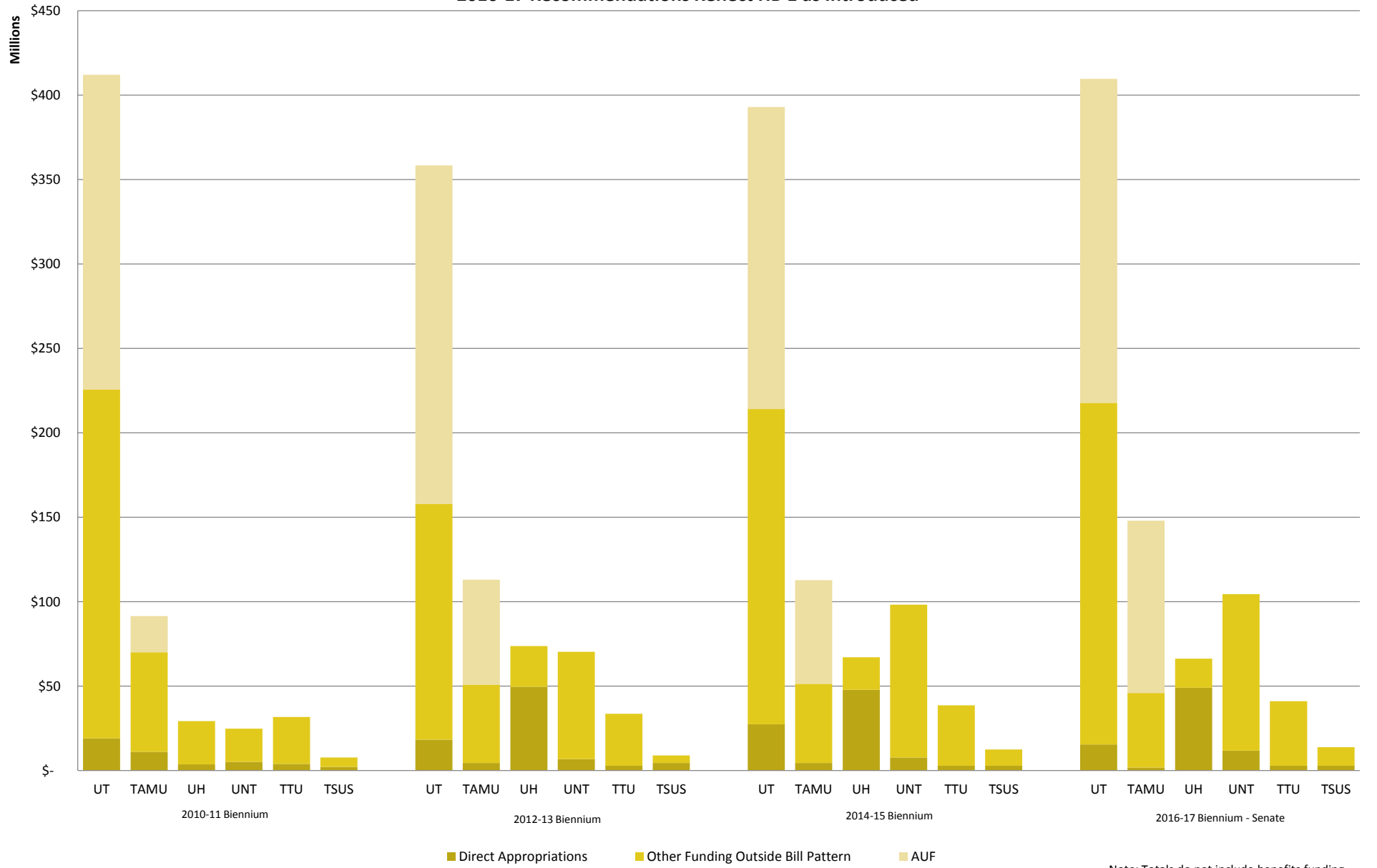
Directly Appropriated System Office Operations by Standardized Activity - 2014-15 Biennium - House



Directly Appropriated System Office Operations by Standardized Activity - 2016-17 House Budget Recommendations: HB 1 as Introduced

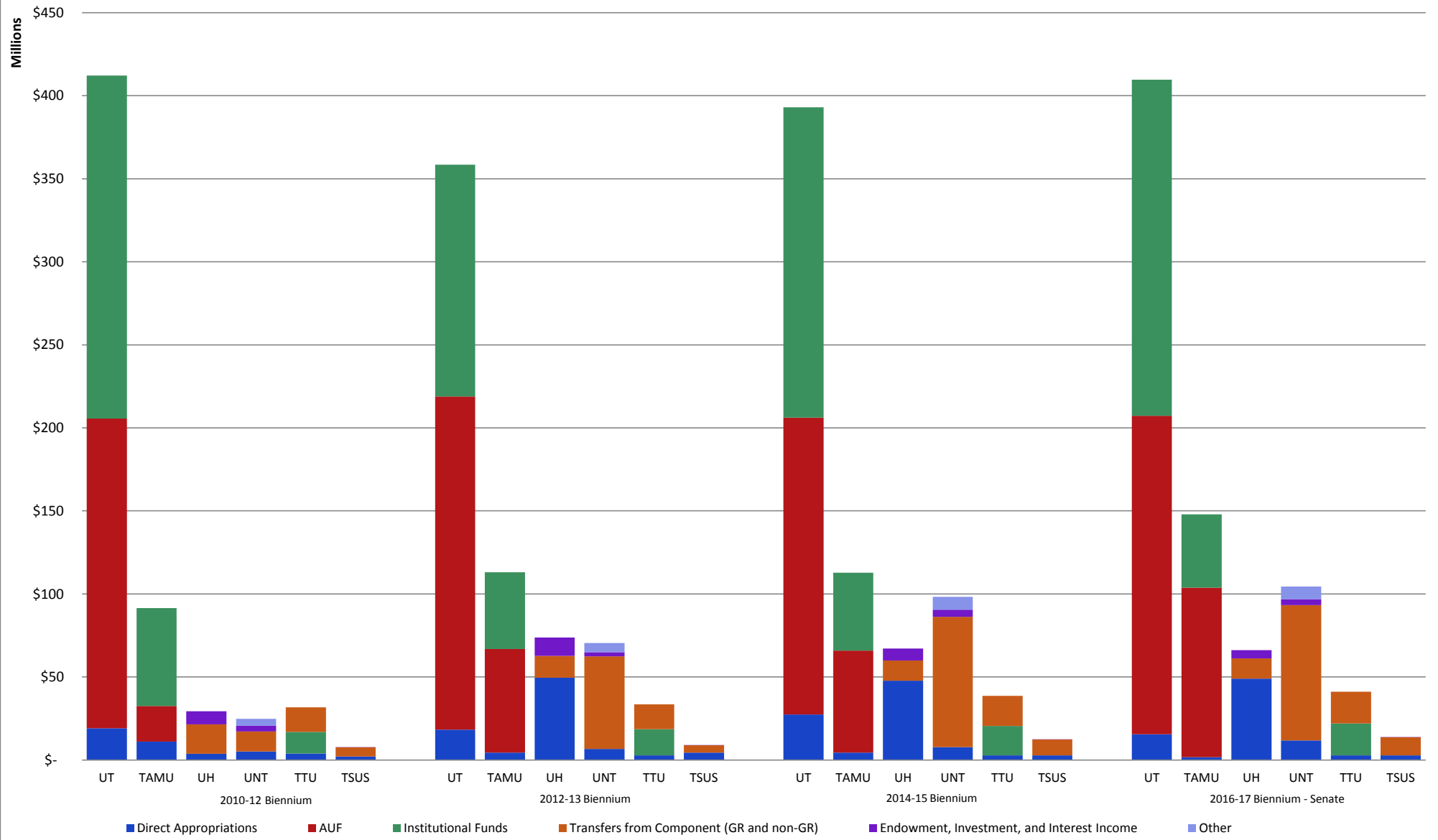


Total System Office Funding: Direct Appropriations vs. Funding Outside the Bill Pattern
2016-17 Recommendations Reflect HB 1 as Introduced



Note: Totals do not include benefits funding

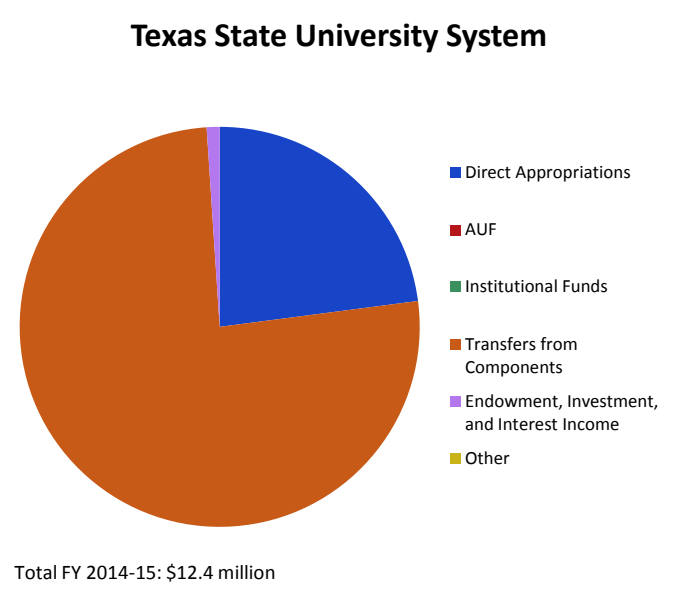
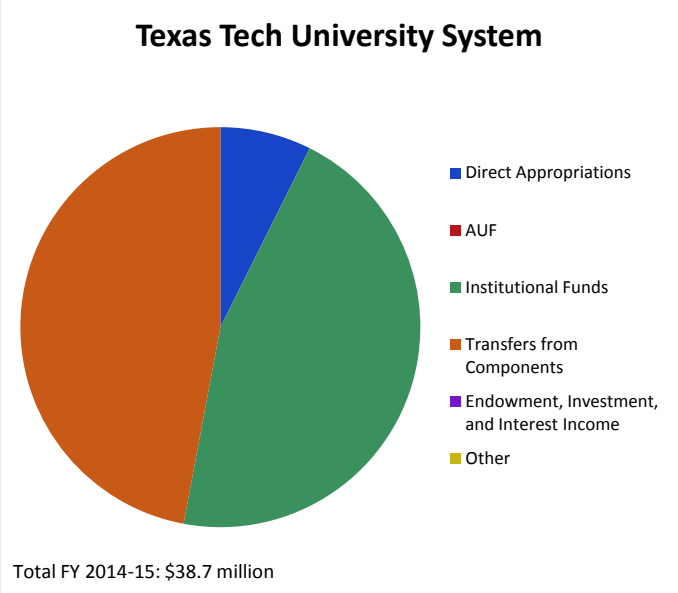
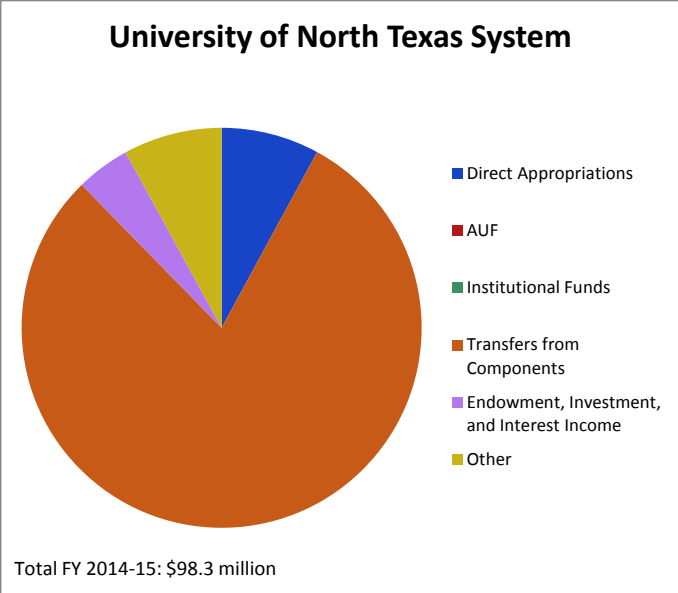
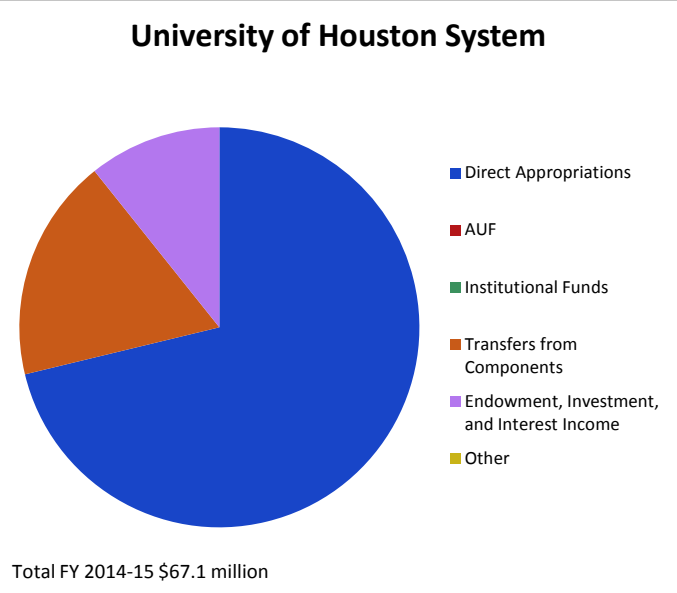
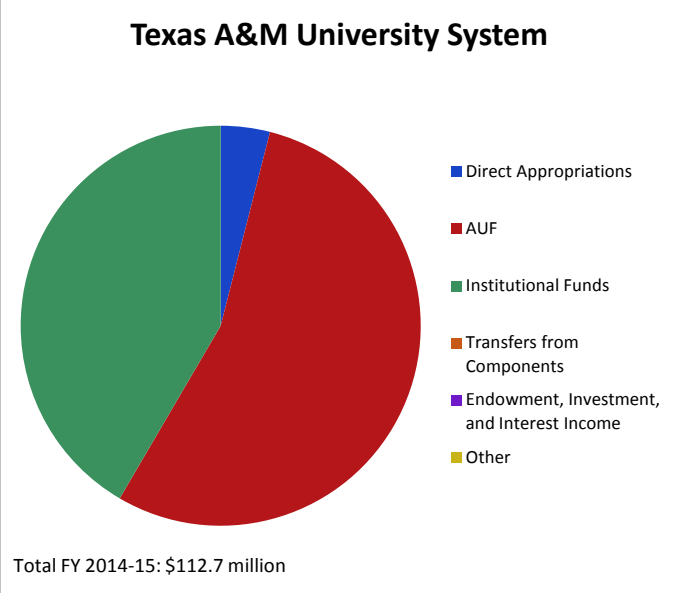
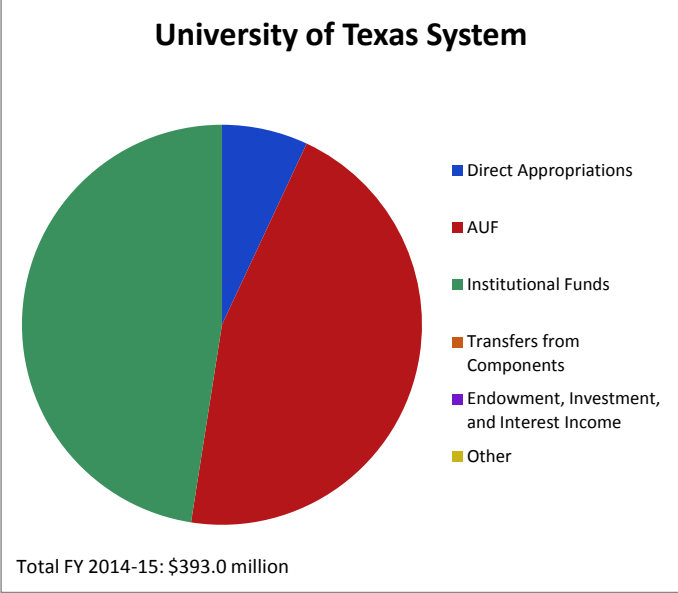
Total System Office Funding by Funding Type 2016-17 Funding Recommendations Reflect HB 1 as Introduced



Other funding includes Other Operating Income, Reserve Draw, and Auxiliary funding categories identified by the UNT System

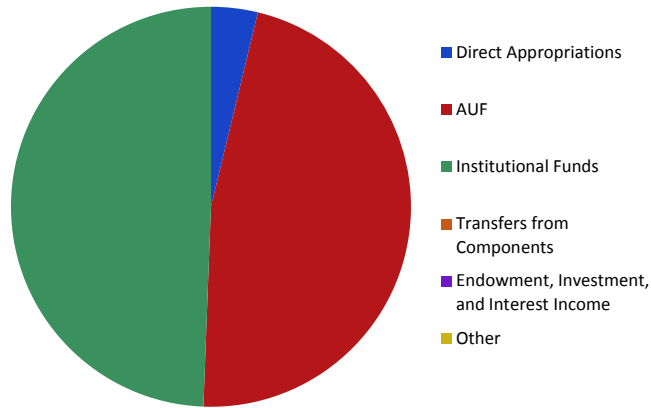
Note: Totals do not include benefits funding

Total System Funding - 2014-15 Biennium - House



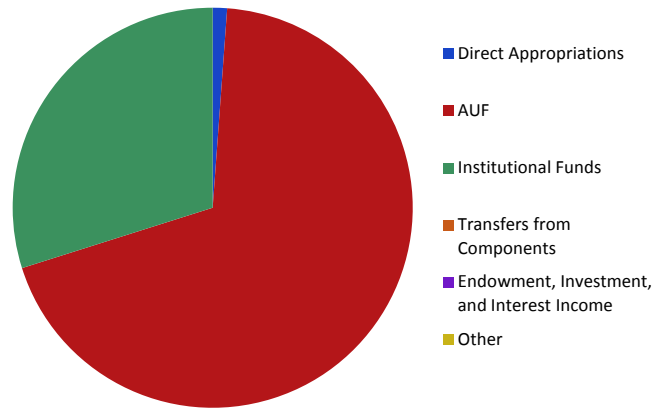
Total System Funding - 2016-17 House Budget Recommendations: HB 1 as Introduced

University of Texas System



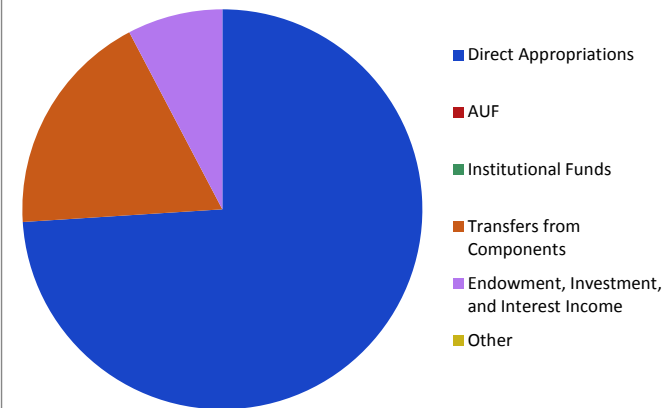
Total FY 2016-17: \$409.6 million

Texas A&M University System



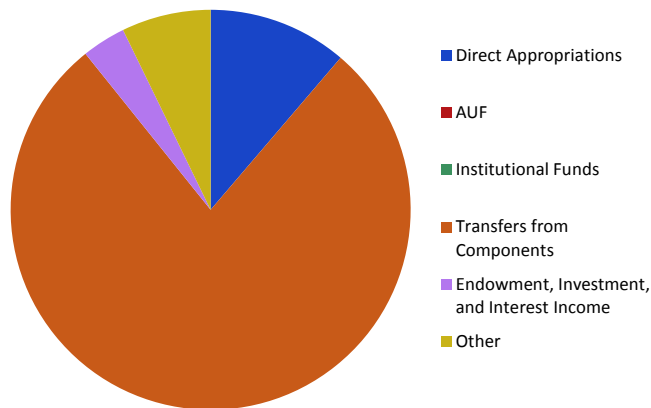
Total FY 2016-17: \$147.9 million

University of Houston System



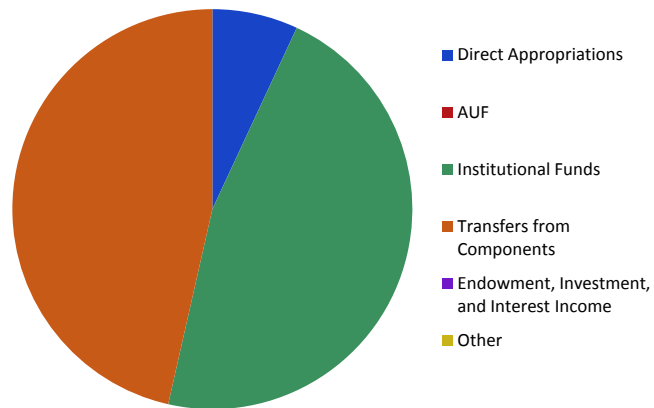
Total FY 2016-17: \$65.0 million

University of North Texas System



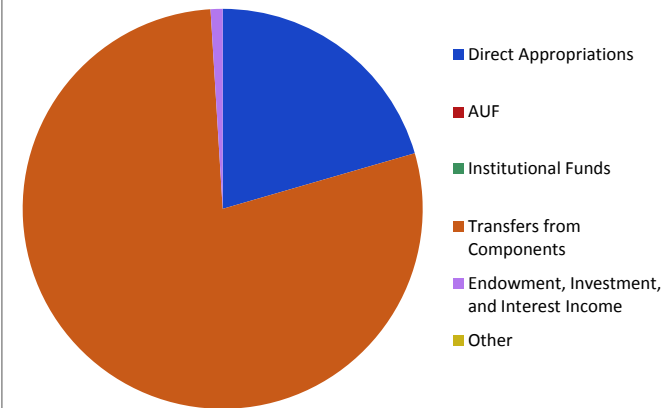
Total FY 2016-17: \$105.1 million

Texas Tech University System



Total FY 2016-17: \$41.1 million

Texas State University System



Total FY 2016-17: \$13.9 million

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
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Schedule 1: Agency Overview

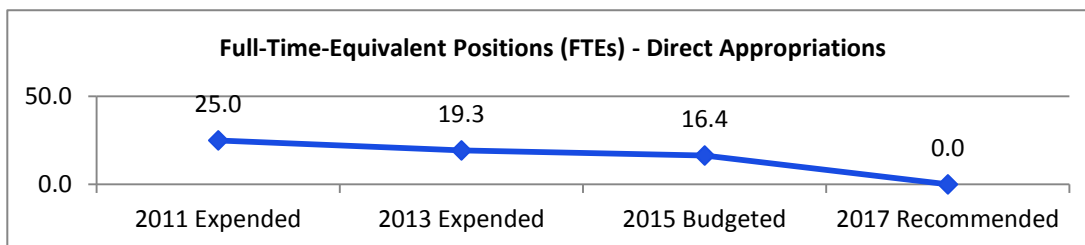
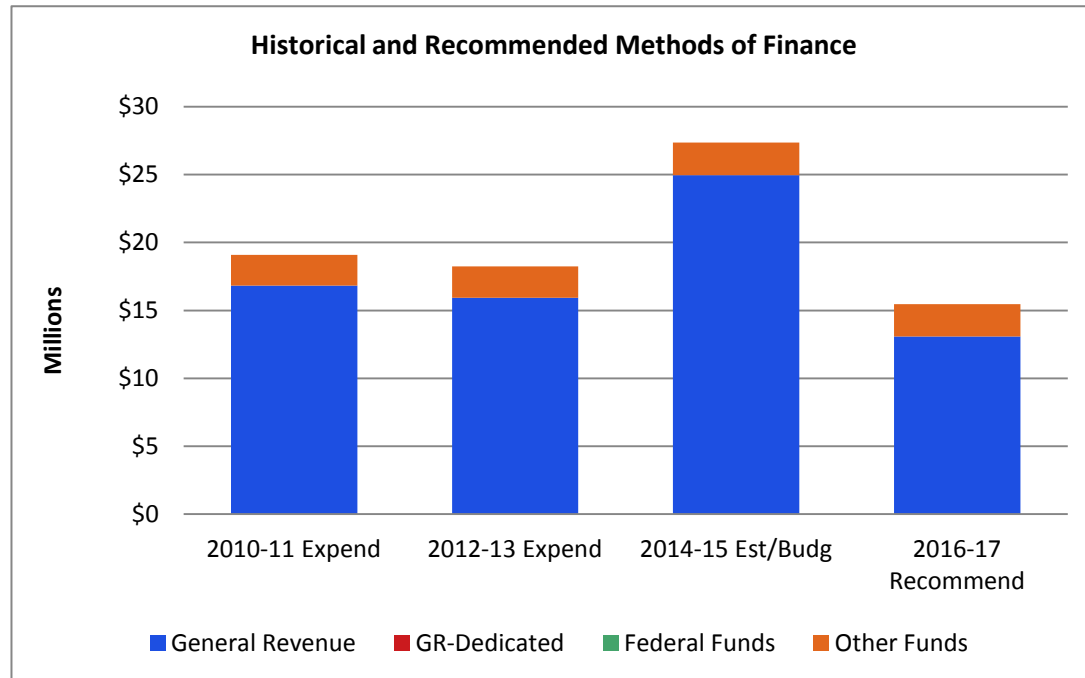
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The role of The University of Texas System Administration is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 65; Education Code Section 51.353; Texas Constitution Article VII, Sec.18

Total Number of Programs: 4

Overview and Significant Findings



■ **Governance.** The University of Texas System (UT System) is governed by a nine person board of regents appointed by the Governor and confirmed by the Senate (Board of Regents). Within the UT System, the Board of Regents has the critical responsibility of providing strategic and policy direction, oversight and governance, while the UT System Administration manages the System consistent with the Regents' directions reflected in policies and rules.

■ **Composition.** Founded in 1883, the UT System is composed of nine general academic institutions and six health-related institutions. It is anticipated that within the next biennium, the University of Texas Rio Grande Valley (UTRGV) will begin operations, at which time the University of Texas Pan American and the University of Texas at Brownsville will cease to exist. In addition, during the next biennium the University of Texas at Austin (UT Austin) will admit its initial class at the Dell Medical School and the UTRGV School of Medicine will admit its initial class.

■ **Funding.** Recommendations for The UT System are \$15.5 million in All Funds for the 2016-17 biennium. In addition, the system estimates receiving an additional \$191.9 million in Available University Fund (AUF) appropriations, and \$202.3 million in Institutional Funds, for a total of \$409.7 million in estimated funding available to the system for the 2016-17 biennium. Funding increased between 2012-13 and 2014-15 primarily due to the addition of \$9.2 million for the DKR Alzheimer's Initiative, which has been transferred to The University of Texas at Austin in 2016-17.

■ **Available University Fund.** The University of Texas System estimates that it will receive \$90.9 million in AUF appropriations for System Office Operations and \$87.9 million for System Initiatives during the 2014-15 biennium.

■ **Full-Time Equivalent Positions.** The UT System has 16.4 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, UT System has 341 FTEs supported by AUF, and 376.2 FTEs supported by Institutional Funds, for a total of 733.6 FTEs for 2015.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
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Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	Debt Service - National Science & Engineering Building	2006	Education Code Sec. 55.17521	None	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	Yes
2	System Office Operations	1883	Education Code Ch 65, Sec 51.353; Texas Constitution Article VII, Sections 10 & 18	None	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	Yes
3	Tobacco Earnings - Lower Rio Grande Regional Academic Health Center	2000	Education Code Sec. 63.101	None	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	Yes
4	DK Royal Alzheimer's Initiative	2014	Education Code Ch 154	None	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	Yes
Program Summary Included										

Notes: • The University of Texas System was established in 1883, however the year 1989 was listed as the first full year of appropriations for operations in this submission.

• Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Constitutional and statutory authority for The University of Texas System and its programs are provided by the following:

Texas Constitution, Article VII, Section 10

The legislature shall as soon as practicable establish, organize and provide for the maintenance, support and direction of a University of the first class, to be located by a vote of the people of this State, and styled, "The University of Texas," for the promotion of literature, and the arts and sciences, including an Agricultural, and Mechanical department.

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?

Texas Constitution, Article VII, Section 18

(b) The Board of Regents of The University of Texas System may issue bonds and notes not to exceed a total amount of 20 percent of the cost value of investments and other assets of the permanent university fund (exclusive of real estate) at the time of issuance thereof, and may pledge all or any part of its two-thirds interest in the available university fund to secure the payment of the principal and interest of those bonds and notes, for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this section or prior law, at or for The University of Texas System administration and the following component institutions of the system:

Education Code, Section 55.17521

The state may not appropriate money to reimburse The University of Texas System for debt service on long-term obligations related to the construction of a natural science and engineering research building at The University of Texas at Dallas in accordance with the economic development agreement entered into between this state and the board of regents of the system in excess of the following amounts:

(1) for a state fiscal year before the state fiscal year ending August 31, 2018, \$6,540,600; (2) for the state fiscal year ending August 31, 2018, \$6,213,570; (3) for the state fiscal year ending August 31, 2019, \$5,559,510; (4) for the state fiscal year ending August 31, 2020, \$4,905,450; (5) for the state fiscal year ending August 31, 2021, \$4,251,390; (6) for the state fiscal year ending August 31, 2022, \$3,597,330; (7) for the state fiscal year ending August 31, 2023, \$2,616,240; (8) for the state fiscal year ending August 31, 2024, or August 31, 2025, \$1,308,120; and (9) for the state fiscal year ending August 31, 2026, or August 31, 2027, \$654,060.

Education Code, Section 65.16.

- (a) The board shall establish a central administration of the university system to provide oversight and coordination of the activities of the system and each component institution within the system.
- (b) The board shall appoint a chief executive officer and such other executive officers of the system central administration as the board considers appropriate. The board shall determine each officer's term of appointment, salary, and duties.
- (c) Subject to the power and authority of the board, the chief executive officer is responsible for the general management of the university system within the policies of the board and for making recommendations to the board concerning the organization of the university system and the appointment of the chief administrative officer for each component institution within the system.
- (d) In addition to other powers and duties provided by this code or other law, the central administration of the system shall recommend policies and rules to the governing board of the system to ensure conformity with all laws and rules and to provide uniformity in data collection and financial reporting procedures.

Education Code, Section 63.101

- (a) A separate permanent endowment fund is established for the benefit of each of the following institutions of higher education:
 - (1) The University of Texas Health Science Center at San Antonio; (2) The University of Texas M. D. Anderson Cancer Center; (3) The University of Texas Southwestern Medical Center; (4) The University of Texas Medical Branch at Galveston; (5) The University of Texas Health Science Center at Houston; (6) The University of Texas Health Science Center at Tyler; (7) The University of Texas at El Paso; (8) The Texas A&M University Health Science Center; (9) the University of North Texas Health Science Center at Fort Worth; (10) the components of the Texas Tech University Health Sciences Center located in El Paso; (11) the components of the Texas Tech University Health Sciences Center at locations other than El Paso; (12) the regional academic health center established under Section 74.611; and (13) Baylor College of Medicine, if a contract between Baylor College of Medicine and the Texas Higher Education Coordinating Board is in effect under Section 61.092.
- (b) Each separate permanent endowment fund is a special fund in the treasury outside the general revenue fund.
- (c) Each separate permanent endowment fund is composed of: (1) money transferred to the fund at the direction of the legislature; (2) gifts and grants contributed to the fund; and (3) the returns received from investment of money in the fund.

Education Code, Section 154.002

- (a) The council shall establish a consortium of Alzheimer's disease centers, to be initially composed of the Alzheimer's disease centers at the Baylor College of Medicine, the Texas Tech University Health Sciences Center, the University of North Texas Health Science Center at Fort Worth, and The University of Texas Southwestern Medical Center. The council may add additional consortium participants to the consortium as necessary.
- (b) The council shall provide funds to the consortium participants to assist those participants to develop clinical centers that meet the standards of the consortium.
- (c) A participant's clinical center may employ any personnel necessary to support its activities, including clinical, administrative, and data management personnel.

Strategic Fiscal Review 2016-17
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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review and Analysis							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?		
1	Debt Service - National Science & Engineering Building	\$ 1,249,400	\$ 13,077,250	\$ 13,081,200	\$ 13,081,200	0.0	\$ 13,075,526	0.0	0.0%	0.0	No	NA	No
2	System Office Operations	\$ -	\$ 3,750,000	\$ 2,850,000	\$ 2,650,000	16.4	\$ -	0.0	-100.0%	-16.4	No	NA	No
3	Tobacco Earnings - Lower Rio Grande Regional Academic Health Center	\$ 900,000	\$ 2,257,839	\$ 2,309,608	\$ 2,403,450	0.0	\$ 2,388,000	0.0	-0.6%	0.0	No	NA	No
4	DK Royal Alzheimer's Initiative	\$ 9,230,625	\$ -	\$ -	\$ 9,230,625	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No
Total	Program Summary Included		\$ 19,085,089	\$ 18,240,808	\$ 27,365,275	16.4	\$ 15,463,526	0.0	-43.5%	-16.4			

Notes: Data included in the column labeled *1st Year of Full Implementation* may reflect several different fiscal years and therefore it is not summed.

The appropriations listed here are the General Revenue Funds directly appropriated to The University of Texas System in its bill pattern.

Strategic Fiscal Review 2016-17
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Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 Introduced
1	Debt Service - National Science & Engineering Building	↓	Recommendations for debt service in 2016-17 for The University of Texas System Administration are at requested levels.
2	System Office Operations	↓	The Introduced Bill reduces \$2.7 million in General Revenue from 2014-15 funding levels for System Office Operations due to both The University of Texas System and the Texas A&M System receiving appropriations from the Available University Fund (AUF).
3	Tobacco Earnings - Lower Rio Grande Regional Academic Health Center	↓	Recommendations for tobacco earnings in 2016-17 are at requested levels.
4	DK Royal Alzheimer's Initiative	↓	Recommendations in the Introduced Bill appropriate \$9.2 million in General Revenue for the DKR Alzheimer's Initiative to The University of Texas at Austin, instead of The University of Texas System.
Program Summary Included			

Note:

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority**

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Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY

		Weak	Moderate	Strong
A U T H O R I T Y	Strong		Debt Service - National Science & Engineering Building (1) Tobacco Earnings - Lower Rio Grande Valley (3) DK Royal Alzheimer's Initiative (4)	System Office Operations (2)
	Moderate			
	Weak			

Note: The matrix does not include Indirect Administration programs.

Strategic Fiscal Review 2016-17 - House
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Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Debt Service - Natural Science and Engineering Building

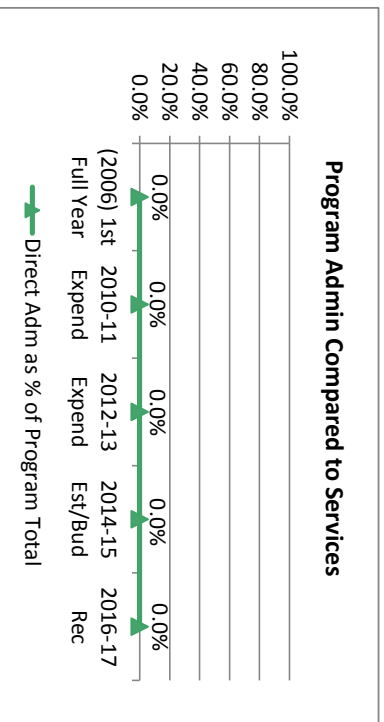
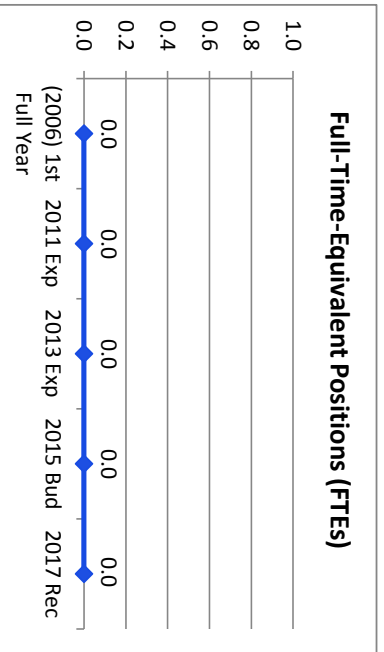
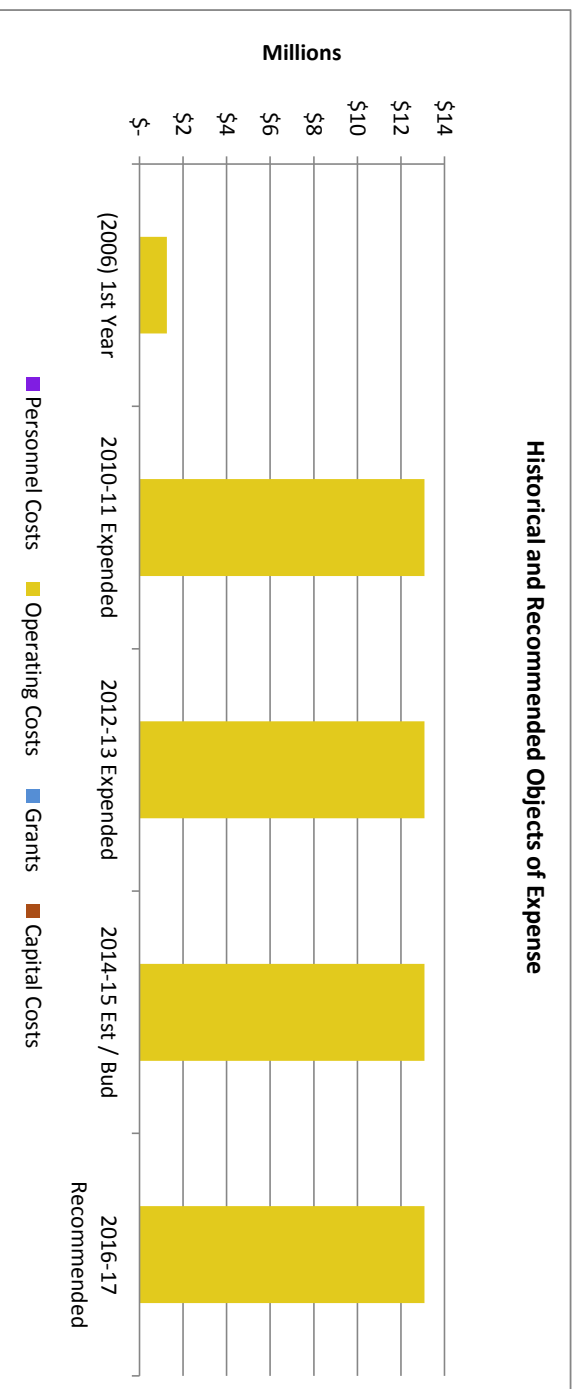
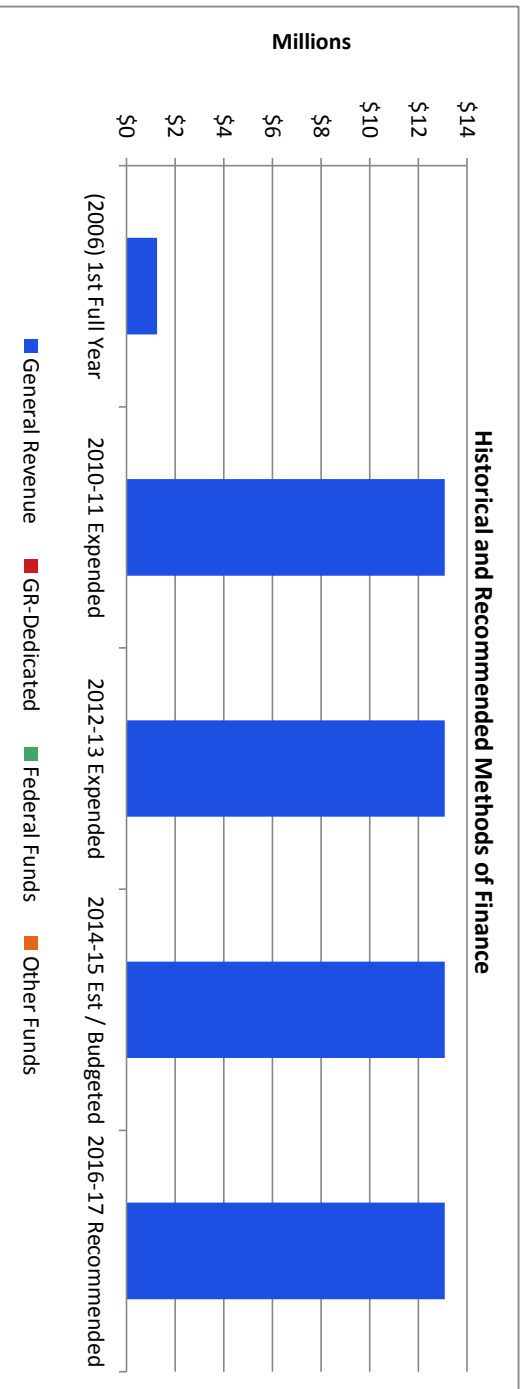
Agency Ranking **1** out of 4

Funding to reimburse The University of Texas System for debt service related to construction of a natural science and engineering research building at The University of Texas at Dallas in accordance with the economic development agreement entered into between this state and the Board of Regents of The University of Texas System.

Legal Authority: Education Code, Sec. 55.17522

Year Created	2006	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services	Yes
Centrality	Moderate	Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Debt Service - Natural Science and Engineering Building	\$ 13,081,200	0.0	\$ 13,075,526	0.0	100.0%
TOTAL	\$ 13,081,200	0.0	\$ 13,075,526	0.0	100.0%



Program: Debt Service - Natural Science and Engineering Building

Agency Ranking **1 out of 4**

Summary of Recommendations and Fiscal and Policy Issues

1 Debt Service. Recommendations for 2016-17 provide for amounts requested by The University of Texas System to pay existing debt service consistent with recommendations on debt service at other university systems and institutions.

Recommended Statutory Changes for Program Improvement

1 None.

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Schedule 5: Program Summary- Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations

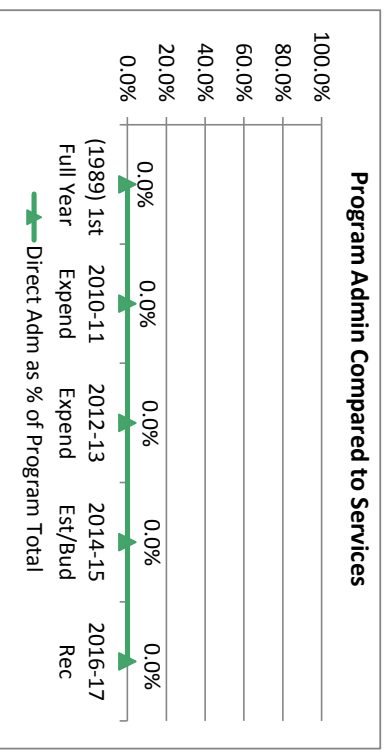
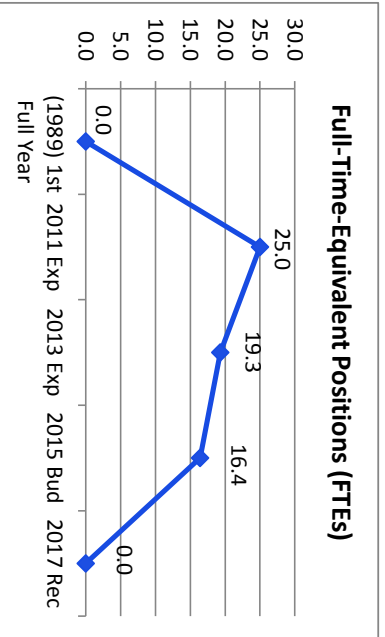
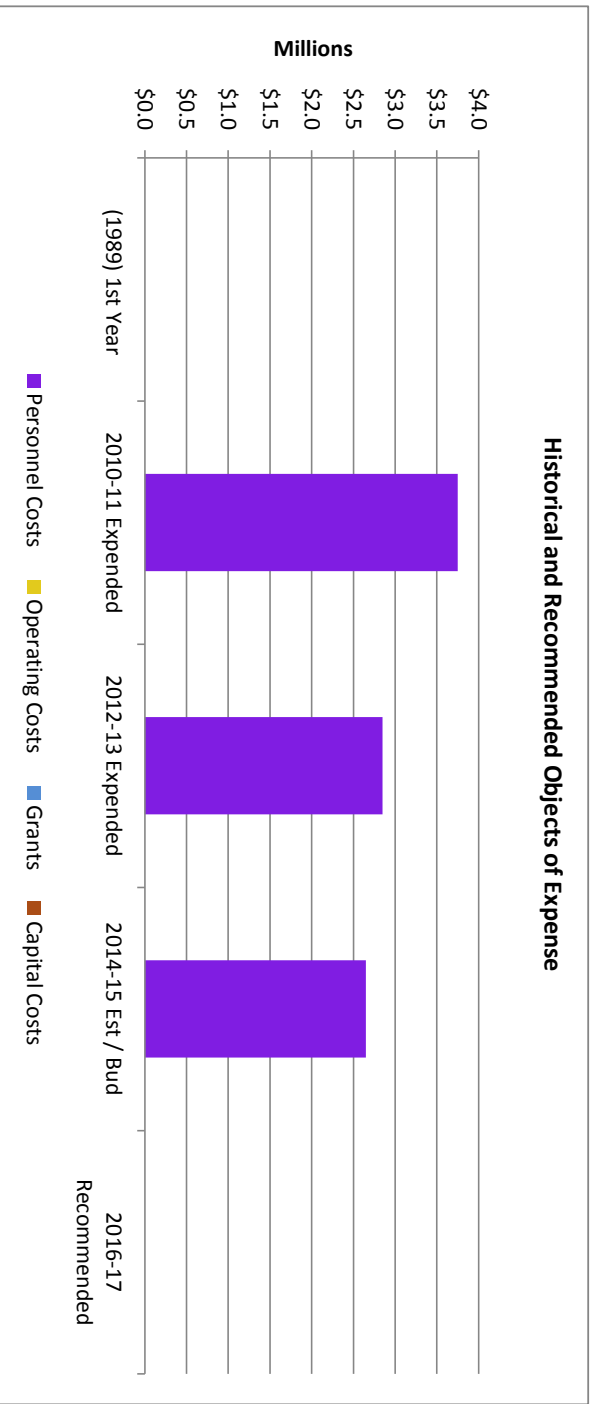
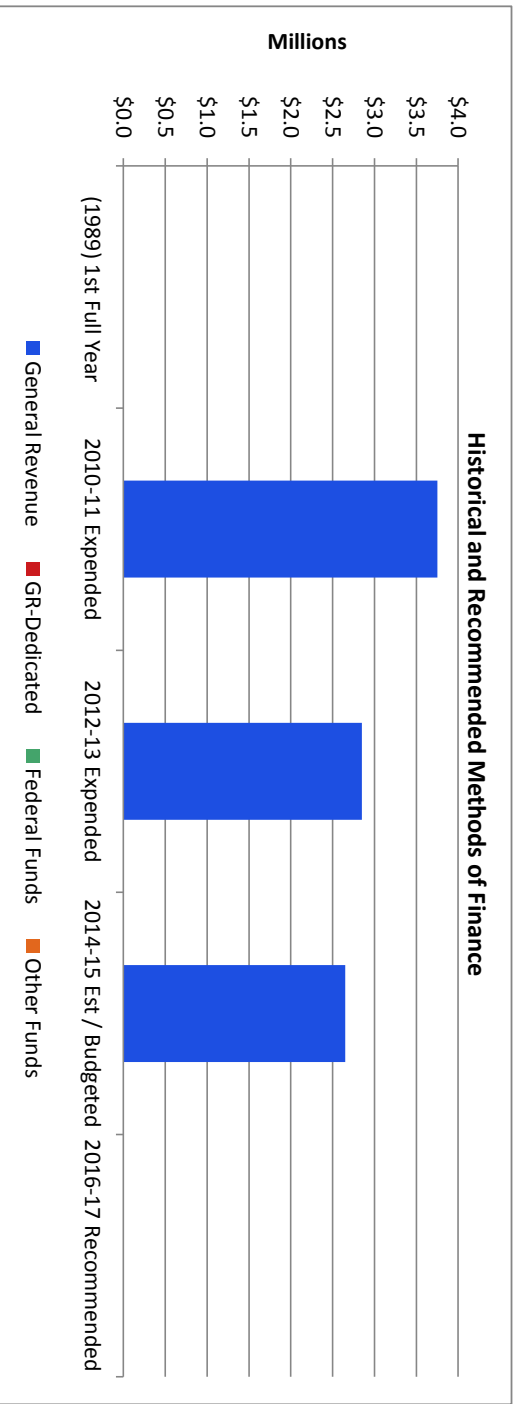
Agency Ranking **2** out of 4

Funding provides support for the operations of The University of Texas System Office. The system office provides coordination and planning to improve efficiencies for component institutions.

Legal Authority: Education Code Ch 65; Education Code, Sec 51.353; Texas Constitution Article VII, Sections 10 & 18

Year Created	1989	Performance and/or Operational Issue No		Outsourced Services Revenue Supported	Yes
Authority	Strong			Use of Dedicated Funds	No
Centrality	Strong				NA
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Business and Financial Services	\$ 2,650,000	16.4	\$ -	0.0	
	\$ -	0.0	\$ -	0.0	
TOTAL	\$ 2,650,000	16.4	\$ -	0.0	



Program: System Office Operations

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. The University of Texas System is one of two systems receiving appropriations from the Available University Fund (AUF). The Introduced Bill reduces \$2.7 million in General Revenue from 2014-15 levels for system office operations.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
<p>1 Increase 2014-15 General Revenue funding by twenty percent. No specific options for enhanced funding were submitted. The system noted that an increase of 20 percent would decrease its reliance on AUF proceeds and that it would likely add 3.3 FTEs.</p>	\$ 530,000	\$ 530,000	3.3

**Strategic Fiscal Review 2016-17 - House
720 - The University of Texas System Administration**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Tobacco Earnings - Lower Rio Grande Regional Academic Health Center

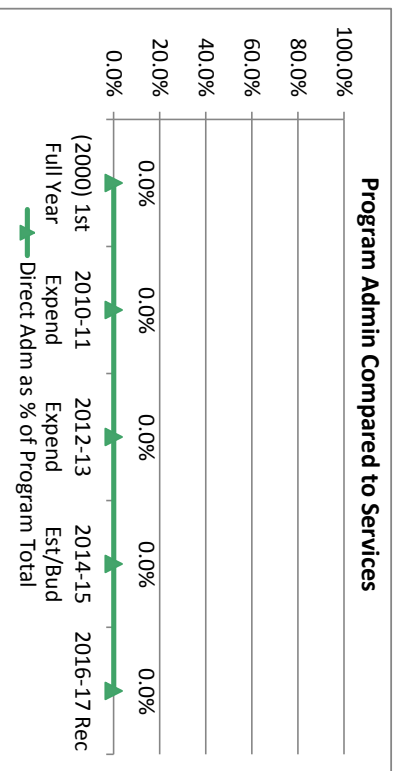
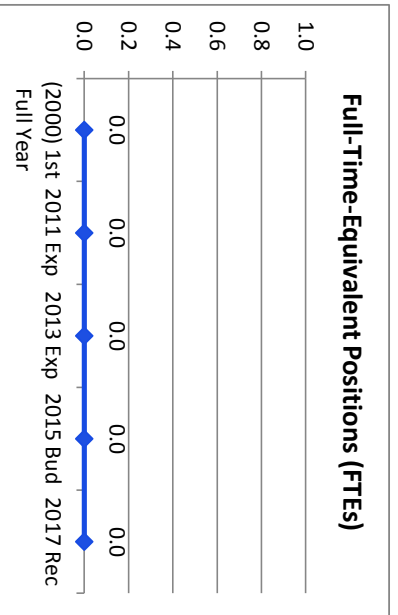
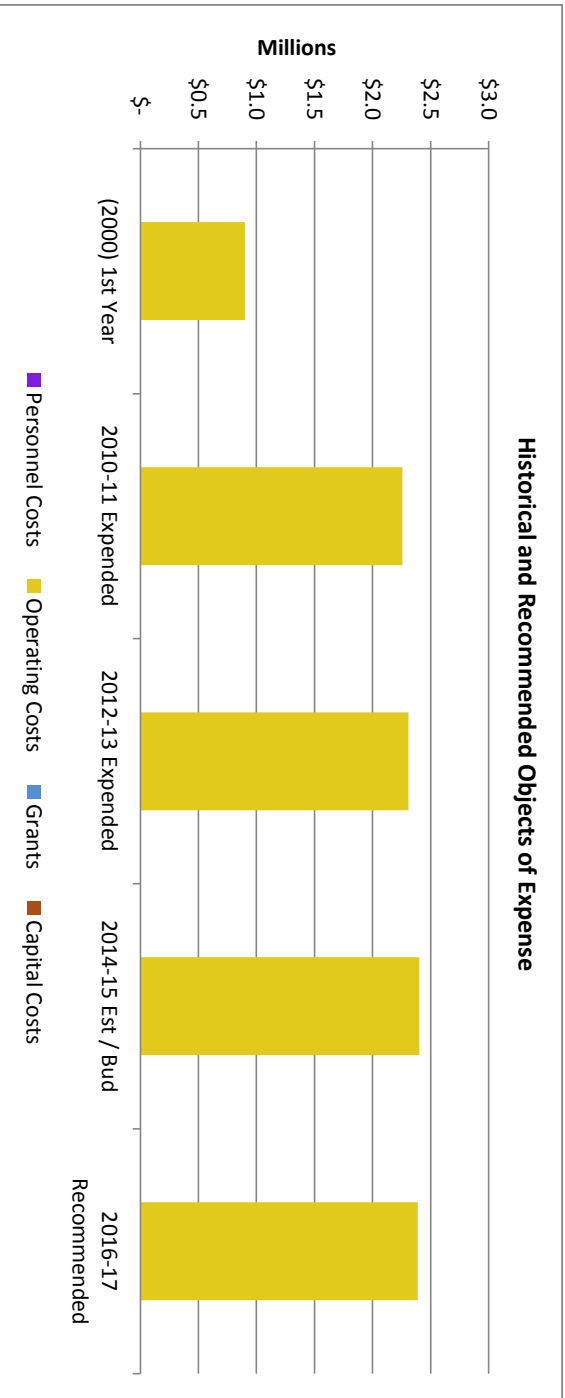
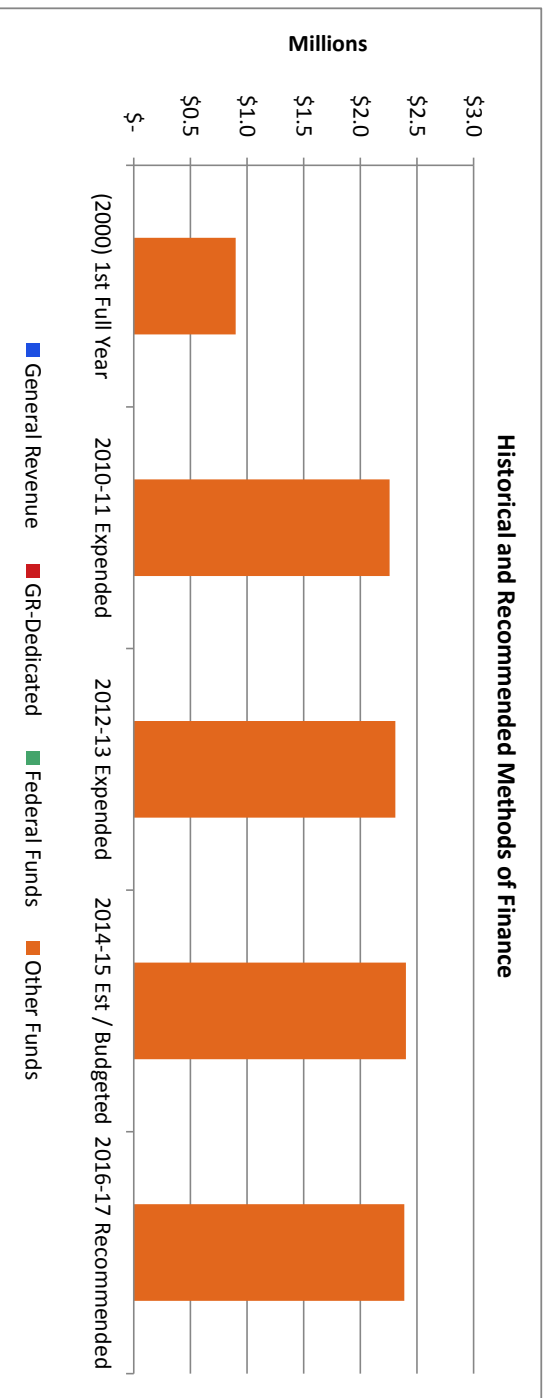
Agency Ranking **2** out of 4

Funding for this strategy is derived from annual distributions of Permanent Health Funds using tobacco settlement receipts. These are appropriated for research and other programs that are conducted by the institution and that benefit the public health.

Legal Authority: Education Code, Sec. 63.101

Year Created	2000	Performance and/or Operational Issue No		Outsourced Services Revenue Supported	Yes
Authority	Strong			Use of Dedicated Funds	No
Centrality	Moderate				NA
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Tobacco Earnings - Lower Rio Grande	\$ 2,403,450	0.0	\$ 2,388,000	0.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%
TOTAL	\$ 2,403,450	0.0	\$ 2,388,000	0.0	100.0%



Program: Tobacco Earnings - Lower Rio Grande Regional Academic Health Center

Agency Ranking **2 out of 4**

Summary of Recommendations and Fiscal and Policy Issues

1 Tobacco Earnings. Recommendations for 2016-17 provide requested funding amounts in proceeds from tobacco settlement receipts (Other Funds).

Recommended Statutory Changes for Program Improvement

1 None.

Strategic Fiscal Review 2016-17 - House
720 - The University of Texas System Administration

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: DK Royal Alzheimer's Initiative

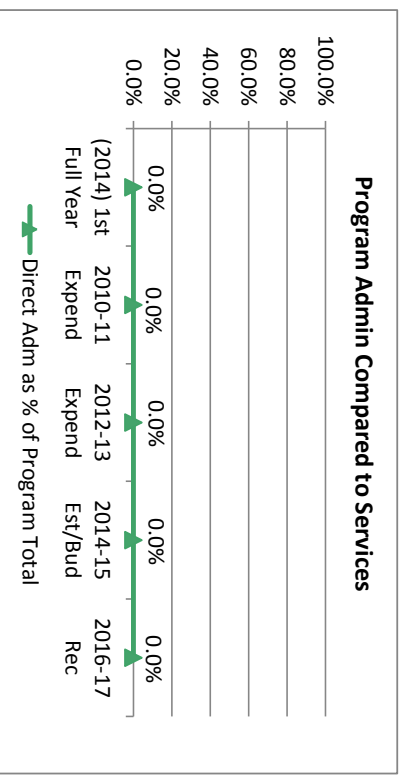
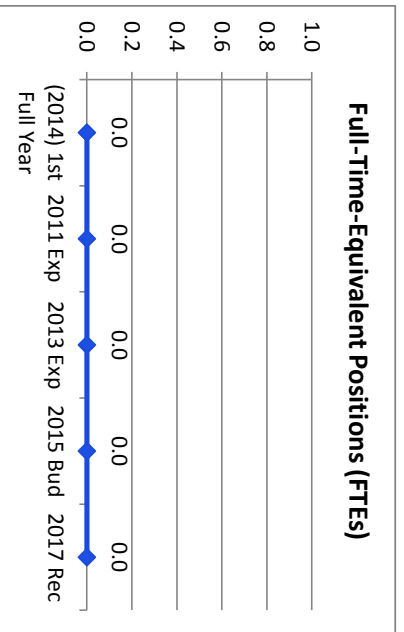
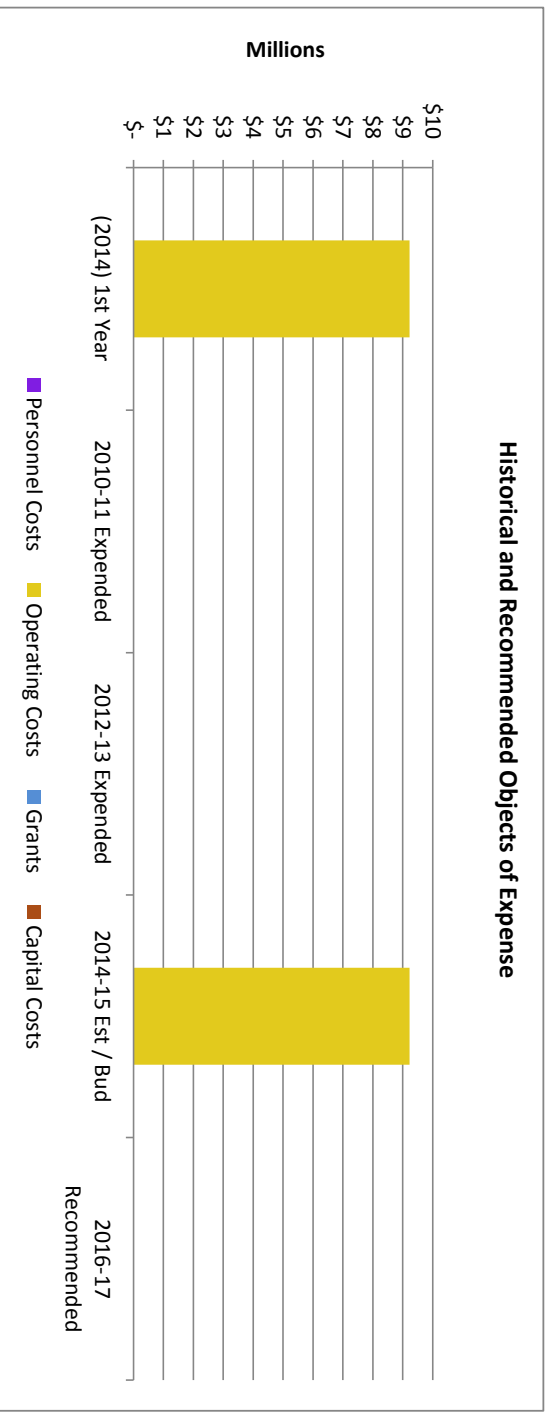
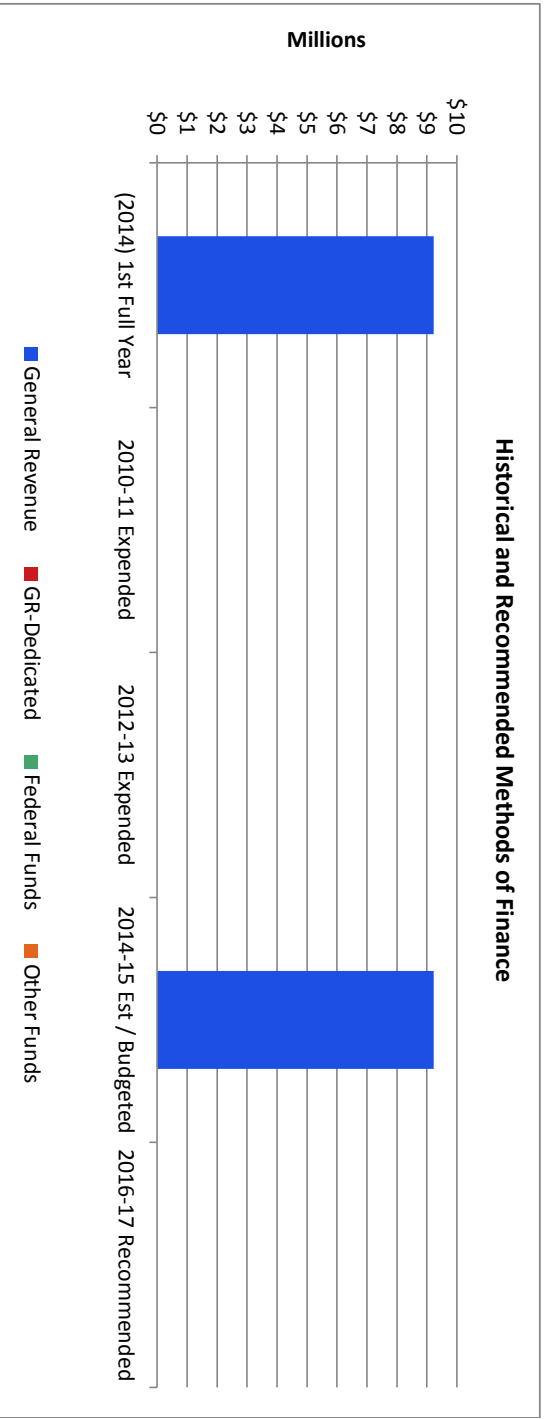
Agency Ranking **4** out of 4

The University of Texas System is the trustee for funds to be allocated at the direction of the Texas Council on Alzheimer Diseases and Related Disorders as provided by law to the Consortium of Alzheimer's Disease Centers and for other disease-specific purposes that are part of the Darrell K Royal Texas Alzheimer's Initiative as approved by the Texas Council on Alzheimer's Disease and Related Disorders. Prior to 2014-15, the funds were trustee to the Texas Higher Education Coordinating Board.

Legal Authority: Education Code, Ch. 154

Year Created	2014	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	Yes
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	No
							NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
DK Royal Alzheimer's Initiative	\$ 9,230,625	0.0	\$ -	0.0	
TOTAL	\$ 9,230,625	0.0	\$ -	0.0	



Program: DK Royal Alzheimer's Initiative

Agency Ranking **4** out of 4

Summary of Recommendations and Fiscal and Policy Issues

1 Alzheimer's Initiative. The Eighty-third Legislature provided \$9.2 million in General Revenue funding for the Darrell K Royal Alzheimer's Initiative to The University of Texas System in 2014-15. The Introduced Bill for 2016-17 retains \$9.2 million in support for the Alzheimer's Initiative but the funding has been transferred to The University of Texas (UT) at Austin. Recommendations at UT Austin for 2016-17 retain a rider that funding provided for the Alzheimer's Initiative can not be transferred for other purposes or programs.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. The University of Texas System did not provide specific funding alternatives for reduced funding. It noted that an across the board reduction would lower the amount of funds allocated to the Texas Alzheimer's Research and Care Consortium, allowing for less research.	\$ -	\$ -	0.0
2 Enhance General Revenue by twenty percent. No alternatives for enhanced funding were provided.	\$ -	\$ -	0.0

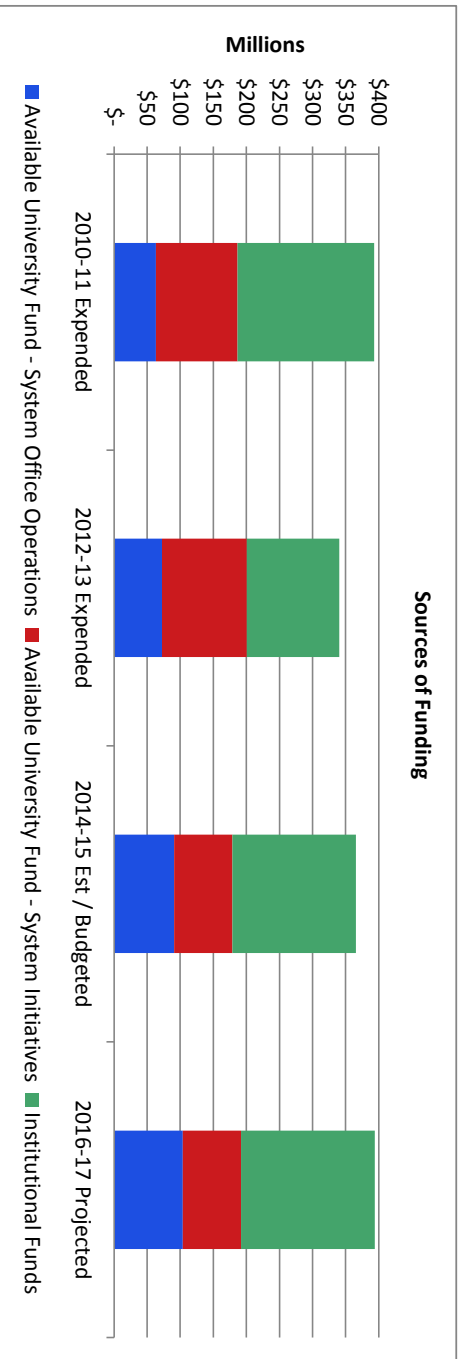
**Strategic Fiscal Review 2016-17 - House
720 - The University of Texas System Administration**

Schedule 6: Funds Outside the Bill Pattern

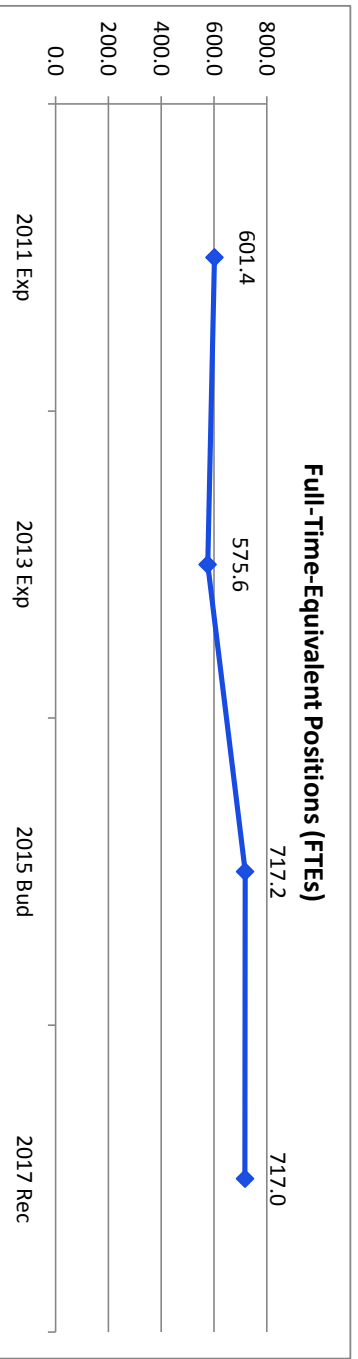
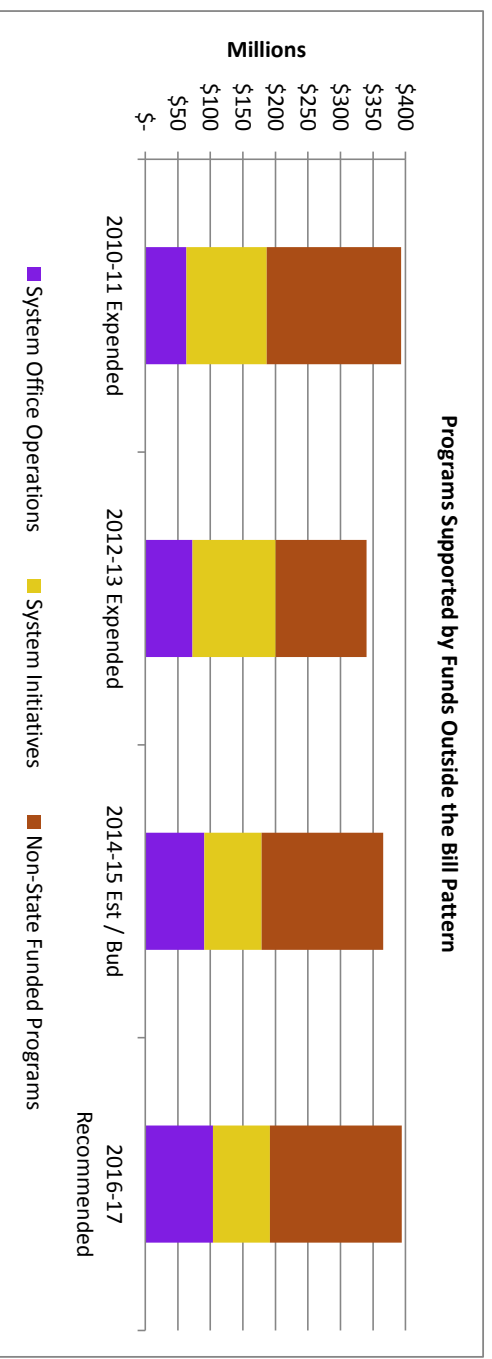
All 2016-17 funding recommendations reflect HB 1 as Introduced

The University of Texas System Administration receives Available University Funds as well as non-appropriated institutional funds.

Funding Sources	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	FY 2015 FTEs Budgeted	2016-17 Projected	FY 2017 FTEs Projected
Available University Fund - System Office Operations	\$ 63,179,657	\$ 72,721,325	\$ 90,916,716	249.3	\$ 103,941,163	249.3
Available University Fund - System Initiatives	\$ 123,317,366	\$ 127,910,306	\$ 87,936,829	91.7	\$ 87,872,210	91.6
Institutional Funds	\$ 206,560,320	\$ 139,621,074	\$ 186,790,438	376.2	\$ 202,331,880	376.1
Total	\$ 393,057,343	\$ 340,252,705	\$ 365,643,983	717.2	\$ 394,145,253	717.0



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 63,179,657	\$ 72,721,325	\$ 90,916,716	\$ 103,941,163
System Initiatives	\$ 123,317,366	\$ 127,910,306	\$ 87,936,829	\$ 87,872,210
Non-State Funded Programs	\$ 206,560,320	\$ 139,621,074	\$ 186,790,438	\$ 202,331,880
Total	\$ 393,057,343	\$ 340,252,705	\$ 365,643,983	\$ 394,145,253



Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
710 - Texas A&M University System Administrative and General Offices

The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

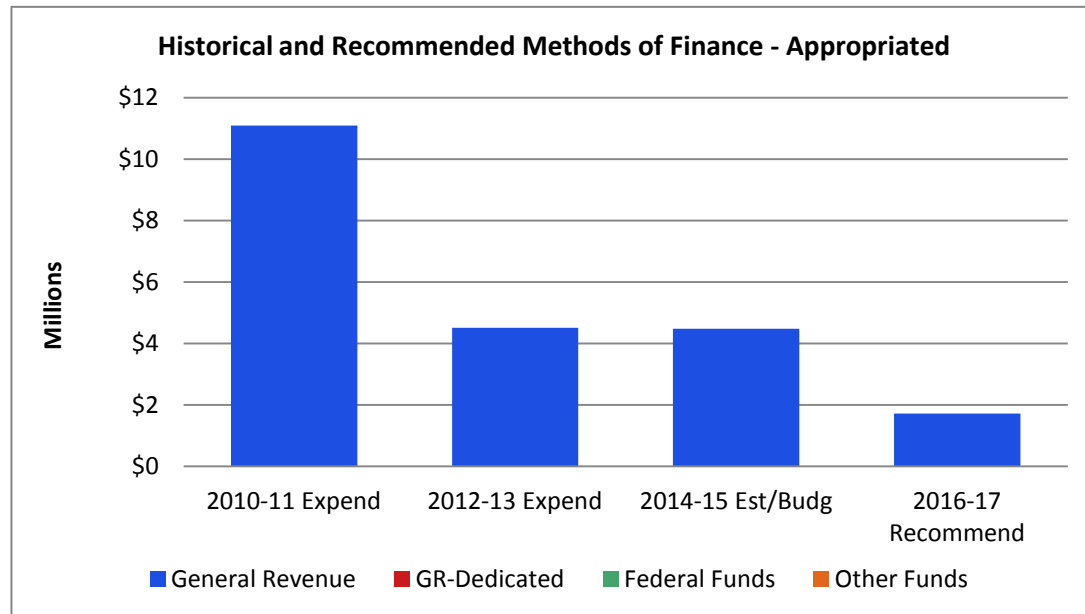
Schedule 1: Agency Overview

Mission Statement: The role of the Texas A&M University System Office is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 85; Education Code, Sec 51.353;

Total Number of Programs: 3

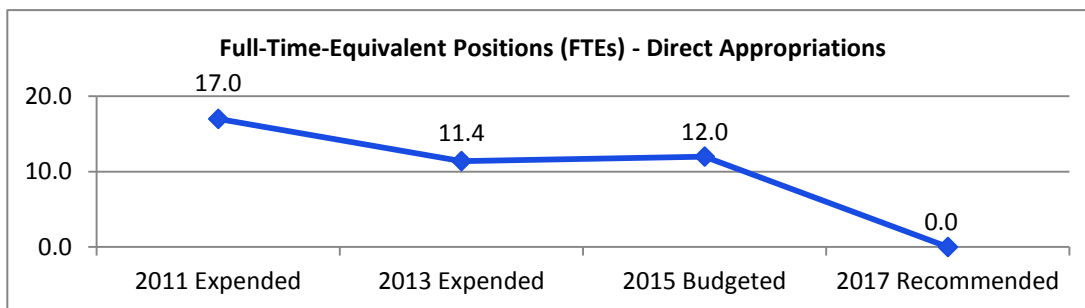
Overview and Significant Findings



■ **Composition.** The Texas A&M University System operates a statewide network of 11 universities, a branch campus in Galveston, seven state agencies, and a health science center. The Texas A&M System comprises a statewide network that is anchored by two land grant academic institutions, Texas A&M University and Prairie View A&M University, along with its research and extension agencies.

■ **Function.** The System Offices provide strategic leadership, performance, accountability and compliance assessment, and centralized support services to member institutions. Over the last three years, the Texas A&M System has undertaken a complete review of administrative and operational processes, and contracts in an effort to mitigate costs and improve operational efficiencies.

■ **Funding.** Recommendations for the Texas A&M System are \$1.7 million for the 2016-17 biennium. In addition, the system estimates receiving an additional \$102 million in Available University Fund (AUF) appropriations and \$44.2 million in Institutional Funds, for a total of \$147.9 million in estimated funding for the 2016-17 biennium. The primary reason for the decrease in funding between 2010-11 and 2012-13 is related to one-time fiscal year 2011 debt service appropriations of \$5.7 million for Texas A&M - San Antonio and Texas A&M - Central Texas. Recommendations for 2016-17 do not include direct appropriations for system office operations.



■ **Full-Time Equivalent Positions.** The system has 12 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, the system has an additional 82 FTEs supported by the AUF and 170.9 FTEs supported by Institutional Funds, for a total of 264.9 FTEs for 2014-15.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
710 - Texas A&M University System Administrative and General Offices

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	Scholarships	2000	Education Code, Ch. 85; 2014-15 GAA, Article III, Sec. 6.8a	NA	Moderate	Moderate	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
2	System Office Operations	1948	Education Code, Ch. 85	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	Yes
3	Task Force	2010	Government Code, Sec. 490E.006	NA	Strong	Weak	Natural Resources Management & Regulation	Statewide	No	No
	Program Summary Included									

Notes: • The Texas A&M University System was created by the Texas Legislature in 1948, however the year 2000 represents the first full year of operations appropriations as reported by the system.

• Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Statutory authority for the Texas A&M University System is provided by the following:

Education Code, Sec. 85.17

- (a) The central administration office of the university system shall provide oversight and coordination of the activities of each component institution within the system.
- (b) The board shall appoint a chief executive officer of the university system and determine the chief executive officer's term of office, salary, and duties.
- (c) The chief executive officer shall recommend a plan for the organization of the university system and the appointment of a chief administrative officer for each component institution, agency, and service, within the system.
- (d) The chief executive officer is responsible to the board for the general management and success of the university system, and the board may delegate authority, establish guidelines, and cooperate with the executive officer to carry out that responsibility. The chief executive officer may delegate his authority if approved by the board.
- (e) In addition to other powers and duties provided by this code or other law, the central administration office of the system shall recommend necessary policies and rules to the governing board of the system to ensure conformity with all laws and rules and to provide uniformity in data collection and financial reporting procedures.

• 2014-15 GAA, Article III, Special Provisions, Sec. 11 authorizes institutions to expend appropriations for multiple purpose, including scholarships.

• Government Code, Section 490E.006 - Provides that A&M System shall assist in analysis of biological and economic impact of proposed actions and provide recommendations to the task force on economic growth and endangered species as requested.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
710 - Texas A&M University System Administrative and General Offices

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review and Analysis								
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
1	Scholarships	\$2,500,000	\$2,078,125	\$1,541,422	\$1,527,422	0.0	\$1,527,422	0.0	0.0%	0.0	No	NA	No
2	System Office Operations	\$745,906	\$8,765,613	\$2,780,034	\$2,762,696	12.0	\$0	0.0	-100.0%	-12.0	No	NA	No
3	Task Force	\$250,000	\$250,000	\$183,750	\$183,750	0.0	\$183,750	0.0	0.0%	0.0	No	NA	No
Total	Program Summary Included		\$ 11,093,738	\$ 4,505,206	\$ 4,473,868	12.0	\$ 1,711,172	0.0	-61.8%	-12.0			

Notes: Data included in the column labeled *1st Year of Full Implementation* may reflect several different fiscal years and therefore it is not summed.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
710 - Texas A&M University System Administrative and General Offices



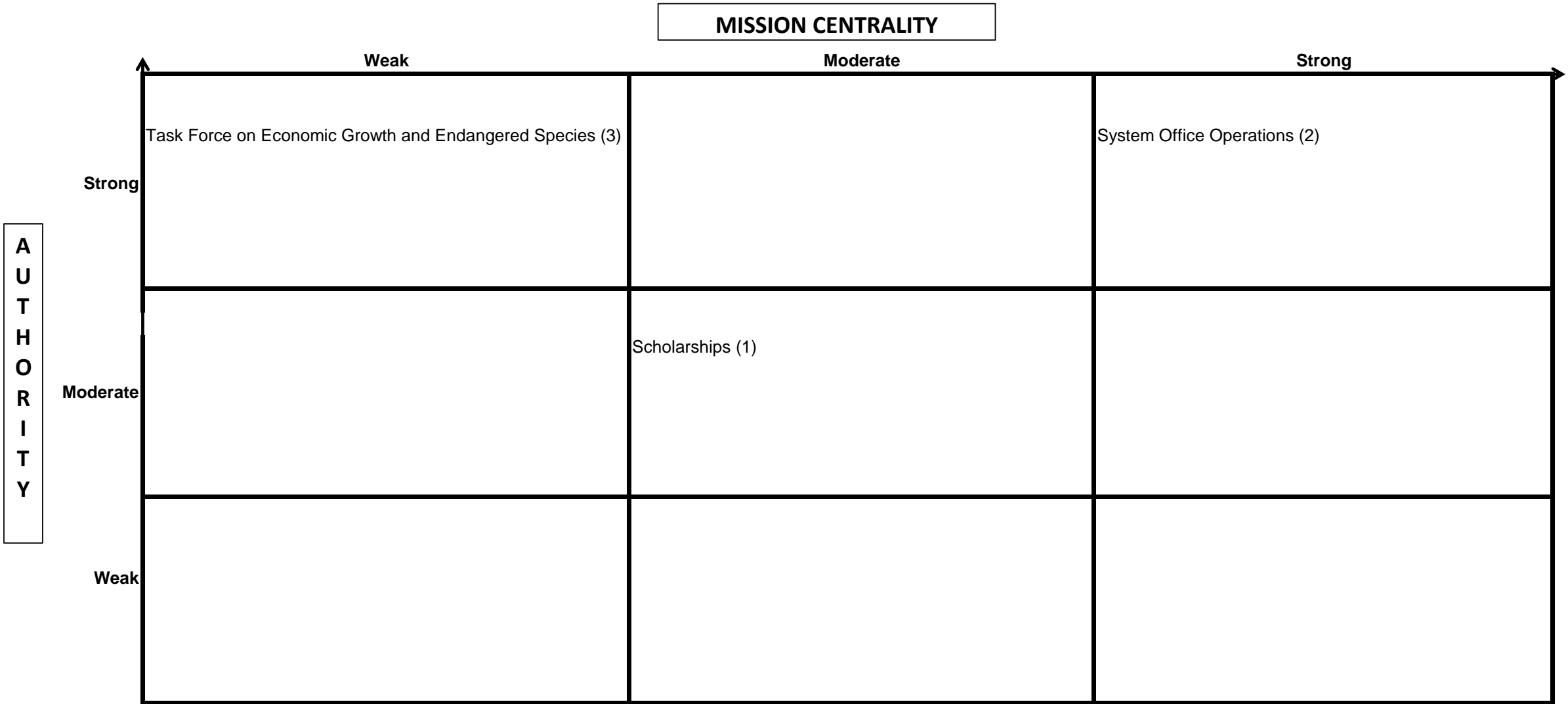
Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 as Introduced
1	Scholarships		Recommendations for 2016-17 this program equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' special item related strategies.
2	System Office Operations		The Introduced Bill reduces \$2.8 million in General Revenue from 2014-15 funding levels for System Office Operations due to both the Texas A&M System and The University of Texas System receiving appropriations from the Available University Fund (AUF).
3	Task Force		Recommendations for 2016-17 for this program equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' special item related strategies.
Program Summary Included			

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority**

710 - Texas A&M University System Administrative and General Offices

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other **Authority** is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.



Note: The matrix does not include Indirect Administration programs.

Strategic Fiscal Review 2016-17 - House
710 - Texas A&M University System Administrative and General Offices

Schedule 5: Program Summary - Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Scholarships

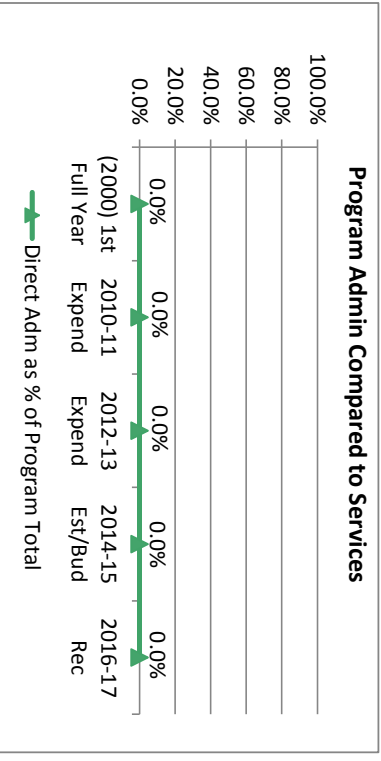
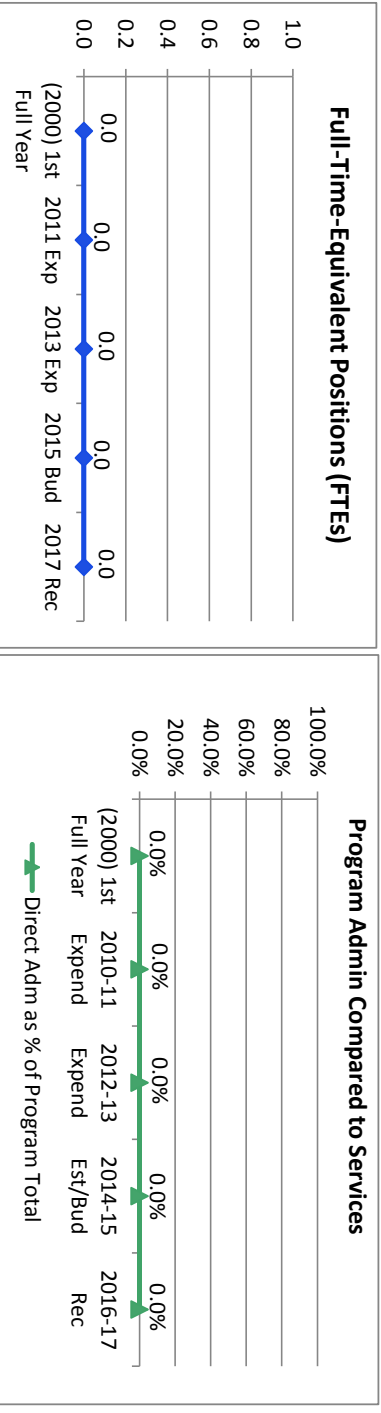
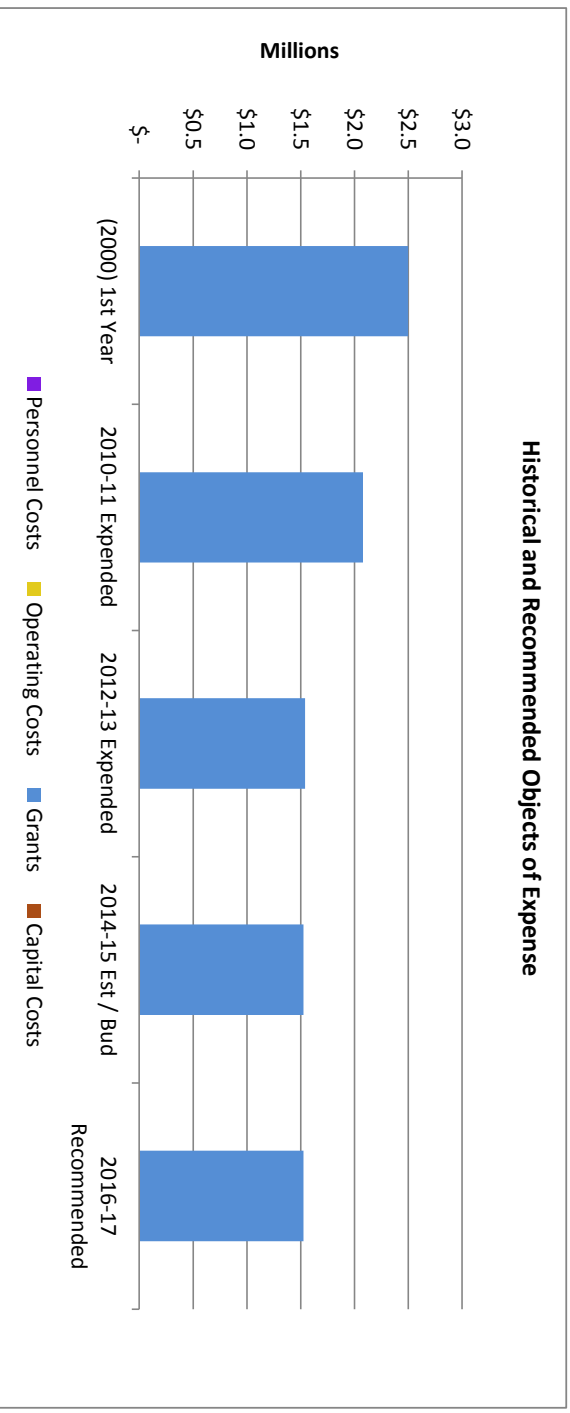
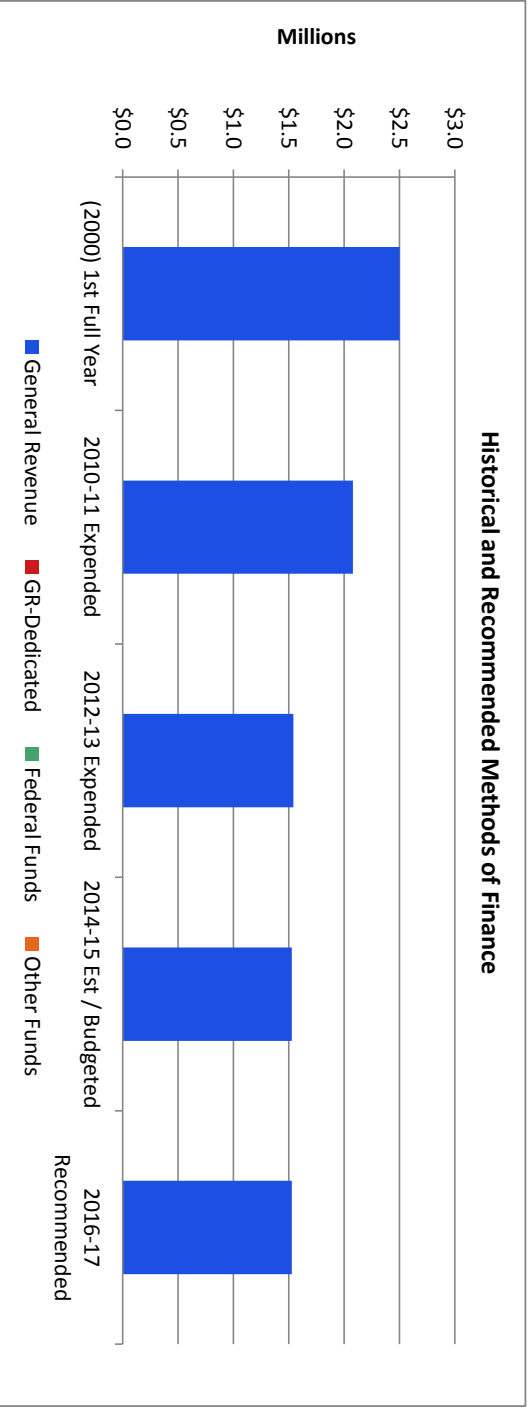
Agency Ranking **1**
out of 3

Funding to recruit and retain students based on need.

Legal Authority: Education Code, Ch. 85; 2014-15 GAA, Article III, Sec. 6.8a

Year Created	2000	Performance and/or Authority	Moderate	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Scholarships	\$ 1,527,422	0.0	\$ 1,527,422	0.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%
TOTAL	\$ 1,527,422	0.0	\$ 1,527,422	0.0	100.0%



Program: Scholarships

Summary of Recommendations and Fiscal and Policy Issues

1 Scholarships. Funding recommendations for 2016-17 maintain \$1.5 million in General Revenue funding for the system's Scholarships Program equal to amounts provided in 2014-15. Recommendations provide level funding for special items across all university system offices.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. Texas A&M System noted that in fiscal year 2014 the program provided 1,044 students with an average scholarship award of \$731. In the event of a 20 percent reduction 209 fewer scholarships would be awarded or scholarships may be reduced by \$146 per student.	\$ (305,484)	\$ (305,484)	0.0
2 Enhance General Revenue by twenty percent. Texas A&M System provided that additional General Revenue would allow for the increase of an additional 209 scholarship awards.	\$ 305,484	\$ 305,484	0.0

**Strategic Fiscal Review 2016-17 - House
710 - Texas A&M University System Administrative and General Offices**

Schedule 5: Program Summary - Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations

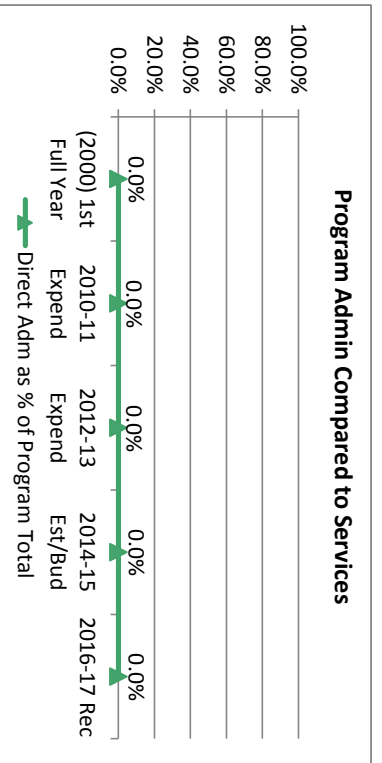
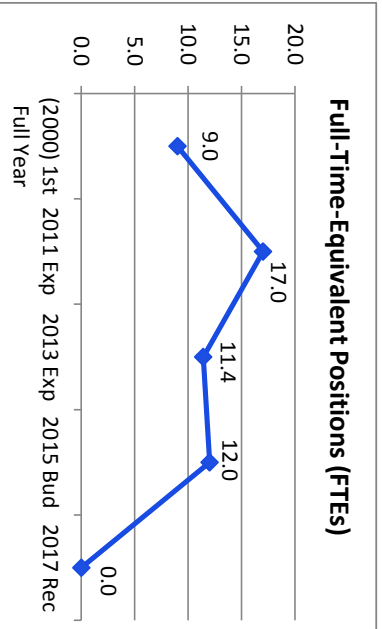
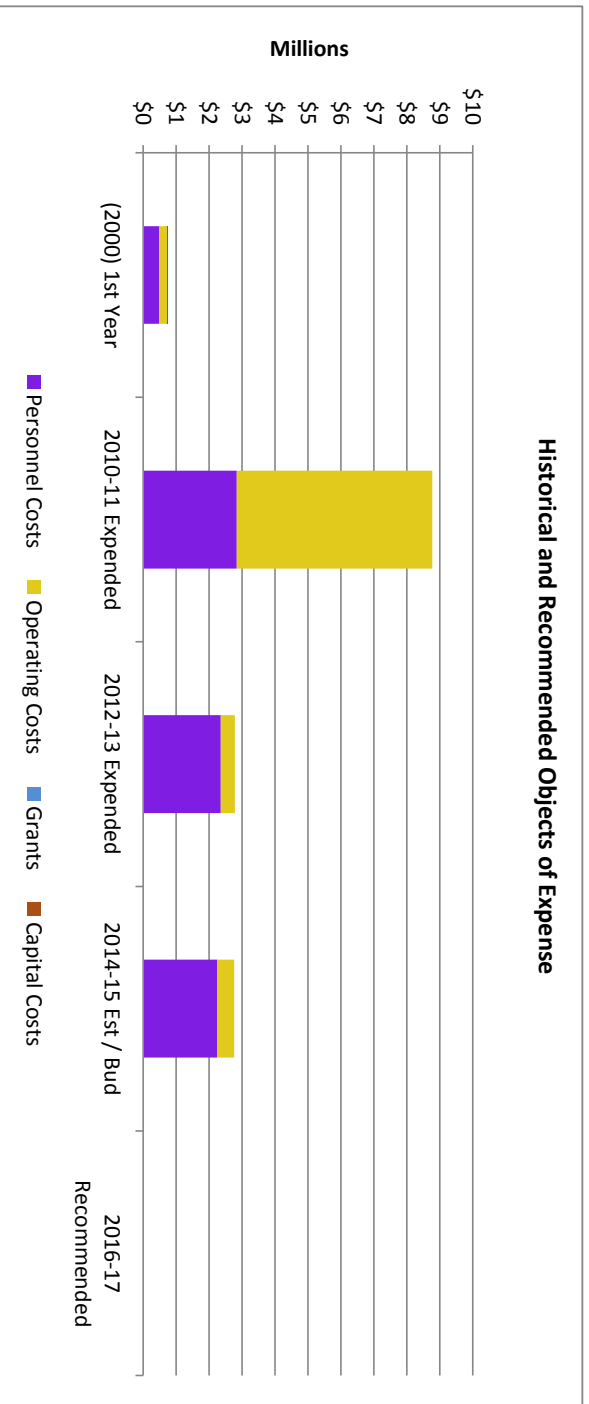
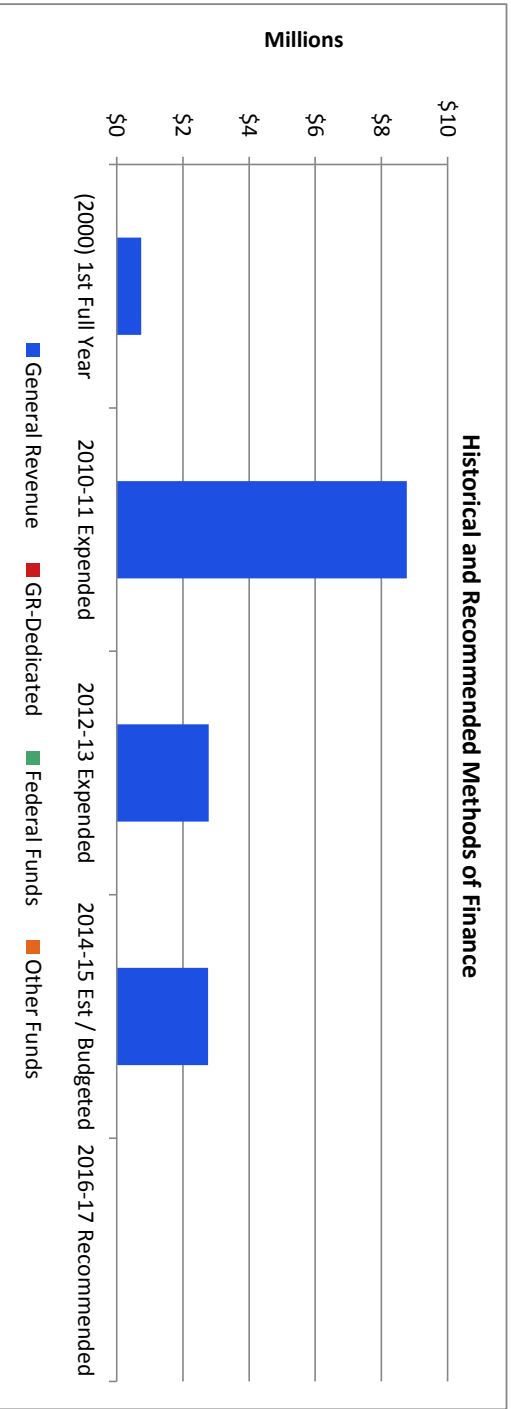
Agency Ranking **2**
out of 3

Funding provides support for the operations of the Texas A&M University System Office. The system office provides coordination and planning to improve efficiencies for component institutions.

Legal Authority: Education Code, Ch. 85; Education Code, Sec 51.353;

Year Created	1989	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services	Yes
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Business and Financial Services	\$ 80,197	1.0	\$ -	0.0	
Academic Affairs	\$ 1,477,723	6.0	\$ -	0.0	
Strategic Initiatives and Planning	\$ -	0.0	\$ -	0.0	
Facilities	\$ 222,424	0.0	\$ -	0.0	
Office of the Chancellor	\$ 982,352	5.0	\$ -	0.0	
TOTAL	\$ 2,762,696	12.0	\$ -	0.0	



Program: System Office Operations

Agency Ranking **2** out of 3

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. The Texas A&M University System Administrative and General Offices is one of two systems receiving appropriations from the Available University Fund (AUF). The Introduced Bill reduced \$2.8 million in General Revenue from 2014-15 levels for system office operations.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
<p>1 Increase 2014-15 General Revenue funding by twenty percent. Texas A&M System noted that in the event of additional General Revenue to the System Offices that assessments of member institutions would be decreased and the lowered assessments would allow its institutions to direct their funds to teaching and research. The system did provide that enhanced General Revenue would not result in an increase in FTEs.</p>	\$ 552,539	\$ 552,539	0.0

Strategic Fiscal Review 2016-17 - House
710 - Texas A&M University System Administrative and General Offices

Schedule 5: Program Summary - Direct Appropriations
All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Task Force

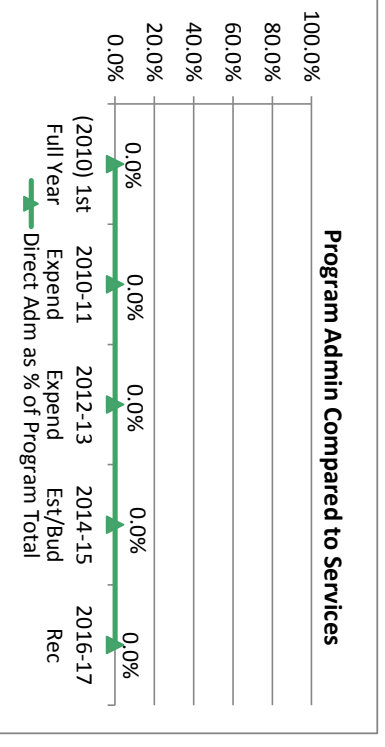
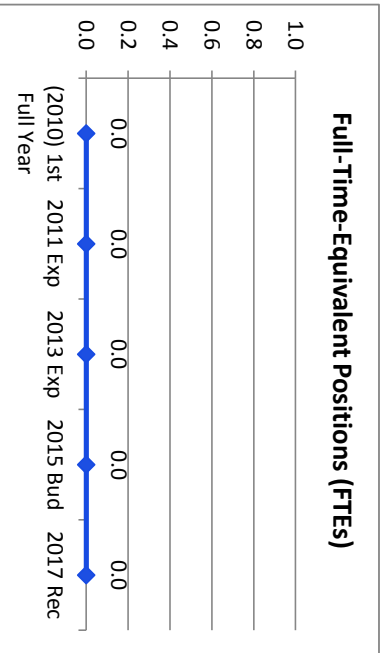
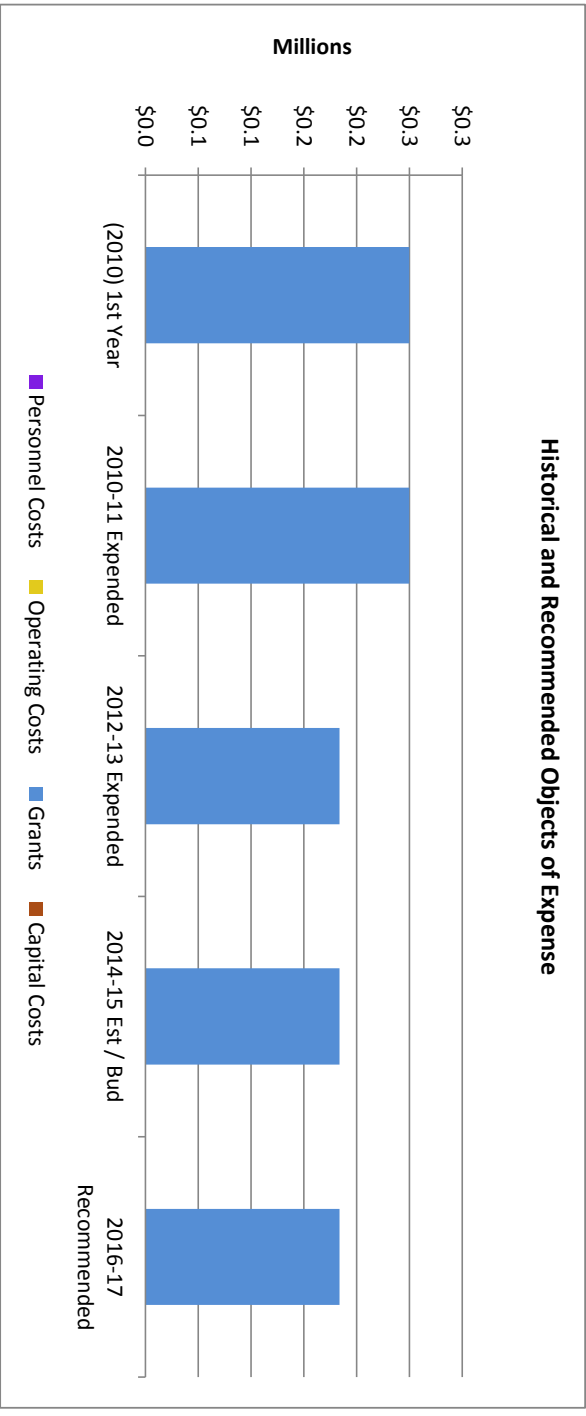
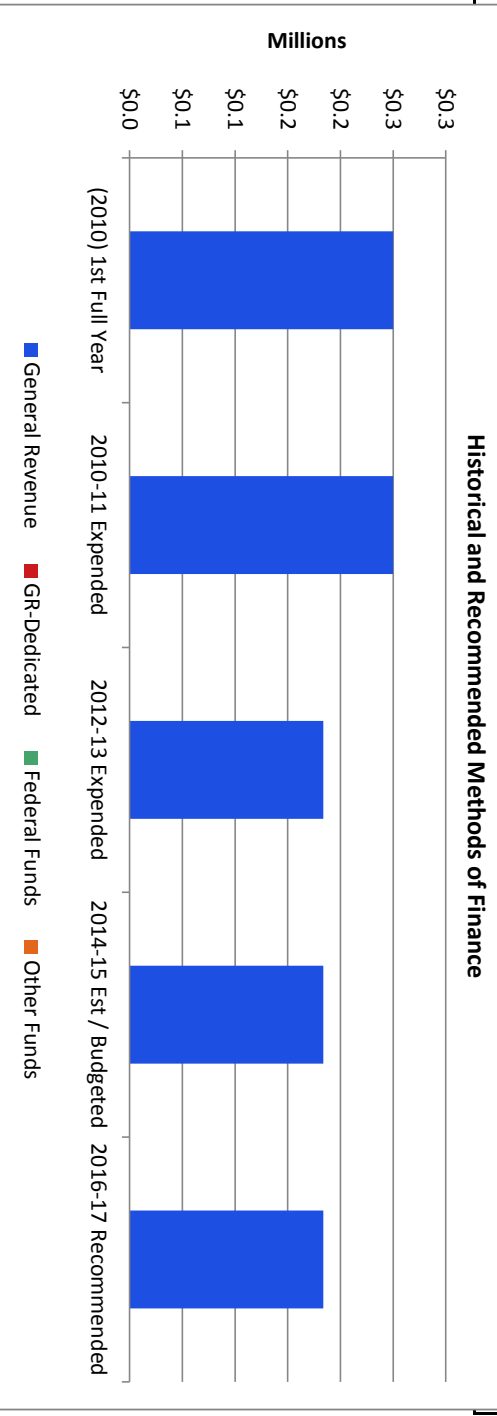
Agency Ranking **3** out of 3

Funding for the Task Force on Economic Growth and Endangered Species.

Legal Authority: Government Code, Sec. 490E.006

Year Created	2010	Performance and/or Authority	Moderate	Operational Issue No		Outsourced Services	No
Centrality	Weak	Service Area	Statewide	State Service Category	Natural Resources Management & Regulation	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Task Force	\$ 183,750	0.0	\$ 183,750	0.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%



Program: Task Force

Summary of Recommendations and Fiscal and Policy Issues

1 Task Force on Economic Growth and Endangered Species. Recommendations for 2016-17 maintain \$0.2 million in General Revenue funding to support the system's Task Force on Economic Growth and Endangered Species are equal to amounts provided in 2014-15. Recommendations provide level funding for special items across all university system offices.

Recommended Statutory Changes for Program Improvement

1 None.

	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. Texas A&M System did not provide specific funding alternatives for the Task Force. It noted that a twenty percent reduction would result in less community outreach and training related to the economic impact of endangered species.	\$ (36,750)	\$ (36,750)	0.0
2 Enhance General Revenue by twenty percent. Texas A&M System did not provide specific funding alternatives for the Task Force. It noted that a twenty percent increase would allow for additional community outreach and training related to the economic impact of endangered species.	\$ 36,750	\$ 36,750	0.0

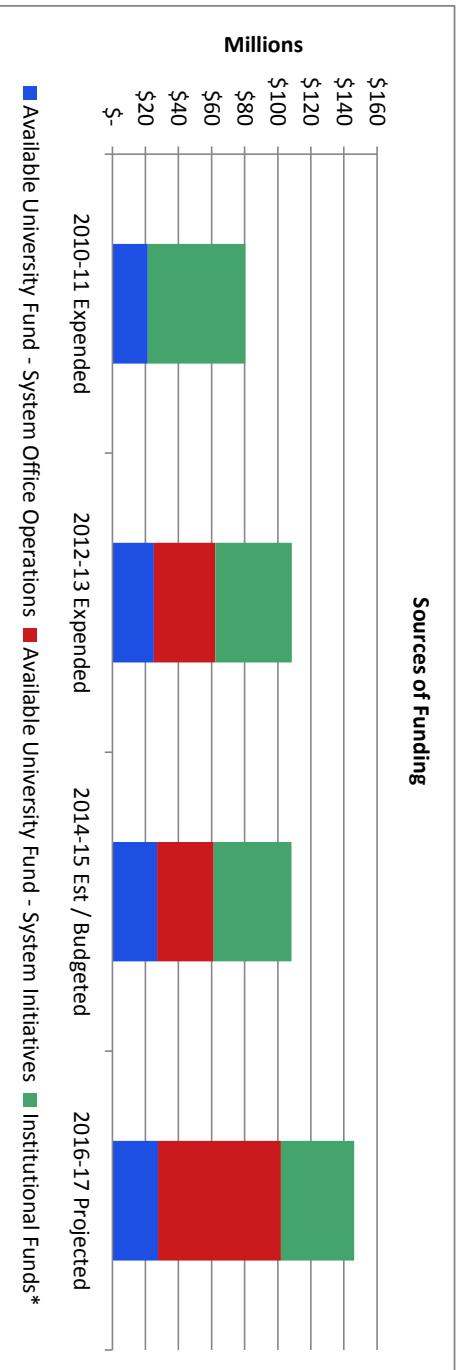
**Strategic Fiscal Review 2016-17 - House
710 - Texas A&M University System Administrative and General Offices**

Schedule 6: Funds Outside the Bill Pattern

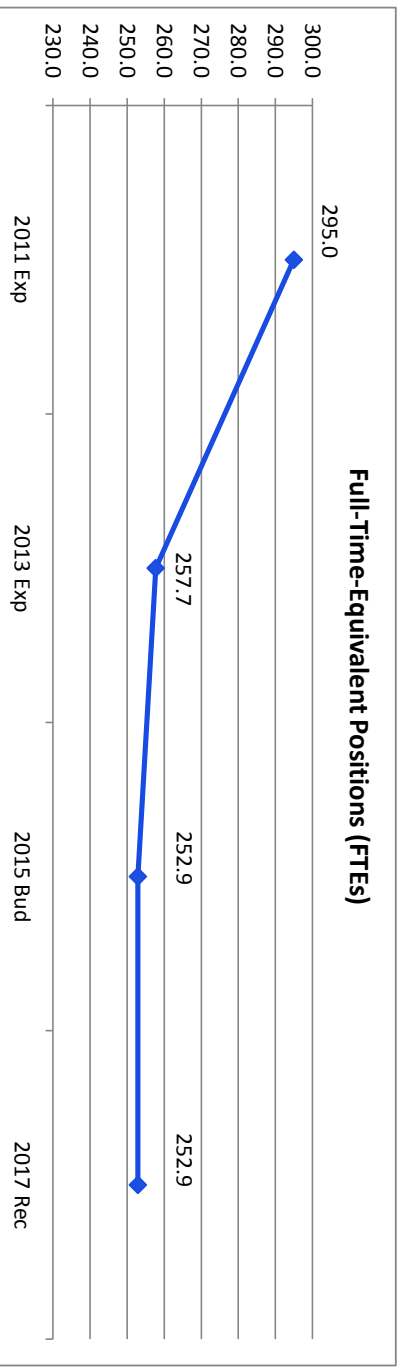
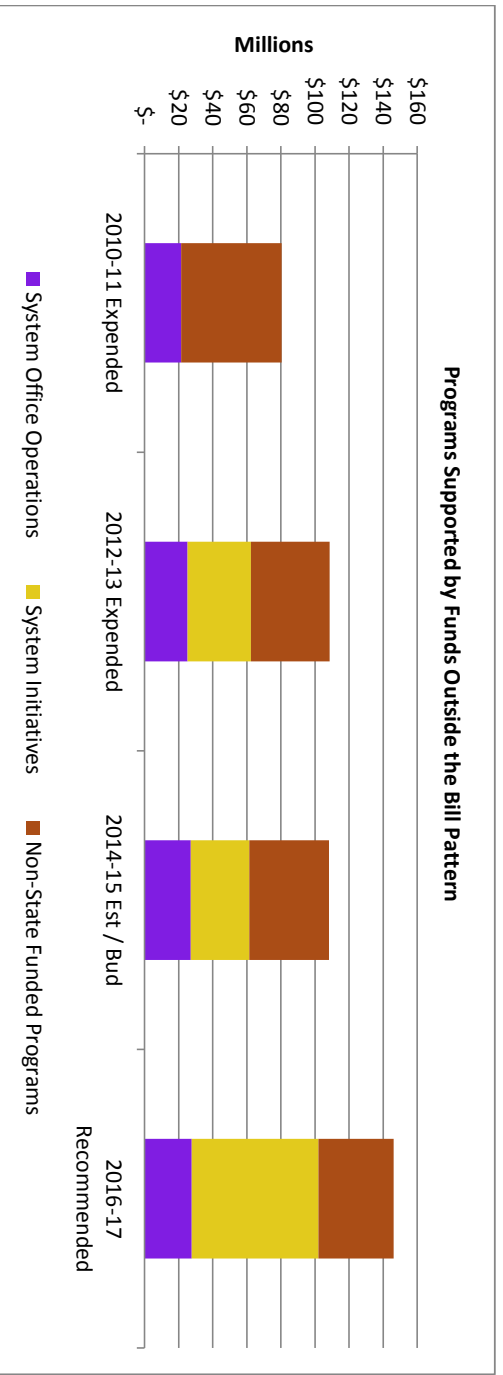
All 2016-17 funding recommendations reflect HB 1 as Introduced

The Texas A&M University System Administrative and General Offices receives indirect appropriated funds from the Available University Fund as well as non-appropriated institutional funds. Indirectly appropriated benefits are not shown.

Funding Sources	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTEs Budg	2016-17 Projected	2017 FTEs Projected
Available University Fund - System Office Operations	\$ 21,438,577	\$ 25,200,000	\$ 27,154,000	82.0	\$ 27,700,000	82.0
Available University Fund - System Initiatives	\$ -	\$ 37,102,877	\$ 34,230,123	0.0	\$ 74,309,000	0.0
Institutional Funds*	\$ 58,985,073	\$ 46,246,994	\$ 46,866,383	170.9	\$ 44,200,000	170.9
Total	\$ 80,423,650	\$ 108,549,871	\$ 108,250,506	252.9	\$ 146,209,000	252.9



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 21,438,577	\$ 25,200,000	\$ 27,154,000	\$ 27,700,000
System Initiatives	\$ -	\$ 37,102,877	\$ 34,230,123	\$ 74,309,000
Non-State Funded Programs	\$ 58,985,073	\$ 46,246,994	\$ 46,866,383	\$ 44,200,000
Total	\$ 80,423,650	\$ 108,549,871	\$ 108,250,506	\$ 146,209,000



Note*: Institutional Funds include non-General Revenue assessments of component institutions used for system office operations.

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
783 - University of Houston System Administration**

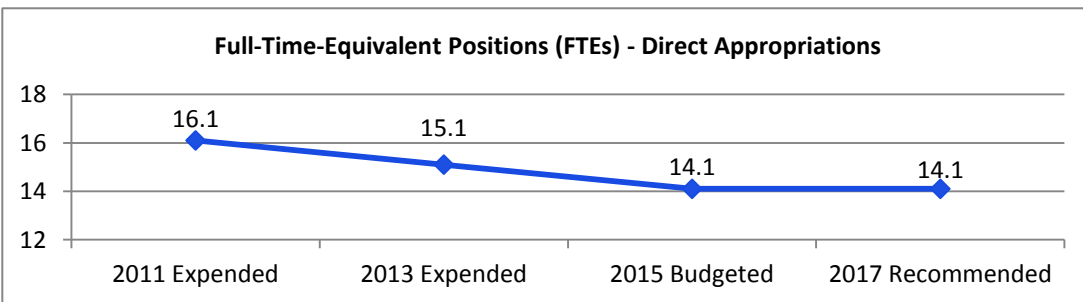
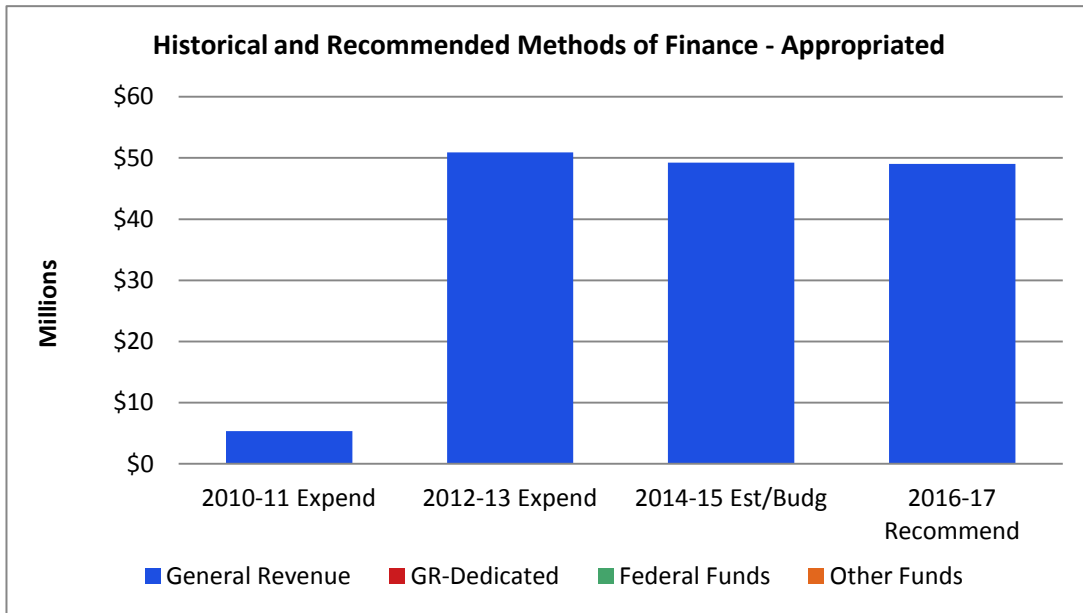
Schedule 1: Agency Overview

The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The role of the University of Houston System Office is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 111

Total Number of Programs: 6



Overview and Significant Findings

- **Composition.** The University of Houston (UH) System has four universities – the University of Houston, UH-Clear Lake, UH-Downtown, and UH-Victoria. The University of Houston is the system’s comprehensive research university, offering programs from the baccalaureate through the doctorate.

- **Funding.** Recommendations for UH System are \$49.0 million in General Revenue Funds for the 2016-17 biennium. In addition, the system estimates receiving an additional \$17.2 million from funds outside the bill pattern, for a total of \$66.2 million in funding for the 2016-17 biennium. The UH System does not receive appropriations from the Available University Fund.

- **Tuition Revenue Bonds Debt Service.** Prior to the 2012–13 biennium, appropriations for Tuition Revenue Bond Debt Service were made directly at the component institutions. Appropriations for Tuition Revenue Bond Debt Service were moved to the system administration beginning in 2012–13.

- **Full-Time Equivalent Positions.** The system has a total of 14.1 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, the UH System has 52.2 funded from non-GR transfers from component institutions and endowment and interest income, for a total of 66.3 FTEs for 2015.

- **FTE Recommendations.** Through the SFR process, it was discovered that the University of Houston System had been incorrectly categorizing employees funded from local funds as E&G funded employees. Recommendations for the 2016-17 biennium provide for only the 14.1 FTEs supported through direct appropriations to the system office.

**Strategic Fiscal Review 2016-17
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Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	UH-Clear Lake TRB Retirement	2012	Education Code, Ch. 55	N/A	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
1	UH-Downtown TRB Retirement	2012	Education Code, Ch. 55	N/A	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
1	UH-Victoria TRB Retirement	2012	Education Code, Ch. 55	N/A	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
1	University of Houston TRB Retirement	2012	Education Code, Ch. 55	N/A	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
2	System Operations	1978	Education Code, Ch. 111	N/A	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
3	NASA Programs	1990	Education Code, Ch. 111.42	N/A	Strong	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
Program Summary Included										

Notes: • Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Statutory Authority for the University of Houston System is provided by the following:

Education Code, Section 111.20

- (a) The University of Houston System hereby created is composed of all those institutions and entities presently under the governance, control, jurisdiction, and management of the Board of Regents of the University of Houston.
- (b) The University of Houston System shall also be composed of such other institutions and entities as from time to time may be assigned by specific legislative act to the governance, control, jurisdiction, and management of the University of Houston System.
- (c) The governance, control, jurisdiction, organization, and management of the University of Houston System is hereby vested in the present Board of Regents of the University of Houston, which will hereinafter be known and designated as the Board of Regents of the University of Houston System.

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?

Education Code, Section 111.21

- (a) The board shall establish a central administration office of the university system to provide oversight and coordination of the activities of the system and each component institution within the system.
- (b) The board shall appoint a chief executive officer and such other executive officers of the system central administration office as may be deemed appropriate. The term of appointment, salary, and duties of each such officer shall be determined by the board.
- (c) The chief executive officer shall be responsible for the administration of the system through a central administrative office under the provisions of Section 51.353 of this code.
- (d) In addition to other powers and duties provided by this code or other law, the central administration office of the system shall recommend necessary policies and rules to the governing board of the system to ensure conformity with all laws and rules and to provide uniformity in data collection and financial reporting procedures.

Education Code, Section 111.42

- (a) The board shall develop and establish a business technology outreach program to assist businesses in this state to make use of technology developed by the National Aeronautics and Space Administration. The board shall work with the National Aeronautics and Space Administration, appropriate businesses, and economic development organizations in this state to carry out the program.
- (b) From money appropriated to or otherwise under the control of the board, the board may award grants to economic development organizations for use in recruiting appropriate businesses for participation in the program and to provide other appropriate assistance to program participants.
- (c) The board shall appoint an advisory board of technical advisors to evaluate requests from economic development organizations and businesses for assistance under the program and advise the board on distribution of the assistance.
- (d) The board shall adopt rules to administer the program, including rules relating to application and eligibility for grants. The board may enter into agreements as necessary to carry out the program.

Education Code, Section 55.1715

- (a) In addition to the authority granted by Sections 55.13, 55.14, 55.17, 55.171, and 55.19 of this code, the board of regents of the University of Houston System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for the University of Houston--Downtown to be financed by the issuance of bonds in accordance with this subchapter and in accordance with a systemwide revenue financing program adopted by the board in an aggregate principal amount not to exceed \$22.4 million.
- (b) The board may pledge irrevocably to the payment of those bonds all or any part of the revenue funds of an institution, branch, or entity of the University of Houston System, including student tuition charges required or authorized by law to be imposed on students enrolled at an institution, branch, or entity of the University of Houston System. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.
- (c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of the University of Houston System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review and Analysis									
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?	
1	UH-Clear Lake TRB Retirement	\$2,988,973	\$0	\$5,764,239	\$5,562,641	0.0	\$5,581,809	0.0	0.3%	0.0	No	NA	No	
1	UH-Downtown TRB Retirement	\$6,175,328	\$0	\$12,219,649	\$12,099,231	0.0	\$11,916,832	0.0	-1.5%	0.0	No	NA	No	
1	UH-Victoria TRB Retirement	\$4,051,744	\$0	\$7,801,338	\$7,508,272	0.0	\$7,512,919	0.0	0.1%	0.0	No	NA	No	
1	University of Houston TRB Retirement	\$10,688,782	\$0	\$20,968,808	\$19,764,105	0.0	\$19,714,733	0.0	-0.2%	0.0	No	NA	No	
2	System Operations	\$391,600	\$3,728,985	\$2,850,000	\$2,850,000	14.1	\$2,850,000	14.1	0.0%	0.0	No	NA	No	
3	NASA Programs	\$200,000	\$1,597,172	\$1,173,922	\$1,423,922	0.0	\$1,423,922	0.0	0.0%	0.0	No	NA	No	
Total	Program Summary Included		\$ 5,326,157	\$ 50,777,956	\$ 49,208,171	14.1	\$ 49,000,215	14.1	-0.4%	0.0				

Notes: The appropriations listed here are the General Revenue Funds directly appropriated to the University of Houston System.

Strategic Fiscal Review 2016-17
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Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 as Introduced
1	UH-Clear Lake TRB Retirement	↑	Recommendations for 2016-17 for debt service at the University of Houston System equal requested amounts, which is consistent with recommendations for all debt service items for institutions of higher education.
1	UH-Downtown TRB Retirement	↓	Recommendations for 2016-17 for debt service at the University of Houston System equal requested amounts, which is consistent with recommendations for all debt service items for institutions of higher education.
1	UH-Victoria TRB Retirement	↑	Recommendations for 2016-17 for debt service at the University of Houston System equal requested amounts, which is consistent with recommendations for all debt service items for institutions of higher education.
1	University of Houston TRB Retirement	↓	Recommendations for 2016-17 for debt service at the University of Houston System equal requested amounts, which is consistent with recommendations for all debt service items for institutions of higher education.
2	System Operations	=	Recommendations for 2016-17 for this program equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' System Office Operations strategies.
3	NASA Programs	=	Recommendations for 2016-17 for this program equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' special item related strategies.

Program Summary Included

Note:

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority
783 - University of Houston System Administration

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
A U T H O R I T Y	Strong		UH-Clear Lake TRB Retirement (1) UH-Downtown TRB Retirement (1) UH-Victoria TRB Retirement (1) University of Houston TRB Retirement (1) NASA Programs (3)	System Operations (2)
	Moderate			
	Weak			

Note: The matrix does not include Indirect Administration programs.

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Schedule 5: Program Summary
House Budget Recommendations: HB 1 as Introduced

Program: TRB Retirement

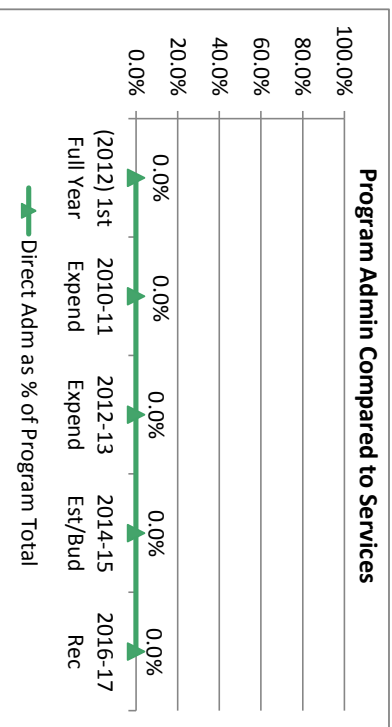
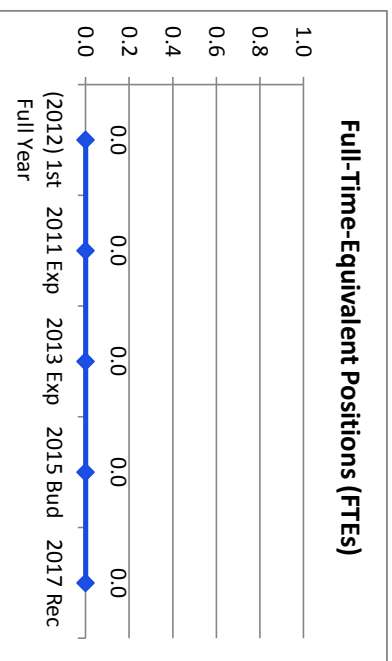
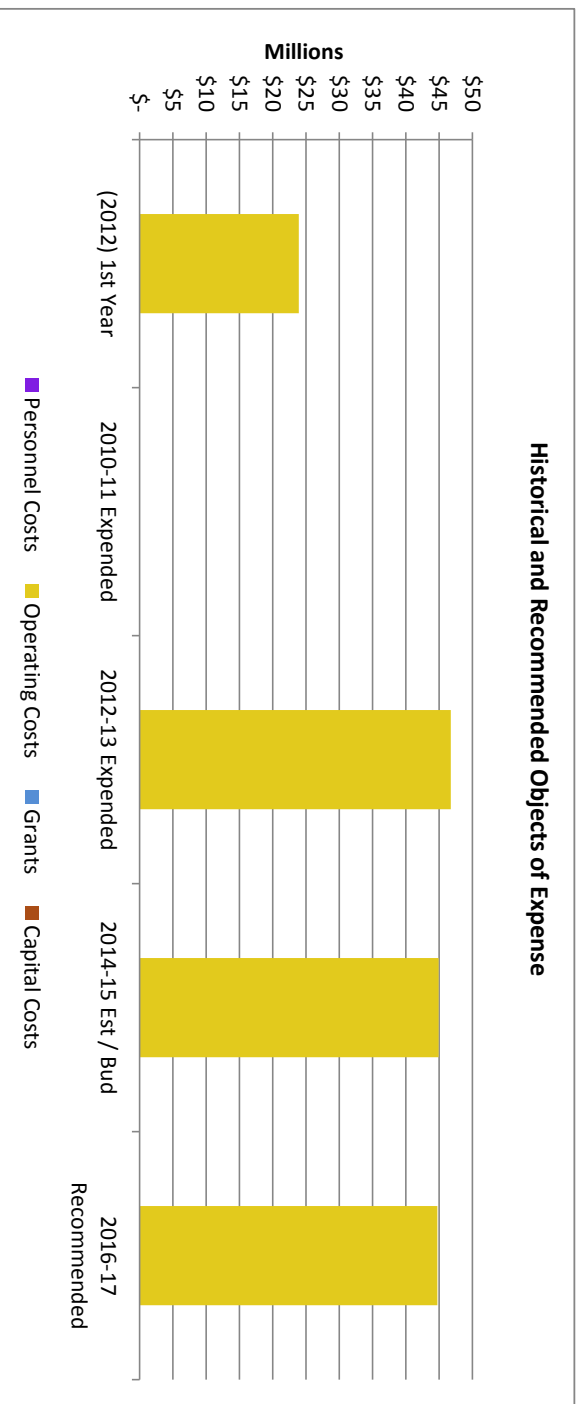
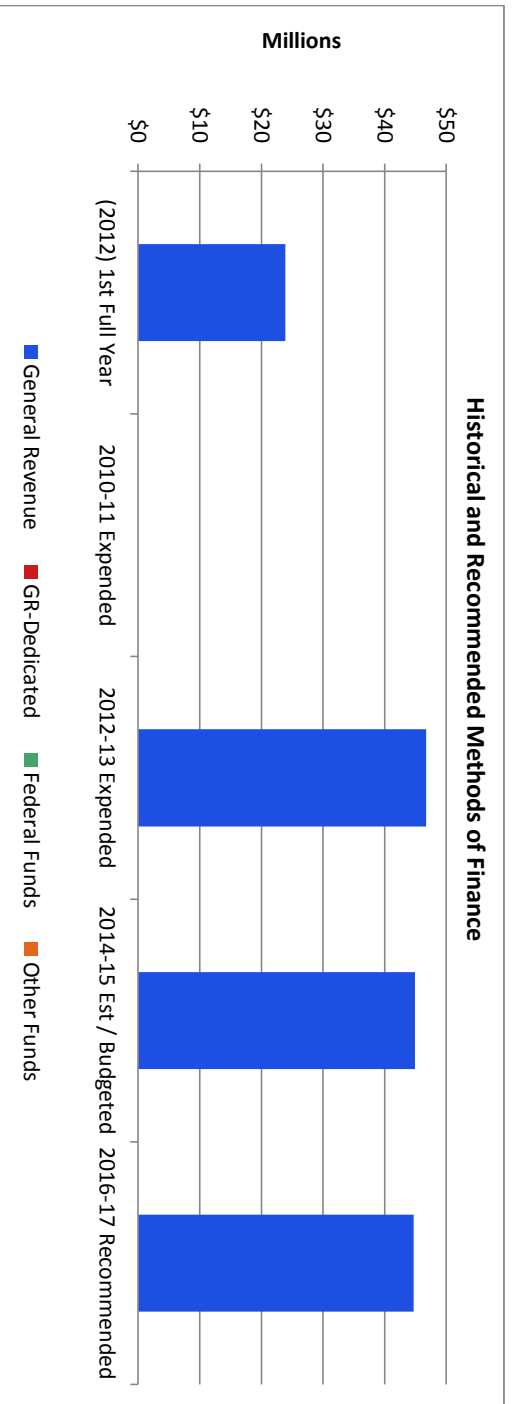
Agency Ranking **1**
out of 6

Funding for debt service reimbursement on tuition revenue bonds.

Legal Authority: Education Code, Ch. 55

Year Created	2012	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
TRB Retirement	\$44,934,249	0.0	\$44,726,293	0.0	100.0%
TOTAL	\$ 44,934,249	0.0	\$44,726,293	0.0	100.0%



Program: TRB Retirement

Agency Ranking **1**
out of 6

Summary of Recommendations and Fiscal and Policy Issues

1 Debt Service. Recommendations for 2016-17 provide for amounts requested by the University of Houston System to pay existing tuition revenue bond debt service consistent with recommendations on debt service at other university systems and institutions.

Recommended Statutory Changes for Program Improvement

1 None.

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Schedule 5: Program Summary
 All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations - Direct Appropriations

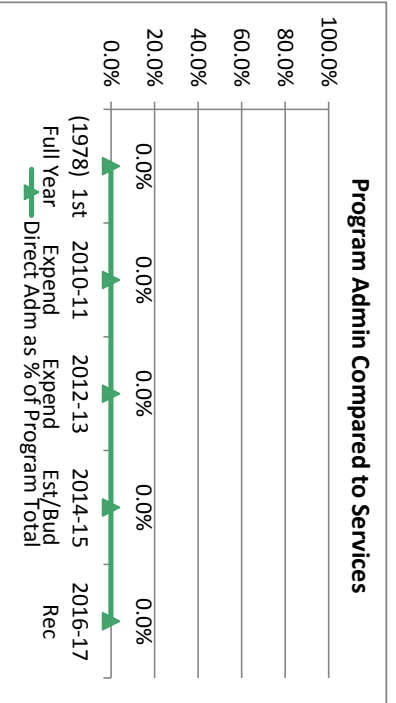
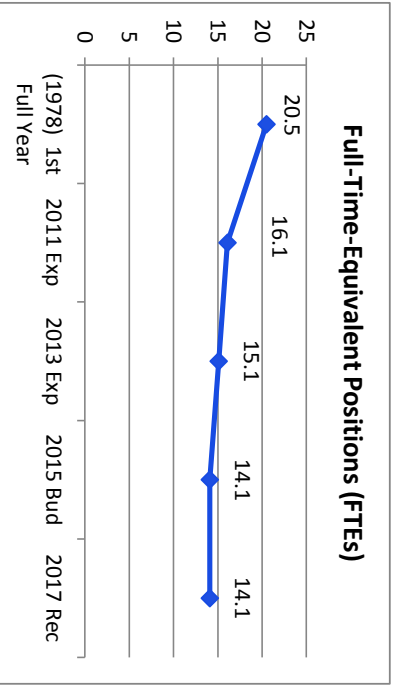
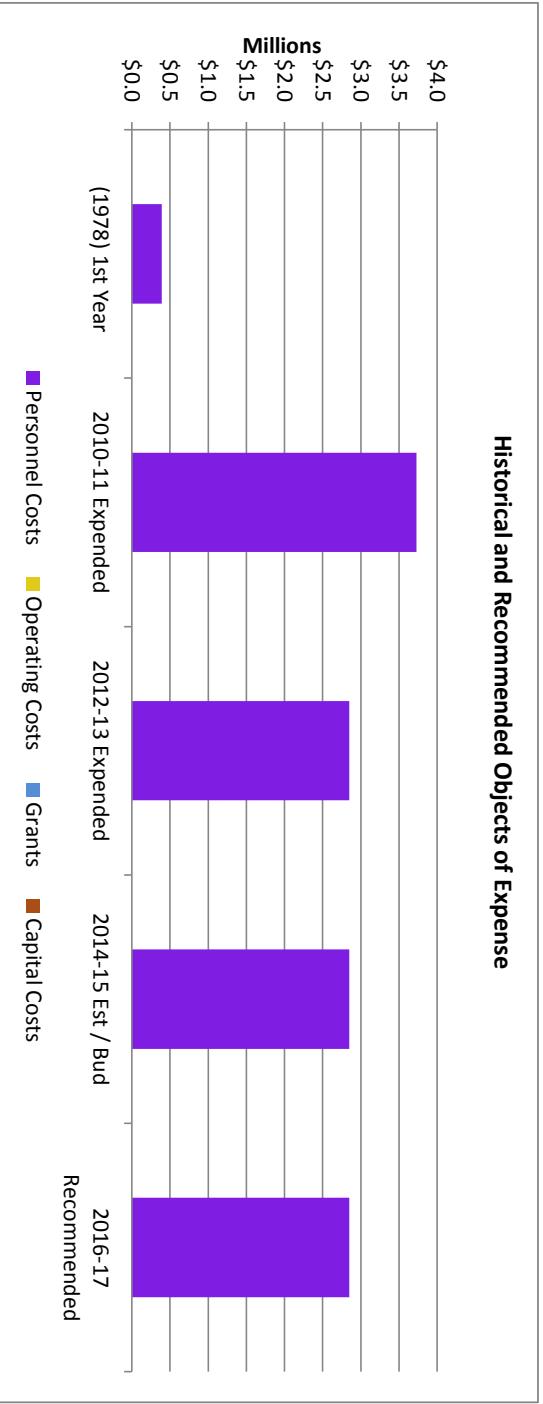
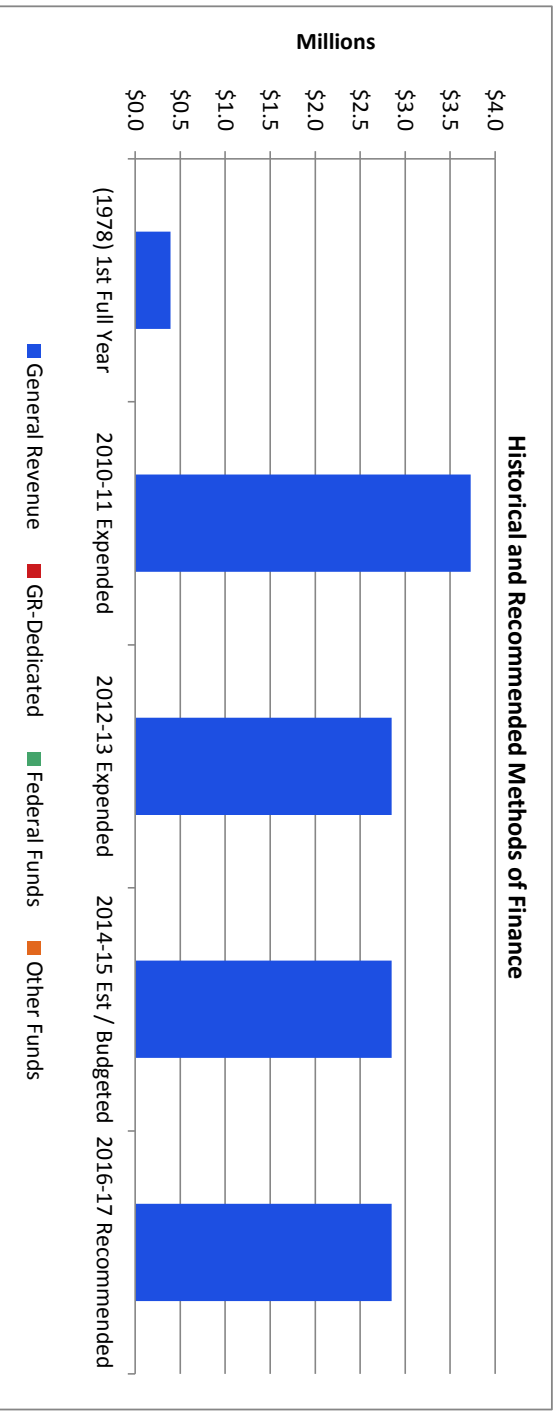
Agency Ranking **2**
out of 6

Funding provides support for the operations of the University of Houston's System Administration office. The system office provides coordination and planning to improve efficiencies.

Legal Authority: Education Code, Ch. 111

Year Created	1978	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Board of Regents	\$ 299,444	2.4	\$ 299,444	2.4	10.5%
Audit	\$ 625,682	2.0	\$ 625,682	2.0	22.0%
Legal	\$ 625,682	1.0	\$ 625,682	1.0	22.0%
Chancellor	\$ 1,299,192	8.7	\$ 1,299,192	8.7	45.6%
TOTAL	\$ 2,850,000	14.1	\$ 2,850,000	14.1	100.0%



Program: System Office Operations - Direct Appropriations

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. Recommendations for the University of Houston System maintain \$2.9 million in General Revenue appropriations. The recommended level is consistent among the four university systems who do not receive an allocation from the Available University Fund.

Recommendations would provide funding for the following Activities and full-time equivalent (FTE) positions within the System Office Operations Program. All six university systems were instructed to use these activity categories in their submissions to allow for comparative analysis among the systems.

Activities	Recommended	FTEs
Board of Regents	\$ 299,444	2.4
Audit	\$ 625,682	2.0
Legal	\$ 625,682	1.0
Business & Financial		
Academic Affairs		
Governmental Relations		
External Relations & Fund Raising		
Strategic Initiatives & Planning		
Facilities		
Office of the Chancellor	\$ 1,299,192	8.7
Health Affairs		
TOTAL	\$2,850,000	14.1

2 Funds Outside the Bill Pattern. The University of Houston System estimates in 2016-17 it will have access to \$17.2 million in funds outside its bill pattern to support its system office operations. The funds would be a combination of transfers from its various component institutions and endowment and interest income. The system estimates funding will support an additional 52.2 FTEs per year for System Office Operations.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. The University of Houston System did not provide specific funding alternatives for reduced funding. It did note that in the event of an across the board reduction it would likely have to rely on additional transfers from its component institutions. The system reported that a twenty percent reduction in General Revenue appropriations would likely result in the loss of 2.5 full-time equivalent positions.	\$ (570,000)	\$ (570,000)	(2.5)
2 Increase General Revenue by twenty percent. No specific options for enhanced funding were submitted. The system noted that an increase of 20 percent would decrease its reliance on transfers from component institutions.	\$ 570,000	\$ 570,000	2.5

Strategic Fiscal Review 2016-17 - House
783 - University of Houston System Administration
Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: NASA Programs

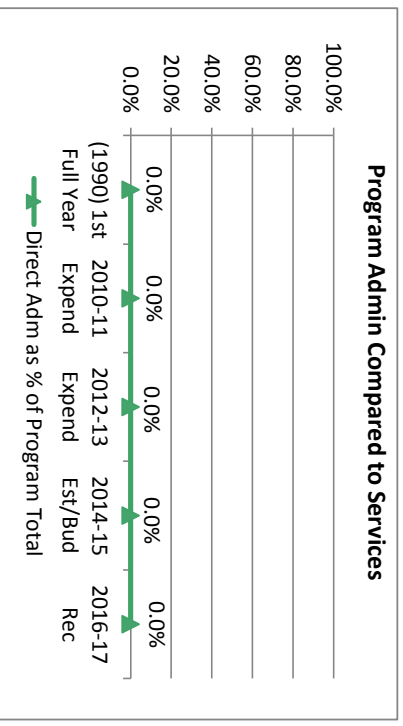
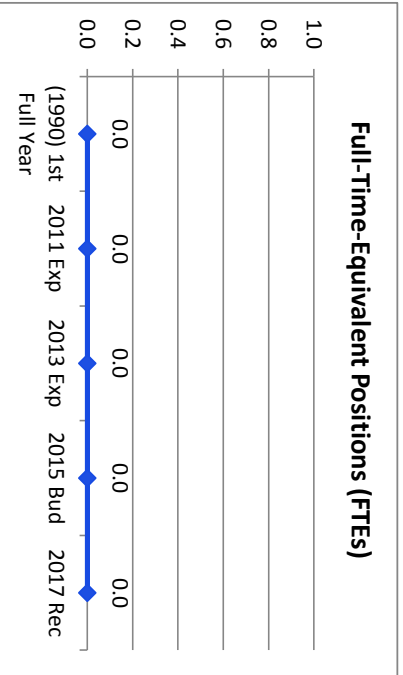
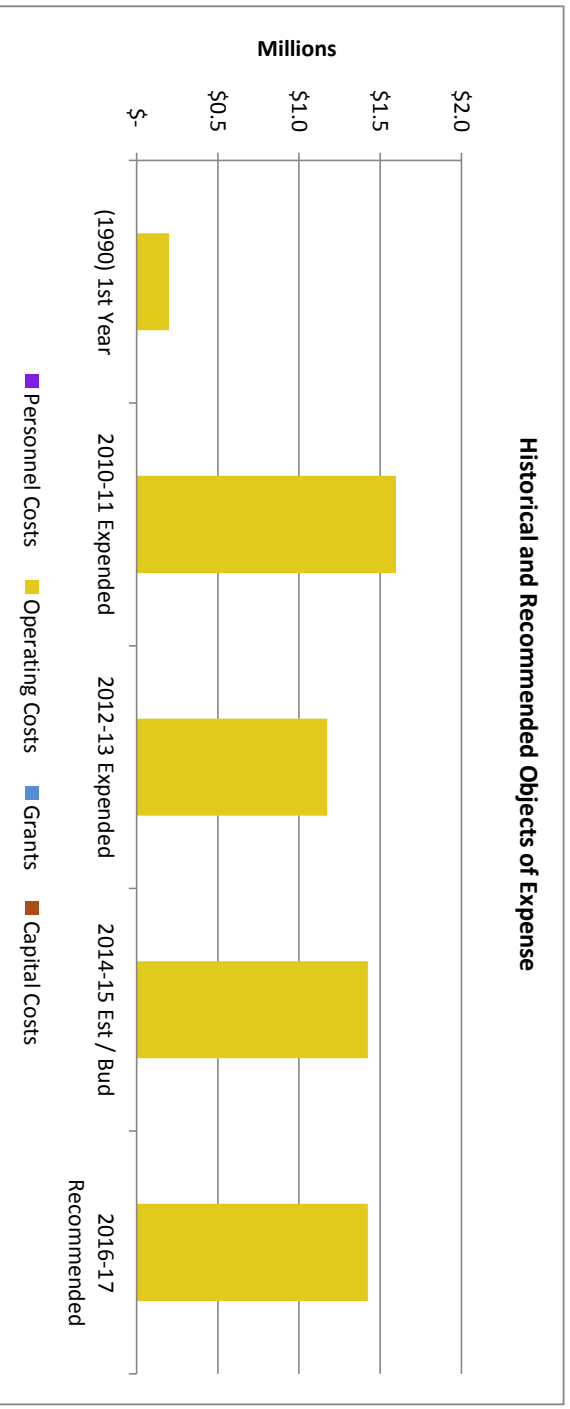
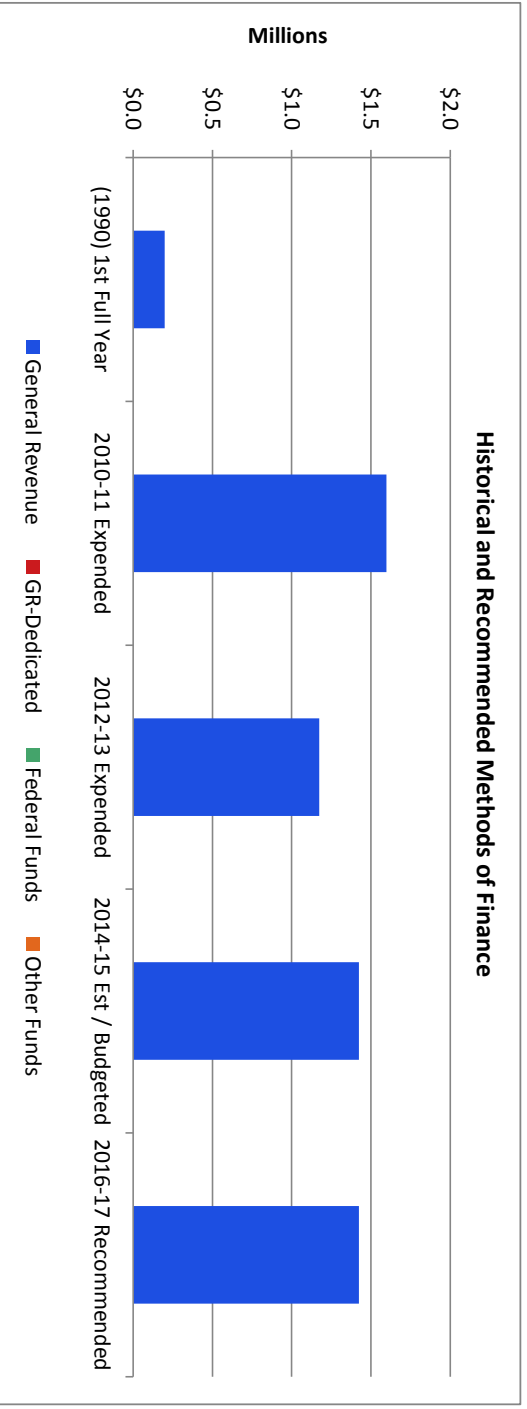
Agency Ranking
3 out of 6

The Texas Aerospace Scholars provides educational and internship experiences. The Technology Outreach Program makes aerospace technology available to the private sector.

Legal Authority: Education Code, Ch. 111.42

Year Created	1990	Performance and/or Operational Issue No		Outsourced Services	No
Authority	Moderate			Revenue Supported	No
Centrality	Moderate			Use of Dedicated Funds	NA
Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
NASA Programs	\$ 1,423,922	0.0	\$ 1,423,922	0.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%
	\$ -	0.0	\$ -	0.0	0.0%
	\$ -	0.0	\$ -	0.0	0.0%
TOTAL	\$ 1,423,922	0.0	\$ 1,423,922	0.0	100.0%



Program: NASA Programs

Agency Ranking **3** out of 6

Summary of Recommendations and Fiscal and Policy Issues

1 NASA. Recommendations provide \$1.4 million in General Revenue funding for its outreach programs with NASA. Recommendations provide level funding across all special items at university system offices.

Recommended Statutory Changes for Program Improvement

1 None.

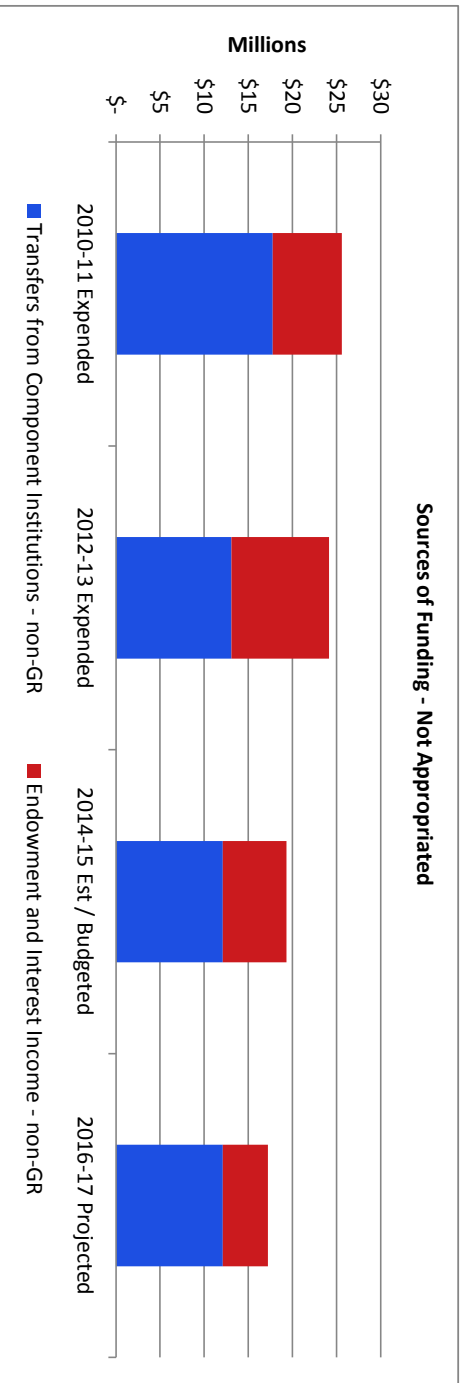
Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. The University of Houston System did not provide specific funding alternatives for reduced funding. It noted that were the Texas Aerospace Scholars Program were reduced by twenty percent that it would cut the number of scholar participants with the program by 40.	\$ (284,784)	\$ (284,784)	0.0
2 Increase General Revenue by twenty percent. No specific options for enhanced funding were submitted. The system noted that an increase of 20 percent would decrease its reliance on transfers from component institutions.	\$ 284,784	\$ 284,784	0.0

**Strategic Fiscal Review 2016-17 - House
783 - University of Houston System Administration**

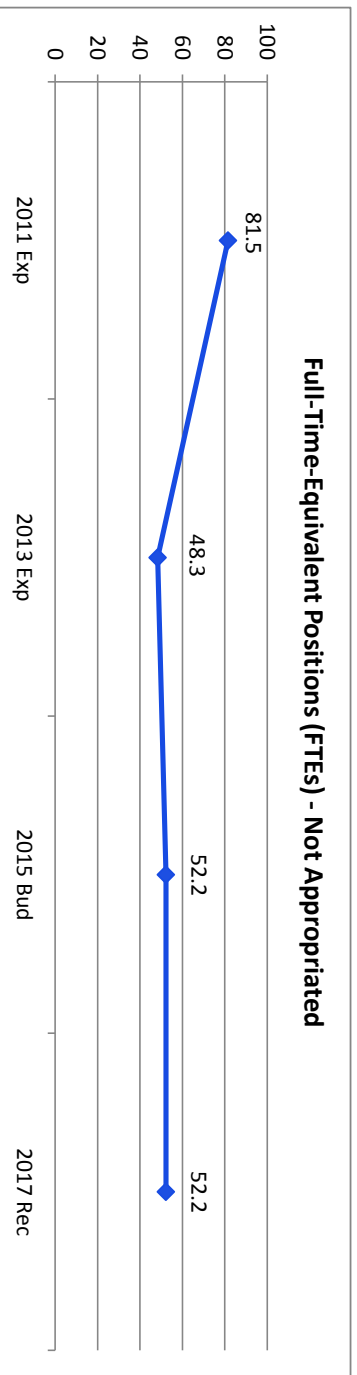
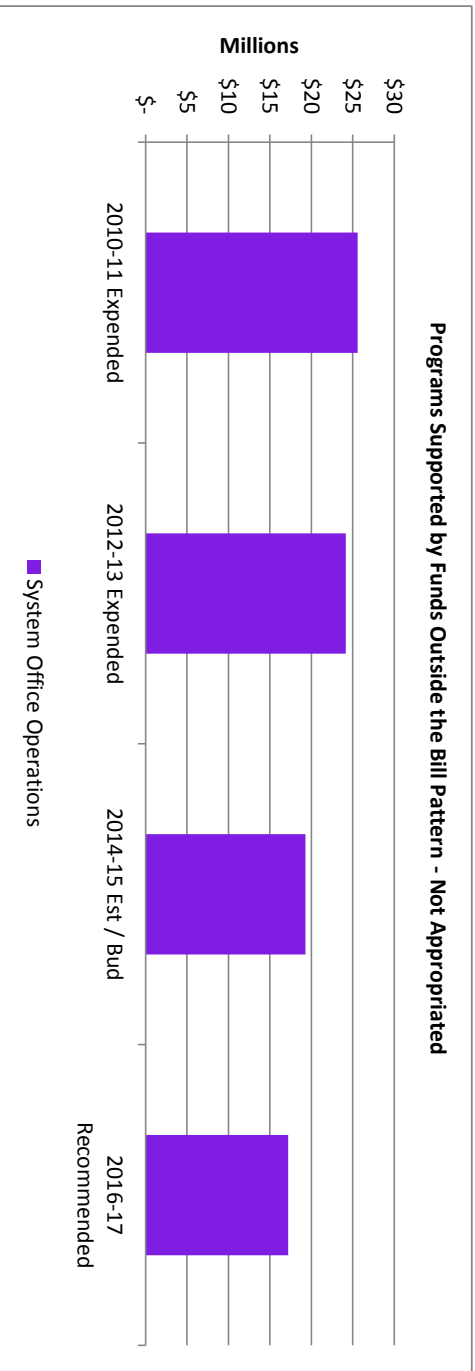
Schedule 6: - Funds Outside the Bill Pattern

The University of Houston System receives indirect appropriations for benefits as well as non-appropriated funds from component institutions and endowment and interest income. Tables below represent only non-appropriated funds the system receives.

Source of Funding	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTEs Budgeted	2016-17 Projected	2017 FTEs Projected
Transfers from Component Institutions - non-GR	\$ 17,783,146	\$ 13,101,738	\$ 12,111,703	32.7	\$ 12,125,214	36.7
Endowment and Interest Income - non-GR	\$ 7,811,784	\$ 11,064,176	\$ 7,197,580	19.5	\$ 5,100,876	15.5
Total	\$ 25,594,930	\$ 24,165,914	\$ 19,309,283	52.2	\$ 17,226,090	52.2



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 25,594,930	\$ 24,165,914	\$ 19,309,283	\$ 17,226,090
Total	\$ 25,594,930	\$ 24,165,914	\$ 19,309,283	\$ 17,226,090



Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
769 - University of North Texas System Administration

Schedule 1: Agency Overview

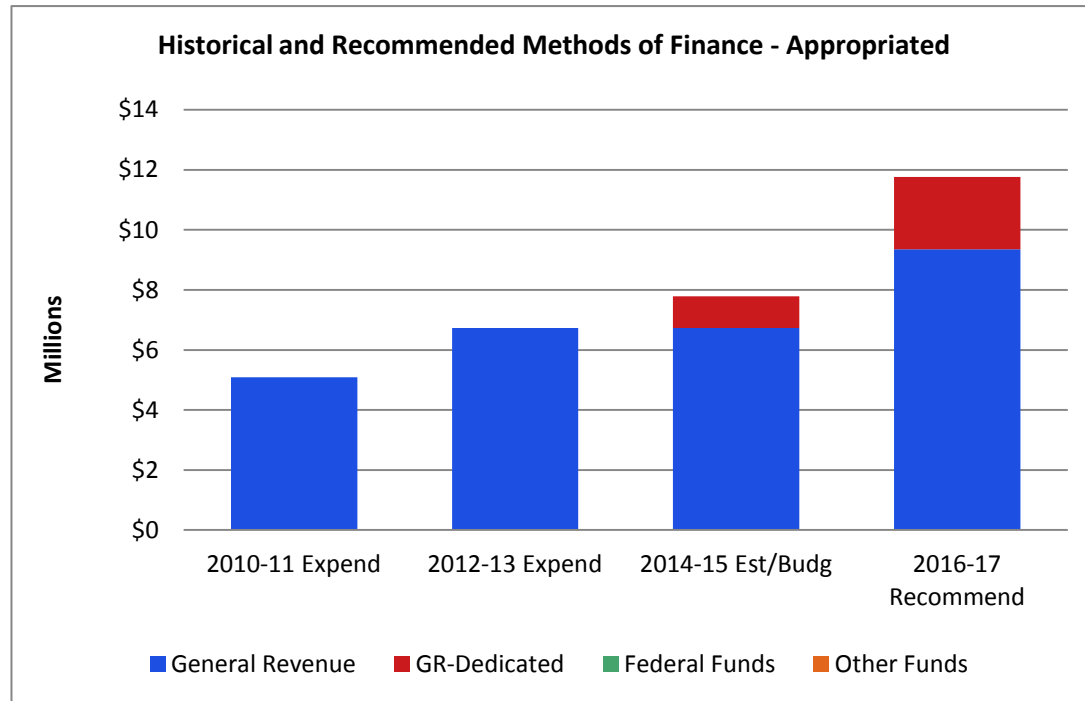
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The role of the University of North Texas System Administration provides operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 105 and Education Code, Ch. 51.353

Total Number of Programs: 4

Overview and Significant Findings



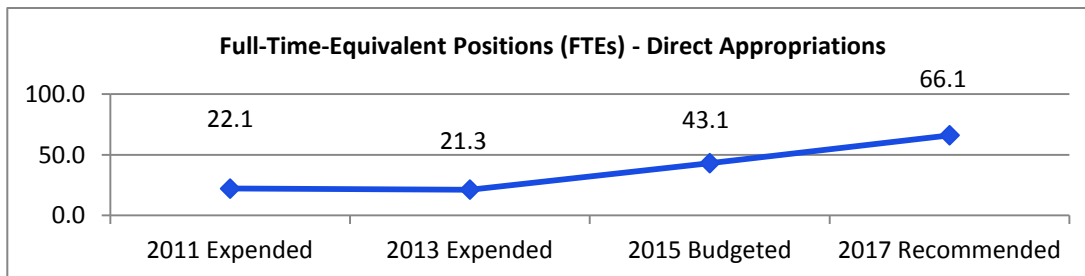
■ **Composition.** The University of North Texas (UNT) System operates three institutions in North Texas: University of North Texas in Denton, UNT Texas Health Science Center in Fort Worth, UNT at Dallas, and UNT at Dallas College of Law, which is administered by the UNT System Administration while it transitions to an accredited state institution. Enrollment for Fall 2013 was 40,441 students at UNT System institutions, a 26 percent increase over Fall 2003.

■ **Function.** The UNT System Administration, founded in 1999, provides governance and service to the UNT System component institutions in the areas of law, finance, and audit, and shared services for system and university business services, information technology, and human resources.

■ **Funding.** Recommendations for the UNT System are \$11.8 million for the 2016-17 biennium. Of that amount, \$8.0 million is formula and non-formula funding to the system administration for support of the law school. The recommended increase in General Revenue-Dedicated funds reflects increased estimated tuition revenue at the law school in 2016-17. In addition, the system estimates receiving an additional \$88.4 million in funds outside the bill pattern, for a total of \$100.2 million in estimated funding available to the system for the 2016-17 biennium.

■ **Available University Fund.** The University of North Texas System does not receive appropriations from the Available University Fund.

■ **Full-Time Equivalent Positions.** The system has a total of 459.4 FTEs budgeted for FY 2015: 43.1 from direct appropriations, 236.7 from GR transfers from component institutions, 177.6 from non-GR transfers from component institutions, and 2 from auxiliary funds.



Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
769 - University of North Texas System Administration

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	Law School	2010	Education Code, Sec. 105.502	N/A	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No
1	System Office Operations	1999	Education Code, Ch. 105 and Education Code, Ch. 51.353	N/A	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	Yes	No
3	Universities Center at Dallas	1996	Education Code, Ch. 105	N/A	Weak	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No
4	Federation of North Texas Universities	1968	Education Code, Ch. 105	N/A	Weak	Moderate	Higher Education Instruction, Financial Aid & Research	Regional	No	No

Notes: • The University of North Texas System Administration was established in 1999, however the year 2002 was listed as the first full year of funding in this submission.

• Significant audit findings for System Office Operations have been addressed.

• Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Statutory Authority for the University of North Texas System is provided by the following:

Education Code, Section 105.502

- (a) The board may establish and operate a school of law in the city of Dallas as a professional school of the University of North Texas System.
- (b) In administering the law school, the board may prescribe courses leading to customary degrees offered at other leading American schools of law and may award those degrees.
- (c) Until the University of North Texas at Dallas has been administered as a general academic teaching institution for five years, the board shall administer the law school as a professional school of the system. After that period, the law school shall become a professional school of the University of North Texas at Dallas. Until the law school becomes a professional school of the University of North Texas at Dallas, the law school:
 - (1) is considered an institution of higher education under Section 61.003 for all purposes under other law; and
 - (2) is entitled to formula funding as if the law school were a professional school of a general academic teaching institution.
- (d) Before the board establishes a law school under this section, but not later than June 1, 2010, the Texas Higher Education Coordinating Board shall prepare a feasibility study to determine the actions the system must take to obtain accreditation of the law school. The Texas Higher Education Coordinating Board shall deliver a copy of the study to the chair of each legislative standing committee or subcommittee with jurisdiction over higher education.
- (e) The board may solicit and accept gifts, grants, and donations from any public or private source for the purposes of this section.

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?

Education Code, Section 105.051

The organization, control, and management of the University of North Texas System and each component institution of the system is vested in a board of nine regents appointed by the governor and confirmed by the senate.

Education Code, Section 105.101

(a) The board may direct, govern, operate, support, maintain, manage, and control the system.

(b) The board may: (1) erect, equip, maintain, and repair system buildings; (2) purchase libraries, furniture, equipment, fuel, and supplies necessary to operate the system; (3) employ and discharge personnel, including faculty, to carry out the board's powers and duties; (4) adopt rules and policies for the administration of the board's powers and duties; (5) in accordance with the rules of the Texas Higher Education Coordinating Board, prescribe for each component institution programs and courses leading to customary degrees as are offered at outstanding American universities and award those degrees, including baccalaureate, master's, and doctoral degrees and their equivalents; (6) establish admission standards for each component institution; (7) perform other acts that contribute to the development of the system or to the welfare of students of component institutions; and (8) delegate a power or assign a duty of the board to an officer, employee, or committee designated by the board.

- Universities Center at Dallas: System cites Ch. 105, Education Code, which provides for the administration of the UNT System. That chapter of the Education Code does not include establishment of the Universities Center at Dallas program.
- Federation of North Texas Universities: System cites Ch. 105, Education Code, which provides for the administration of the UNT System. That chapter of the Education Code does not include establishment of the program. The Federation of North Texas Universities was mandated in 1968 by a resolution of THECB for the purpose of forming a cooperative arrangement among three north Texas institutions to avoid duplication of faculty, course offerings, and degree programs.

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Schedule 2B: Program Listing -- Fiscal

Agency Submission					LBB Staff Review and Analysis									
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?	Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?	
1	Law School	\$ 5,000,000	\$ -	\$ 2,940,000	\$ 3,995,553	29.0	\$ 8,622,166	52.0	115.8%	23.0	No	Compliant	No	
1	System Office Operations	\$ 100,000	\$ 3,800,000	\$ 2,850,000	\$ 2,850,000	14.1	\$ 2,850,000	14.1	0.0%	0.0	No	Compliant	No	
3	Universities Center at Dallas	\$ 178,000	\$ 1,158,004	\$ 851,134	\$ 851,134	0.0	\$ 851,134	0.0	0.0%	0.0	No	Compliant	No	
4	Federation of North Texas Universities	\$ 54,000	\$ 127,197	\$ 91,092	\$ 91,092	0.0	\$ 91,092	0.0	0.0%	0.0	No	Compliant	No	
Total	Program Summary Included		\$ 5,085,201	\$ 6,732,226	\$ 7,787,779	43.1	\$ 12,414,392	66.1	59.4%	23.0				

Notes: Data included in the column labeled *1st Year of Full Implementation* may reflect several different fiscal years and therefore it is not summed.

Qualified indicates that the agency may be using the funds for the purpose(s) intended or for similar purposes which are not specifically authorized by the constitution or statute, or that there may be conflicts within authorizing laws.

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Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 as Introduced
1	Law School	↑	Recommendations provide funding for UNT Dallas School of Law in 2016-17 at the UNT System Administration due to an accreditation issue. In future biennia appropriations likely would be made directly to UNT Dallas. Recommendations include formula and non-formula funding for the law school.
1	System Office Operations	=	Recommendation provide funding for System Office Operations at identical levels to the 2014-15 biennium, consistent with recommendations at all university system offices.
3	Universities Center at Dallas	=	Recommendations for 2016-17 equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' special item related strategies.
4	Federation of North Texas Universities	=	Recommendations for 2016-17 equal 2014-15 funding levels, which is consistent with recommendations for all university system offices' special item related strategies.
Program Summary Included			

Strategic Fiscal Review 2016-17
Schedule 3: Assessments of Mission Centrality and Authority
House Budget Recommendations: HB 1 as Introduced
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Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
A U T H O R I T Y	Strong		Law School (1)	System Office Operations (2)
	Moderate			
	Weak		Universities Center at Dallas (3) Federation of North Texas Universities (4)	

Note: The matrix does not include Indirect Administration programs.

**Strategic Fiscal Review 2016-17 - House
769 - University of North Texas System Administration**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Law School

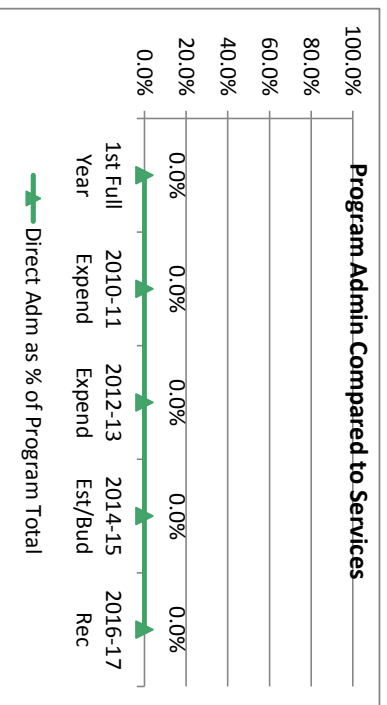
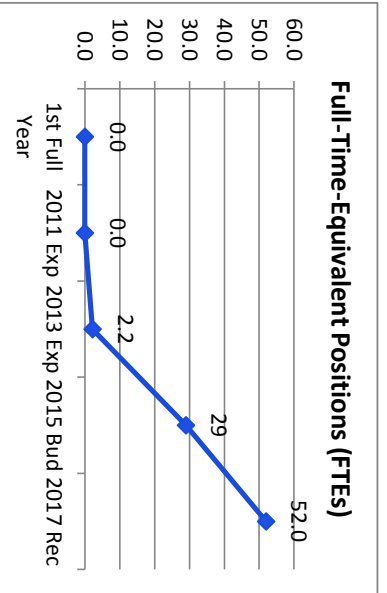
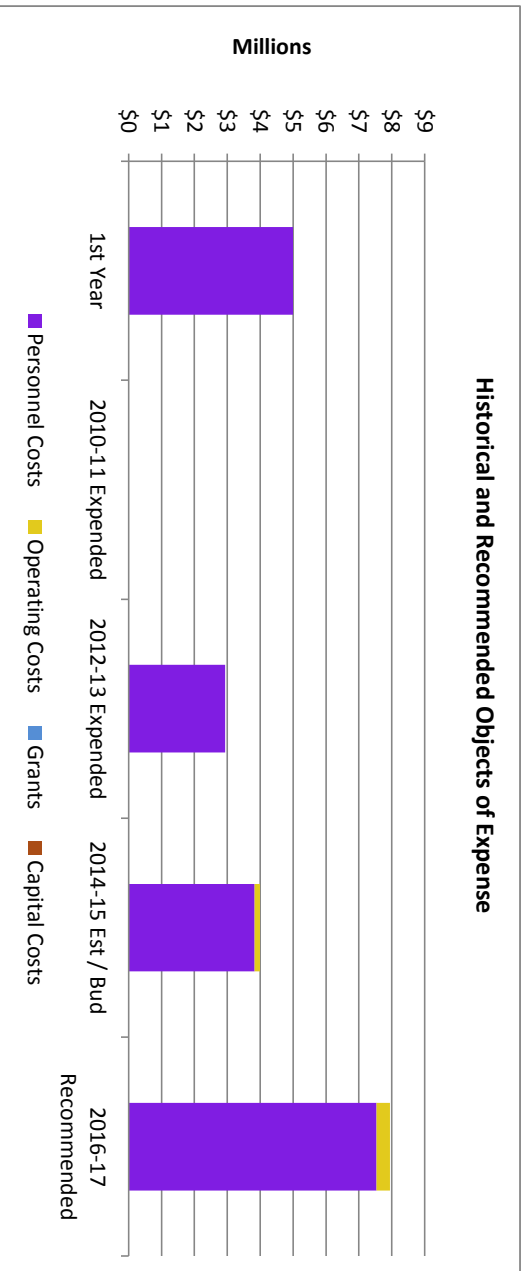
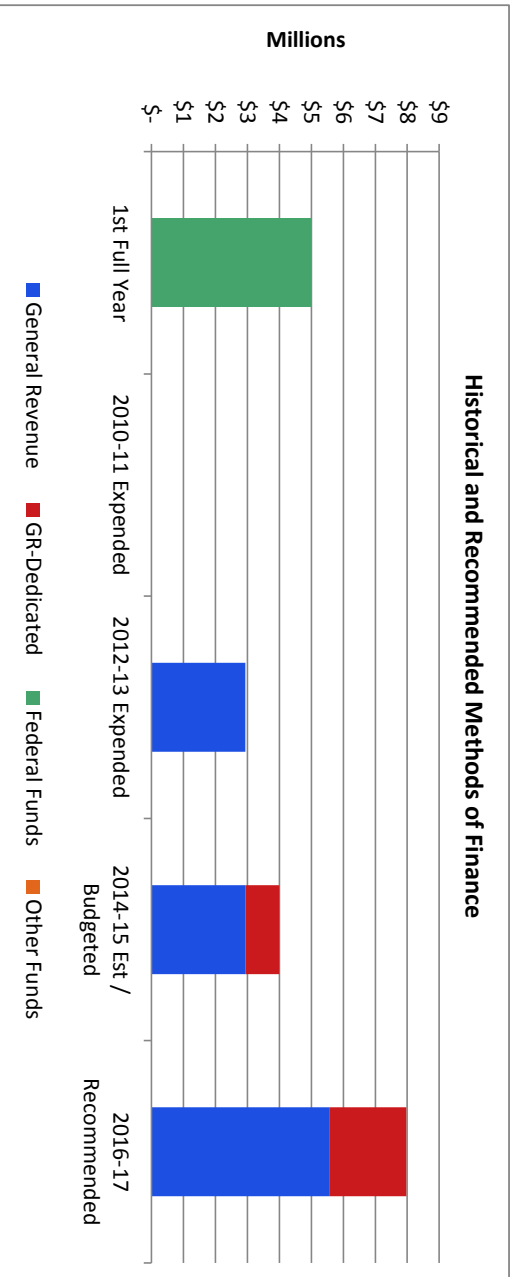
Agency Ranking
1
out of 4

Funding for the University of North Texas at Dallas College of Law.

Legal Authority: Education Code, Sec. 105.502

Year Created	2010	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	Compliant

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Law School	\$ 3,995,553	29.0	\$ 7,970,421	52.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%
TOTAL	\$ 3,995,553	29.0	\$ 7,970,421	52.0	100.0%



Program: Law School

Summary of Recommendations and Fiscal and Policy Issues

1 Law School. Recommendations provide funding for UNT Dallas School of Law in 2016-17 at the UNT System Administration due to an accreditation issue regarding requiring two years of auditable financial statements separate from UNT Dallas. In future biennia, appropriations likely would be made directly to UNT Dallas. Recommendations include formula and non-formula funding for the law school. Recommendations provide \$5.6 million in General Revenue and \$3.1 million in statutory tuition.

2 First-year Funding. Federal funds in the first year were American Recovery and Reinvestment (ARRA) funds appropriated in the 2010-11 biennium.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
<p>1 Reduce General Revenue by twenty percent. The University of North Texas System did not provide specific funding alternatives for reduced funding. It did note that in the event of an across the board reduction would limit the law school's ability to grow and may reduce 10.4 FTEs.</p>	\$ (588,000)	\$ (588,000)	(10.4)
<p>2 The system provided that enhanced funding of \$12 million would allow the law school to grow and likely add a second or third class.</p>	\$ 12,073,514	\$ 12,073,514	52.0

**Strategic Fiscal Review 2016-17 - House
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Schedule 5: Program Summary - Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations

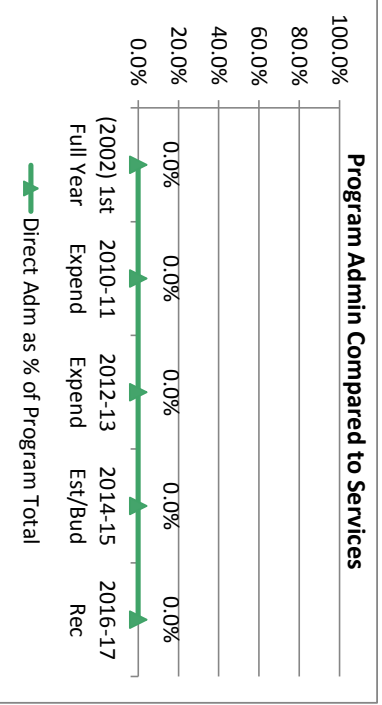
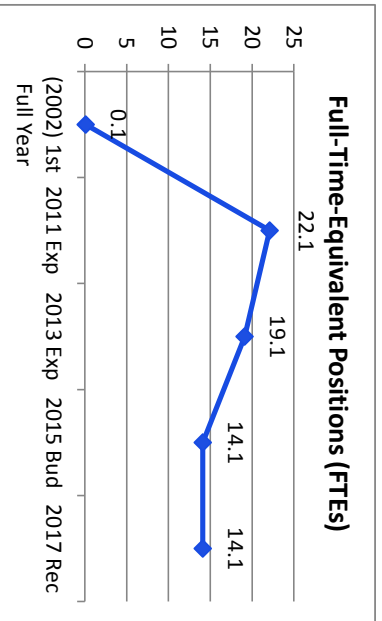
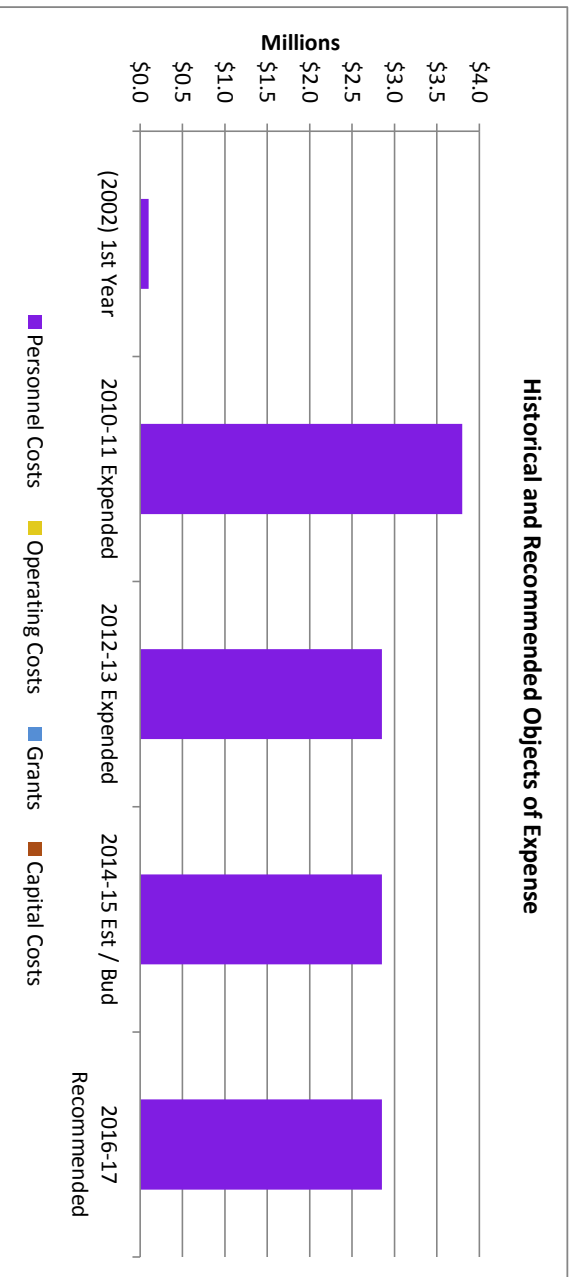
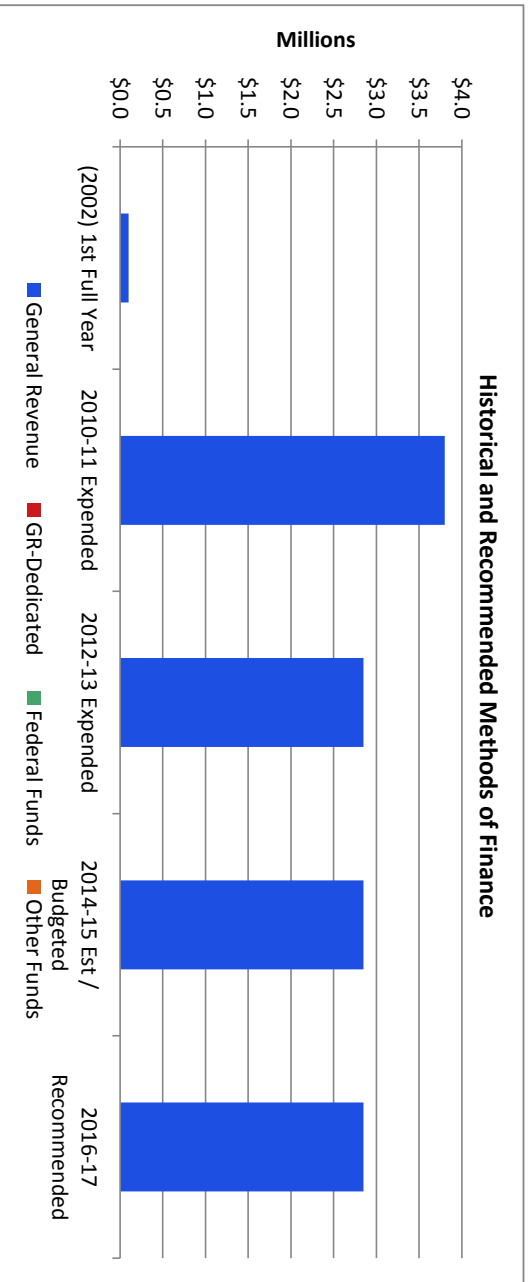
Agency Ranking **1**
out of 4

Funding provides support for the operations of the University of North Texas System Administration office. The system administration coordinates the activities of component institutions.

Legal Authority: Education Code, Ch. 105 and Education Code, Ch. 51.353

Year Created	2002	Performance and/or Authority	Strong	Operational Issue	Partial	Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Audit	\$ -	0.0	\$ -	0.0	0.0%
Legal	\$ 2,696,330	12.0	\$ 2,696,330	12.0	94.6%
Business and Financial Services	\$ 13,208	0.0	\$ 13,208	0.0	0.5%
Chancellor's Office	\$ 140,462	0.1	\$ 140,462	0.1	4.9%
Academic Affairs	\$ -	2.0	\$ -	2.0	0.0%
TOTAL	\$ 2,850,000	14.1	\$ 2,850,000	14.1	100.0%



Program: System Office Operations

Agency Ranking **1** out of 4

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. Recommendations for the University of North Texas System maintain \$2.9 million in General Revenue appropriations. This recommended funding level is consistent among the four university systems who do not receive an allocation from the Available University Fund.

Recommendations would provide funding for the following system activities and full-time equivalent (FTE) positions within the System Office Operations Program. All six university systems were instructed to use these nine activity categories in their submissions to allow for comparative analysis among the systems.

Activities	Recommended	FTEs
Board of Regents		
Audit		
Legal	\$ 2,696,330	12.0
Business & Financial	\$ 13,208	0.0
Academic Affairs		2.0
Governmental Relations		
External Relations & Fund Raising		
Strategic Initiatives & Planning		
Facilities		
Office of the Chancellor	\$ 140,462	0.1
Health Affairs		
TOTAL	\$2,850,000	14.1

2 Funds Outside the Bill Pattern. The University of North Texas System estimates in 2016-17 it will have access to \$88.4 million in funds outside its bill pattern. Of this amount \$45.4 million is estimated to be non-General Revenue Funds transferred from its various component institutions. The system also estimates it will access \$31.8 million in General Revenue transferred from component institutions. Finally, the system estimates an additional 11.2 million in additional outside funds.

3 Benefits Reporting. During the interim, audit findings showed that the University of North Texas (UNT) had engaged in accounting practices that resulted in the institution receiving state-funded benefits for locally-funded employees. This included payments for group insurance, retirement, and social security. This discovery prompted the Governor to require all institutions of higher education to internally audit their benefits reporting practices and ensure all institutions were adhering to proportionality standards.

Over the course of the interim, UNT officials discovered accounting irregularities regarding how the institution managed its state appropriations. The institution's practice was to use General Revenue to pay employee salary and benefits and then reimburse their account with local funds as needed for locally funded employees. However, while the institution reimbursed the salary amounts for the locally funded employees, they did not reimburse the corresponding benefit expenses for those salaries, resulting in the institution drawing down General Revenue benefits for non-state funded employees. This practice violates the proportionality requirement provided in Article IX, Sec. 6.08, 2014-15 General Appropriations Act, which requires that employee benefits must be paid from the same source of funds as the salaries associated with those benefits.

4 Performance and/or Operational Issues

Audit Findings. UNT hired Deloitte to perform an independent audit of the institution's financial management practices and the State Auditor's Office (SAO) also conducted an audit reviewing Deloitte's audit. Both audits found evidence of the reporting practice being in place since at least fiscal year 2000. According to the Deloitte report, UNT received an estimated \$83.5 million in excess state funding since 2000. SAO determined the Deloitte estimates were reasonable, but identified \$7.9 million that may have been accounted for twice in the estimate. Therefore, SAO recommends "that the 84th Legislature require the University to reimburse at least \$75.6 million to the State's General Revenue Fund during the next 10 years."

Recommended Statutory Changes for Program Improvement

1 None.

Program: System Office Operations

Agency Ranking **1** out of 4

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
<p>1 Reduce General Revenue by twenty percent. The University of North Texas System did not provide specific funding alternatives for reduced funding. It did note that in the event of an across the board reduction it would likely have to rely further on other institutional funds. The system reported that a twenty percent reduction in General Revenue appropriations would likely result in the loss of 2.8 full-time equivalent positions.</p>	\$ (570,000)	\$ (570,000)	(2.8)
<p>2 Enhance General Revenue funding by forty percent. The system provided that increased additional revenue would allow it to increase efficiencies and for its component institutions to retain additional revenues.</p>	\$ 1,150,000	\$ 1,150,000	5.7

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Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Universities Center at Dallas

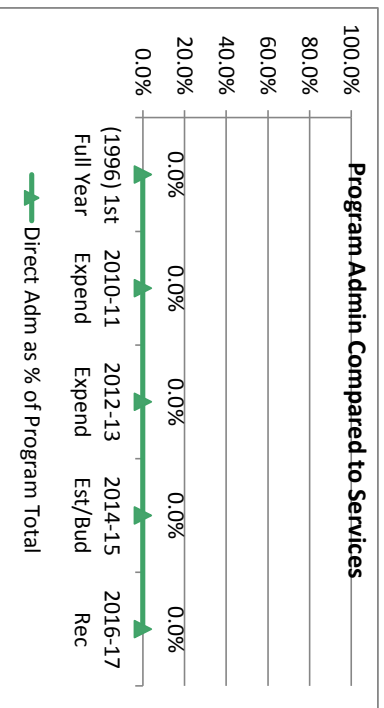
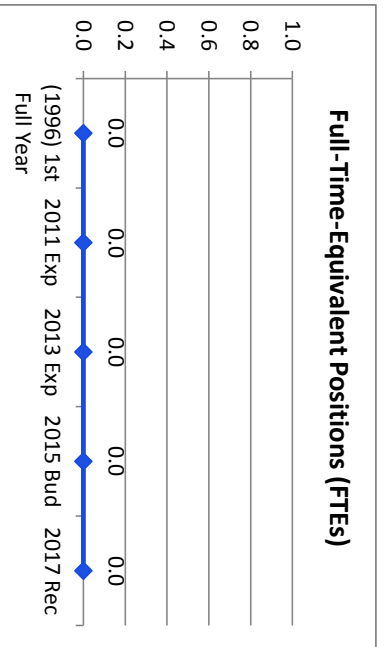
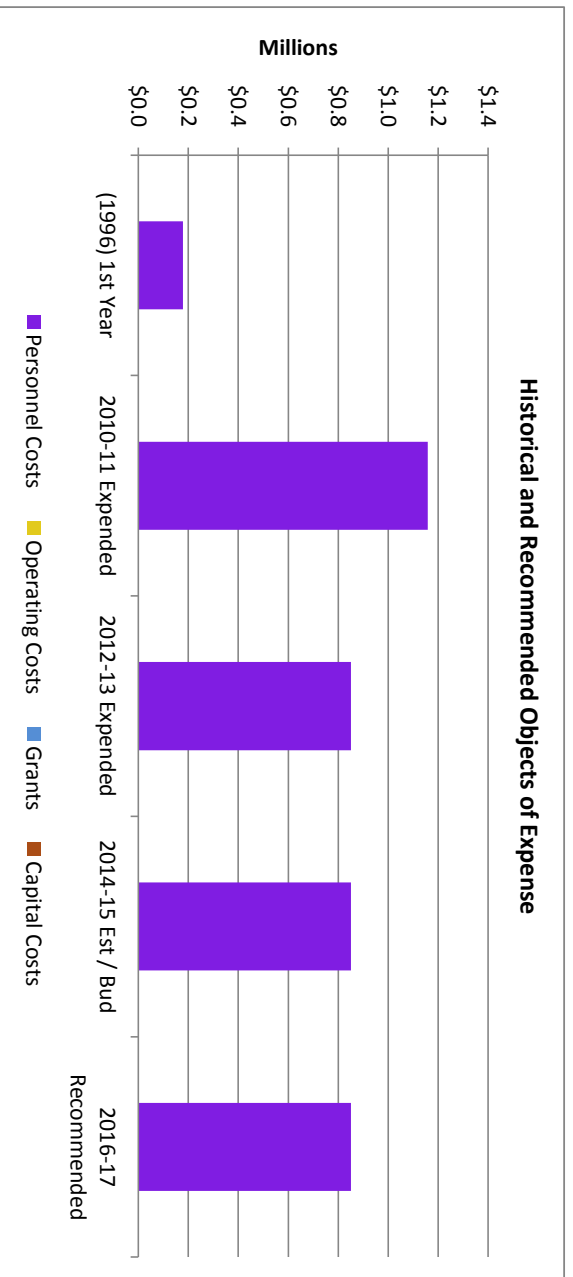
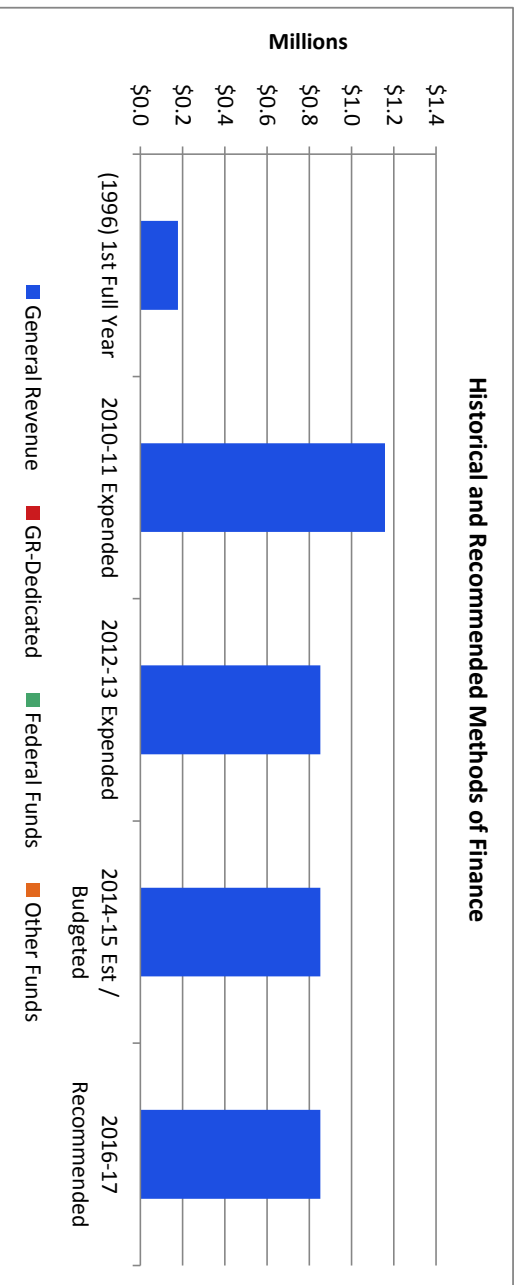
Agency Ranking **3**
out of 4

The purpose of the Universities Center at Dallas is to be an auxiliary/location for institutions, allowing the institutions to deliver part of their usual academic programs offered on their main campuses, and to combine offerings across institutional programs.

Legal Authority: Education Code, Ch. 105

Year Created	1996	Performance and/or Authority	Weak	Operational Issue No		Outsourced Services	No
Centrality	Strong	Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research	Revenue Supported	No
						Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Universities Center at Dallas	\$ 851,134	0.0	\$ 851,134	0.0	100.0%
	\$ -	0.0	\$ -	0.0	0.0%
TOTAL	\$ 851,134	0.0	\$ 851,134	0.0	100.0%



Program: Universities Center at Dallas

Summary of Recommendations and Fiscal and Policy Issues

1 Universities Center. Recommendations for 2016-17 maintain \$0.9 million in General Revenue funding for the Universities Center at Dallas. Recommendations provide level funding for special items across all university system offices.

The Universities Center at Dallas is a Multi-Institution Training Center that offers courses primarily sponsored by the University of North Texas and Texas A&M University Commerce. Additionally, some courses are offered by The University of Texas at Arlington as well as Dallas County Community College. Neither TAMU Commerce or UT Arlington or their respective systems receive special item funding for the Universities Center.

Recommended Statutory Changes for Program Improvement

1 None.

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Return special item to 2010-11 funding levels.	\$ 367,818	\$ 367,818	0.0

Strategic Fiscal Review 2016-17 - House
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Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Federation of North Texas Universities

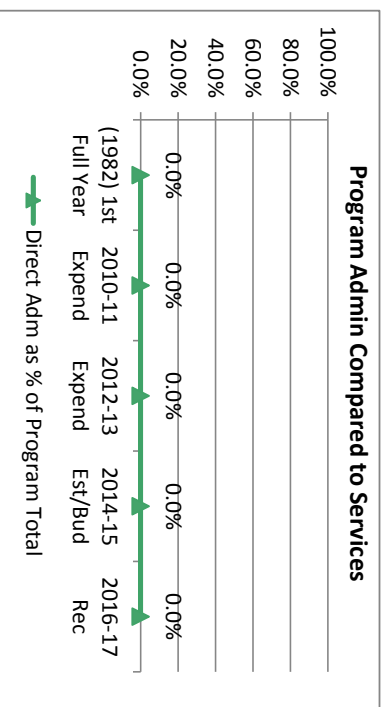
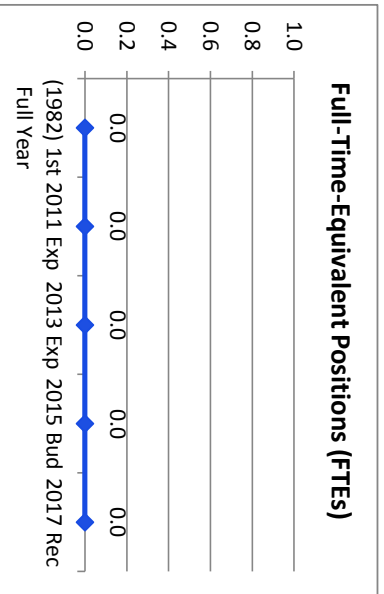
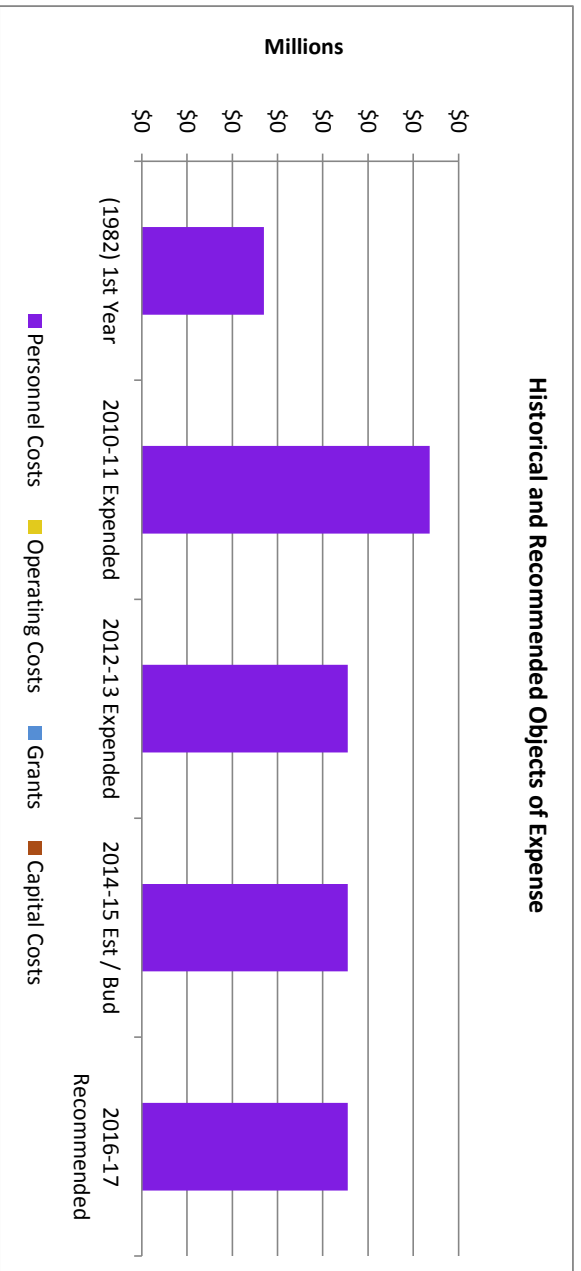
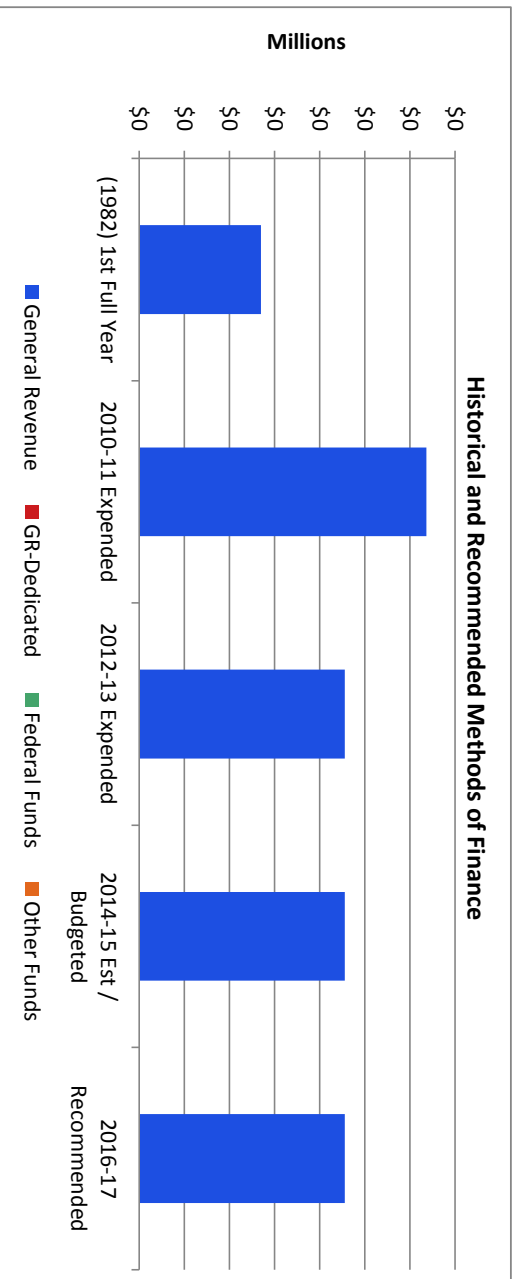
Agency Ranking **4** out of 4

The purpose of the Federation is to promote graduate education in the North Texas region while avoiding duplication of faculty, course offerings, and degree programs.

Legal Authority: Education Code, Ch. 105

Year Created	1982	Performance and/or Authority	Weak	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Regional	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Federation of North Texas Universities	\$ 91,092	0.0	\$91,092	0.0	100.0%
TOTAL	\$ 91,092	0.0	\$91,092	0.0	100.0%



Program: Federation of North Texas Universities

Summary of Recommendations and Fiscal and Policy Issues

1 Federation of North Texas Universities. Recommendations for 2016-17 maintain \$91,092 in General Revenue funding for the Federation of North Texas Universities. Recommendations provide level funding for special items across all university system offices.

The Federation of North Texas Universities is a consortium composed of the University of North Texas, Texas A&M Commerce, and Texas Woman's University. It was formed following a 1968 resolution of the Higher Education Coordinating Board for the purpose of forming cooperative arrangements for the above institutions. The Federation's stated purpose is to promote cost effective responses to the express need for graduate education in the North-Texas region. Neither TAMU Commerce or Texas Woman's University receive special item funding for the federation.

Recommended Statutory Changes for Program Improvement

1 None.

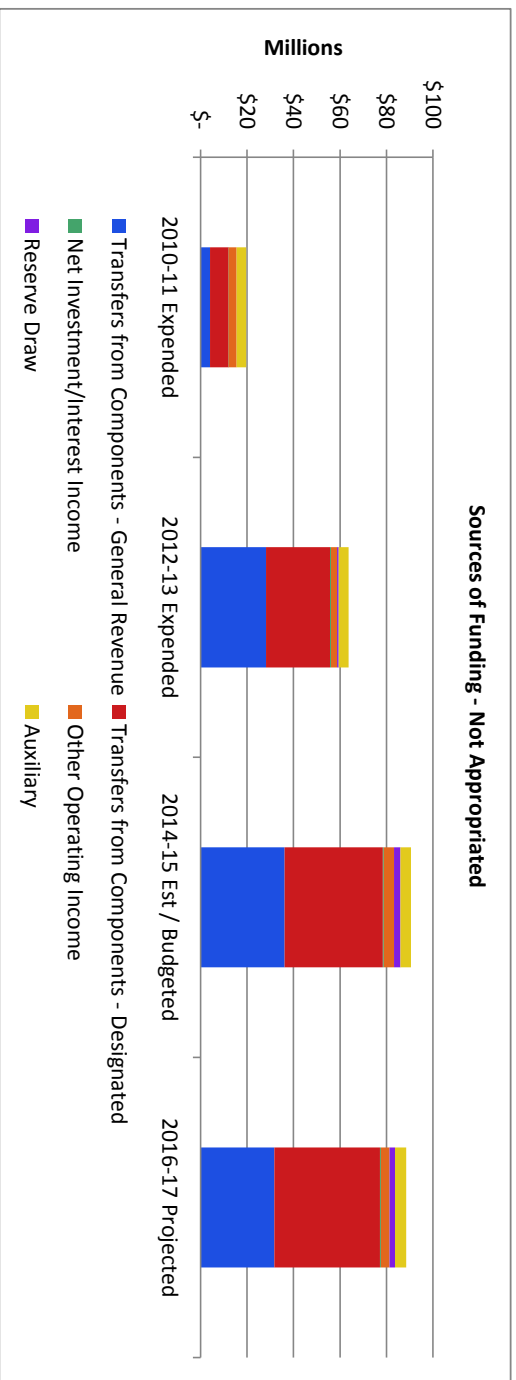
Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Return special item to 2010-11 funding levels.	\$ 39,366	\$ 39,366	0.0

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769 - University of North Texas System Administration**

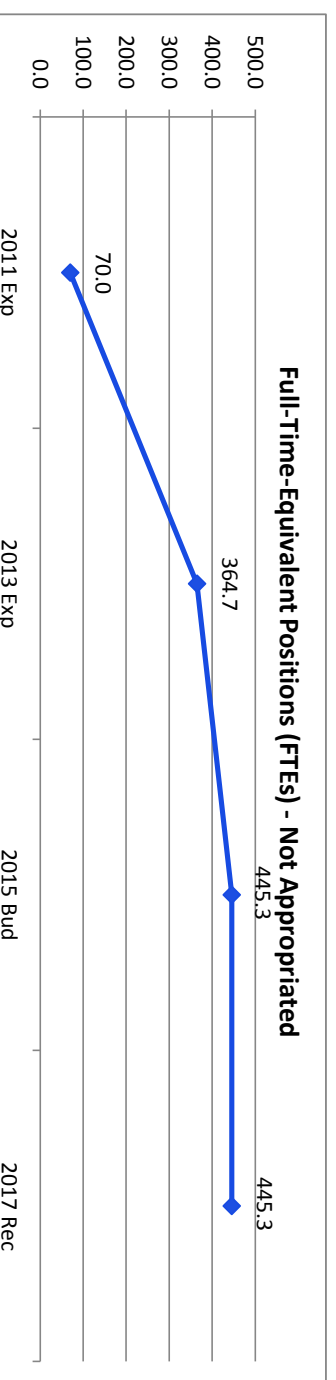
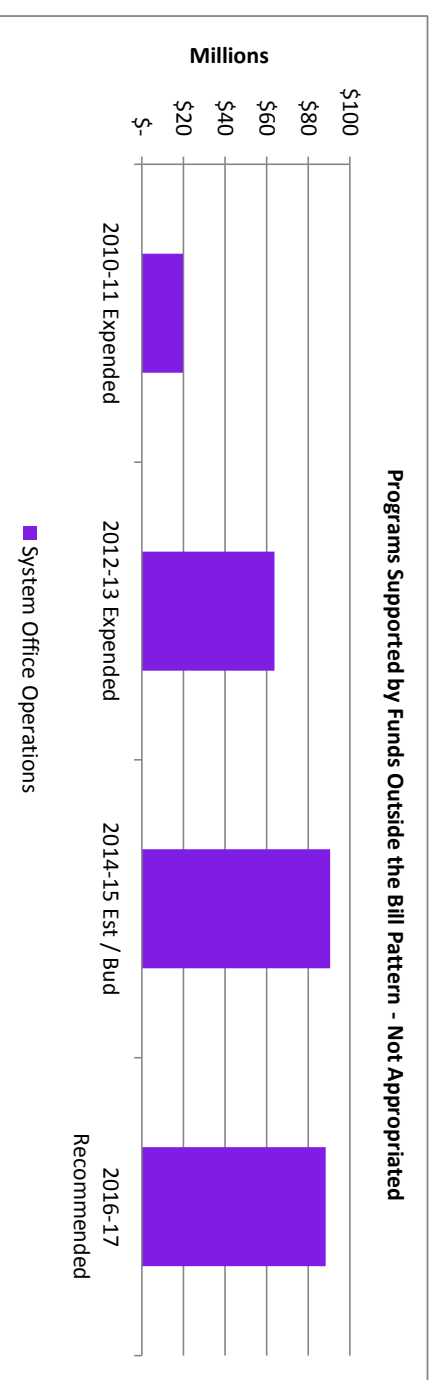
Schedule 6: Funds Outside the Bill Pattern

The University of North Texas System Administration receives indirect appropriated funds from component institutions as well as non-appropriated funds from the sources listed in the table below. Indirectly appropriated benefits are not shown.

Source of Funding	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTEs Budgeted	2016-17 Projected	2017 FTEs Projected
Transfers from Component Institutions - GR	\$ 4,189,660	\$ 28,260,748	\$ 36,134,197	265.7	\$ 31,809,206	265.7
Transfers from Component Institutions - non-GR	\$ 7,859,910	\$ 27,427,022	\$ 42,230,308	177.6	\$ 45,337,088	177.6
Net Investment / Interest Income	\$ 4,277	\$ 471,365	\$ 500,000	0.0	\$ 500,000	0.0
Other Operating Income	\$ 3,485,286	\$ 2,552,159	\$ 4,287,659	0.0	\$ 3,704,700	0.0
Reserve Draw	\$ -	\$ 657,026	\$ 2,806,814	2.0	\$ 2,228,954	2.0
Auxiliary	\$ 4,136,435	\$ 4,294,032	\$ 4,525,026	0.0	\$ 4,810,148	0.0
Total	\$ 19,675,568	\$ 63,662,352	\$ 90,484,004	445.3	\$ 88,390,096	445.3



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 19,675,568	\$ 63,662,352	\$ 90,484,004	\$ 88,390,096
Total	\$ 19,675,568	\$ 63,662,352	\$ 90,484,004	\$ 88,390,096



Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
768 - Texas Tech University System Administration

Schedule 1: Agency Overview

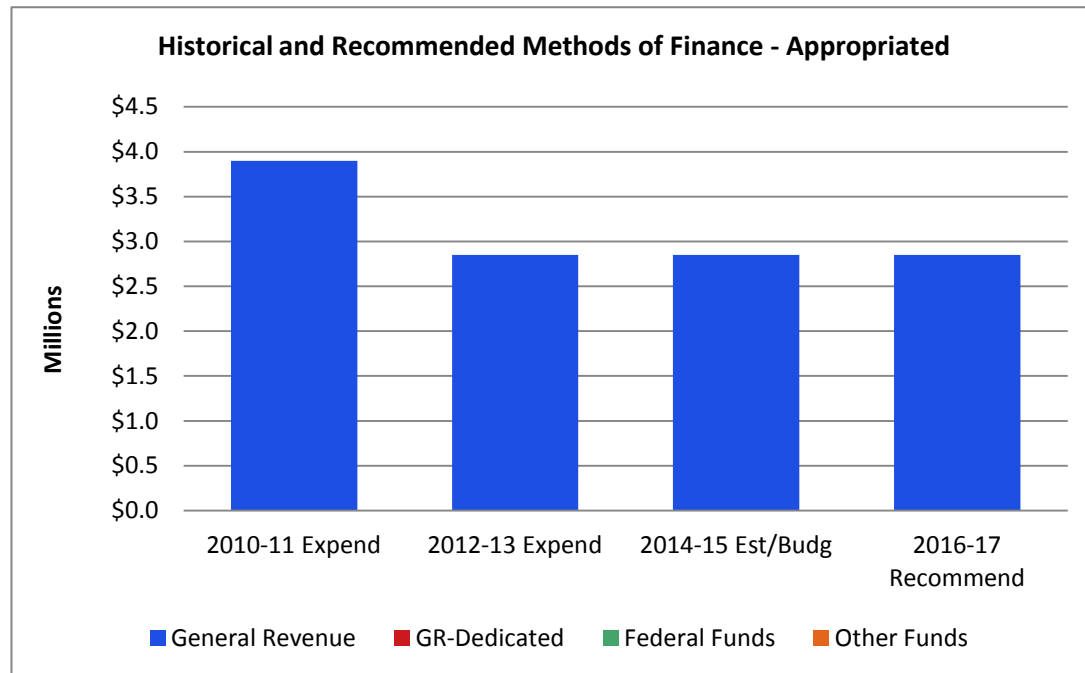
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The role of the Texas Tech University System Administration is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 109, 110; Education Code Section 51.353

Total Number of Programs: 1

Overview and Significant Findings

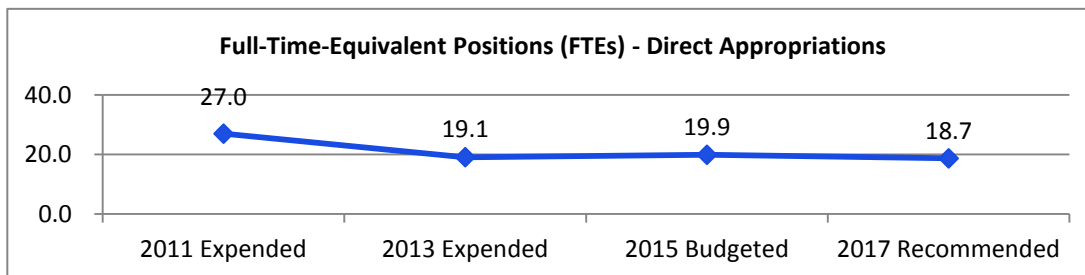


■ **Governance.** The Texas Tech University System is governed by a nine-member Board of Regents appointed by the Governor. Formally established by the Texas Legislature in 1999, the Texas Tech University System is composed of a central administration, two health-related institutions and two general academic institutions. The components of the System are Texas Tech University System Administration (TTUS), Texas Tech University, Texas Tech University Health Sciences Center, Angelo State University, and Texas Tech University Health Sciences Center at El Paso.

■ **Function.** The TTUS currently performs or coordinates many collaborative functions between the four components including strategic planning, fundraising, legal counsel, audit services, governmental relations, facilities planning and construction, investments, cash and debt management, risk management and communication services.

■ **Funding.** The recommended direct appropriations for TTUS are \$2.9 million for the 2016-17 biennium. The decrease in direct appropriations reflected from 2010-11 to 2012-13 are due to a 25 percent reduction of appropriations from requested amounts for system office operations. In addition, the system estimates an additional \$38,258,970 in funding from funds outside the bill pattern.

■ **Full-Time Equivalent Positions.** The system has 19.9 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, TTUS has 60.1 FTEs that are supported by GR transfers from component institutions, 76.5 FTEs supported by non-GR transfers from components, and 7.5 FTEs supported by Institutional Funds for a total of 164 FTEs.



**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
768 - Texas Tech University System Administration**

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	System Office Operations Program Summary Included	1999	Education Code, Ch. 109, 110	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No

Notes: The Texas Tech University System was established in 1999, however the year 2002 represents the first full year of operations appropriations as reported by the system.

- Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

- Statutory authority for the Texas Tech University System is provided by the following:

Education Code, Section 109.001

- (a) The Texas Tech University System hereby created is composed of all those institutions and entities presently under the governance, control, jurisdiction, and management of the board of regents of Texas Tech University.
- (b) The Texas Tech University System shall also be composed of such other institutions and entities as from time to time may be assigned by specific legislative act to the governance, control, jurisdiction, and management of the Texas Tech University System.
- (c) The governance, control, jurisdiction, organization, and management of the Texas Tech University System is hereby vested in the present board of regents of Texas Tech University, which will hereinafter be known and designated as the board of regents of the Texas Tech University System. The board by rule may delegate a power or duty of the board to an officer, employee, or other agent of the board.

Education Code, Section 110.01

Texas Tech University Health Sciences Center is a separate institution and not a department, school, or branch of Texas Tech University but is under the direction, management, and control of the Texas Tech University Board of Regents. The center is composed of a medical school and other components assigned by law or by the coordinating board.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
768 - Texas Tech University System Administration

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1- Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?		
1	System Office Operations	\$ 500,000	\$ 3,900,000	\$ 2,850,000	\$ 2,850,000	19.9	\$ 2,850,000	18.7	0.0%	-1.2	No	NA	No
Total	Program Summary Included		\$ 3,900,000	\$ 2,850,000	\$ 2,850,000	19.9	\$ 2,850,000	18.7	0.0%	-1.2			

Notes: The appropriations shown reflect the General Revenue Funds directly appopriated to the Texas Tech University System.

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced**

768 - Texas Tech University System Administration



Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 Introduced
1	System Office Operations	=	Funding recommendations for 2016-17 for the Texas Tech University System maintain 2014-15 funding level recommendations across all university system offices' System Office Operations strategies. Each university appropriations from the Available University Fund receives \$1.4 million annually in General Revenue appropriations.
	Program Summary Included		

**Strategic Fiscal Review 2016-17 - House
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority**

768 - Texas Tech University System Administration

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

MISSION CENTRALITY

		Weak			Moderate			Strong		
A U T H O R I T Y	Strong									System Office Operations (1)
	Moderate									
	Weak									

Note: The matrix does not include Indirect Administration programs.

**Strategic Fiscal Review 2016-17 - House
768 - Texas Tech University System Administration**

Schedule 5: Program Summary - Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations

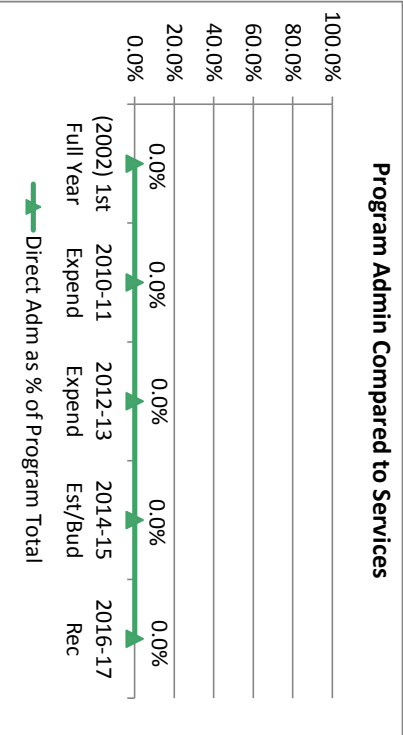
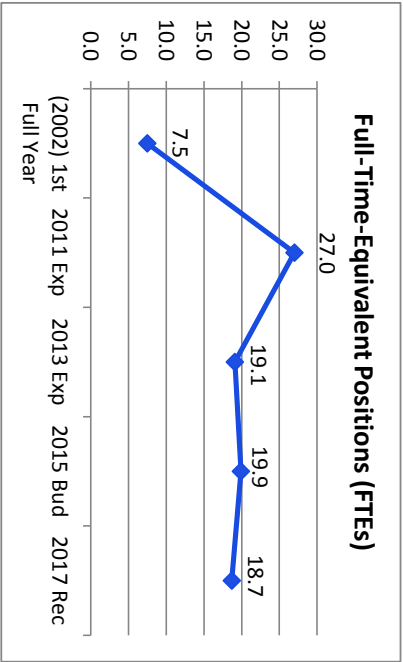
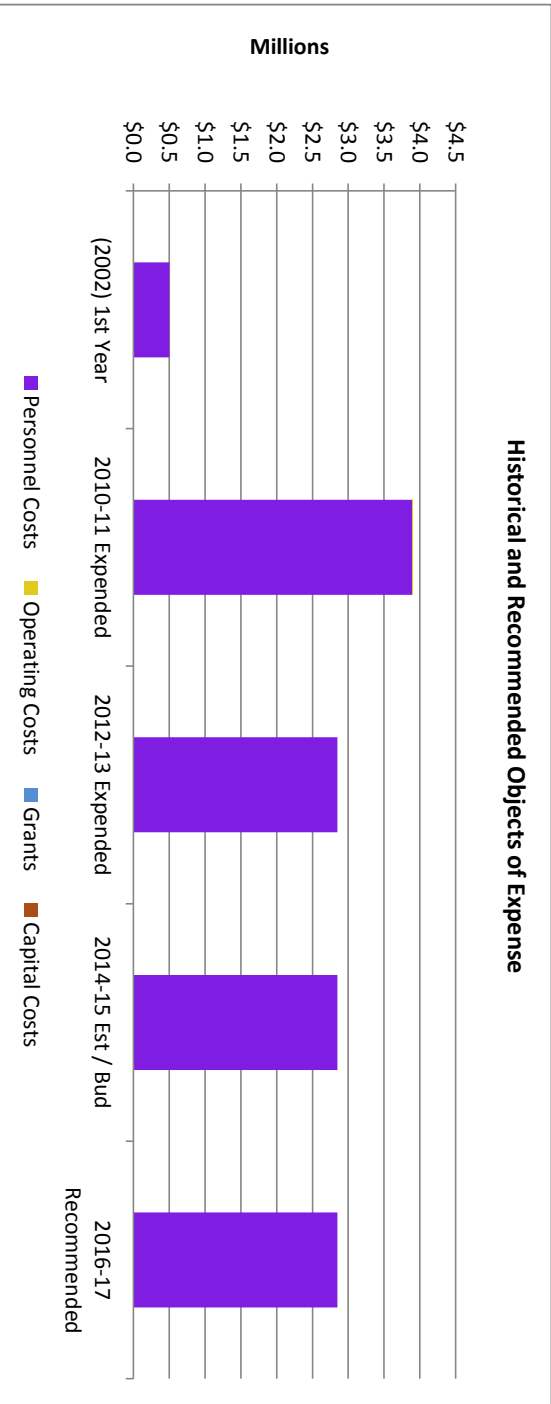
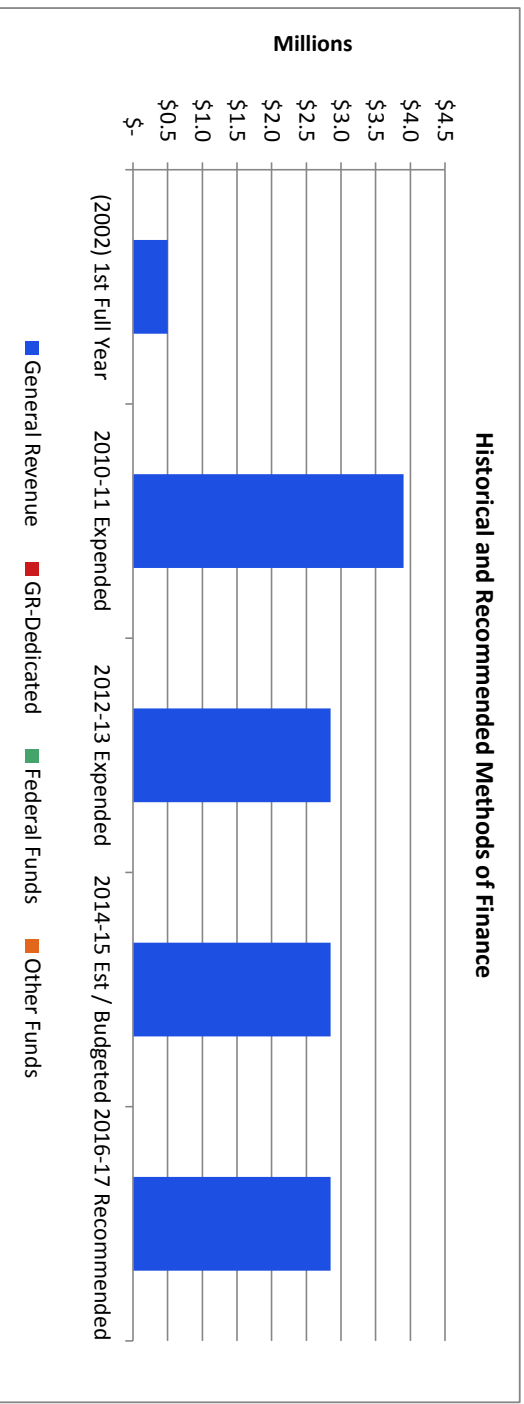
Agency Ranking **1**
out of 1

Funding provides support for the operations of the Texas Tech University System office. The system office provides coordination and planning to improve efficiencies.

Legal Authority: Education Code, Ch. 109, 110; Education Code Section 51.353

Year Created	1999	Performance and/or Operational Issue No		Outsourced Services Revenue Supported	No
Authority	Strong			Use of Dedicated Funds	No
Centrality	Strong				NA
Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Board of Regents	\$ 234,627	1.3	\$ 234,627	1.3	8.2%
Audit	\$ 2,197,839	15.6	\$ 2,197,839	15.5	77.1%
Legal	\$ 417,534	3.1	\$ 417,534	1.9	14.7%
TOTAL	\$ 2,850,000	19.9	\$ 2,850,000	18.7	100.0%



Program: System Office Operations

Agency Ranking 1 out of 1

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. Recommendations for the Texas Tech University System maintain \$2.9 million in General Revenue appropriations. The recommended level is consistent among the four university systems who do not receive an allocation from the Available University Fund.

Recommendations would provide funding for the following Activities and full-time equivalent (FTE) positions within the System Office Operations Program. All six university systems were instructed to use these eleven activity categories in their submissions to allow for comparative analysis among the systems.

	2016-17	FTEs
Activities	Recommended	
Board of Regents	\$234,627	1.3
Audit	\$2,197,839	15.5
Legal	\$417,534	1.9
Business & Financial		
Academic Affairs		
Governmental Relations		
External Relations & Fund Raising		
Strategic Initiatives & Planning		
Facilities		
Office of the Chancellor		
Health Affairs		
TOTAL	\$2,850,000	18.7

2 Funds Outside the Bill Pattern. The Texas Tech University System estimates in 2016-17 it will have access to \$38.3 million in funds outside its bill pattern to support its system office operations. The funds would be transferred from its various component institutions and are estimated to support an additional 144.1 FTEs per year in fiscal years 2016-17 for System Office Operations.

Recommended Statutory Changes for Program Improvement

1 None.

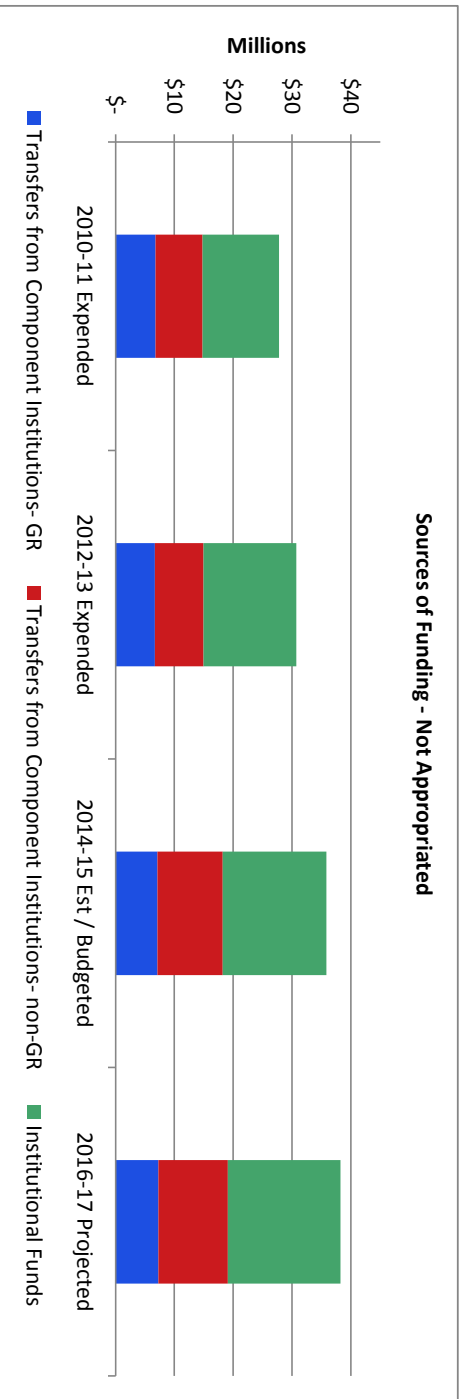
Funding Alternatives Not Included in the Recommendations	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Reduce General Revenue by twenty percent. The Texas Tech System Administration noted that in the event of an across the board reduction of twenty percent it would likely reduce three internal audit positions and one legal position. According to the system office the reduction would limit its ability to provide services to its component institutions. A twenty percent reduction in General Revenue would reduce appropriations by \$285,000 per year.	\$ (570,000)	\$ (570,000)	(4.0)
2 Increase General Revenue appropriations by an additional \$575,000 each year to partially reduce reliance on local funds transfers from component institutions. According to the Texas Tech System, the additional funds would allow institutions to retain local funds to reinvest in their academic functions and no new FTEs would be added.	\$ 1,150,000	\$ 1,150,000	0.0

**Strategic Fiscal Review 2016-17 - House
768 - Texas Tech University System Administration**

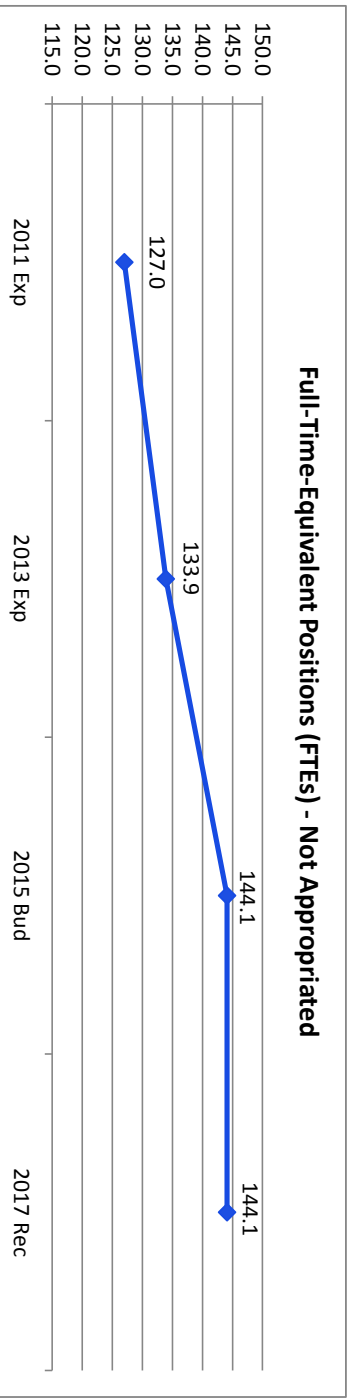
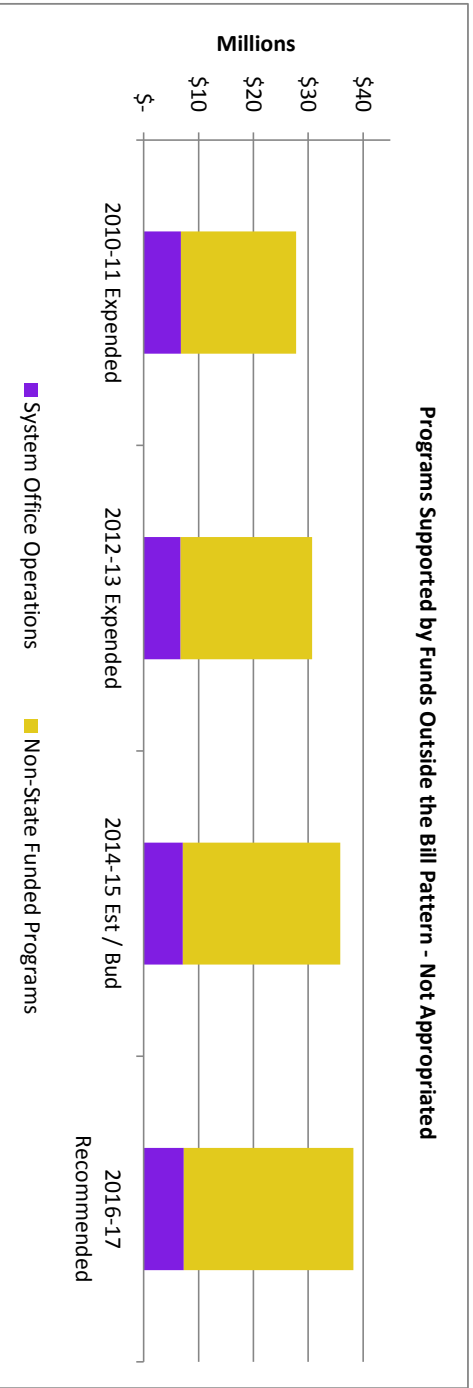
Schedule 6: Funds Outside the Bill Pattern

The Texas Tech University System receives indirect appropriated funds from component institutions as well as non-appropriated funds from the sources listed in the table below. Indirectly appropriated benefits are not shown.

Source of Funding	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTES Budgeted	2016-17 Projected	2017 FTES Projected
Transfers from Component Institutions- GR	\$ 6,803,875	\$ 6,702,440	\$ 7,124,100	60.1	\$ 7,272,604	60.1
Transfers from Component Institutions- non-GR	\$ 7,985,520	\$ 8,277,651	\$ 11,074,155	76.5	\$ 11,823,210	76.5
Institutional Funds	\$ 13,015,132	\$ 15,729,441	\$ 17,626,217	7.5	\$ 19,163,156	7.5
Total	\$ 27,804,527	\$ 30,709,532	\$ 35,824,472	144.1	\$ 38,258,970	144.1



Programs Supported by Funds Outside the Bill	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 6,803,875	\$ 6,702,440	\$ 7,124,100	\$ 7,272,604
Non-State Funded Programs	\$ 21,000,652	\$ 24,007,092	\$ 28,700,372	\$ 30,986,366
Total	\$ 27,804,527	\$ 30,709,532	\$ 35,824,472	\$ 38,258,970



Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
758 - Texas State University System

Schedule 1: Agency Overview

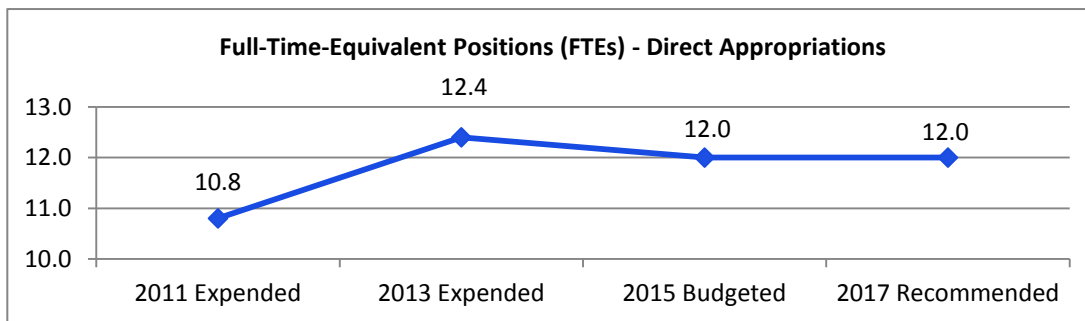
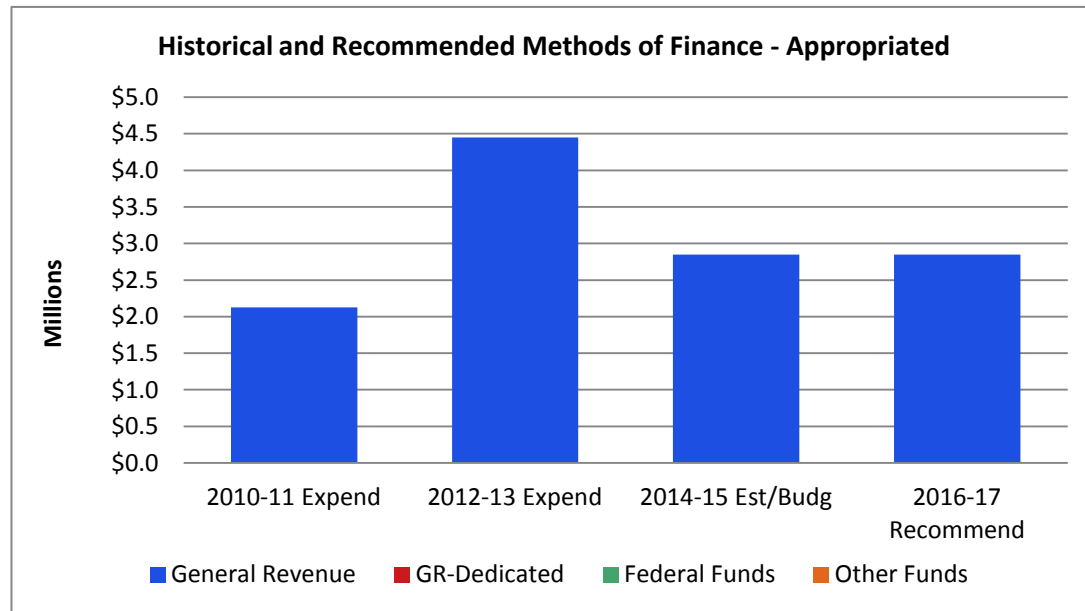
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations contained in House Bill 1 as Introduced.

Mission Statement: The role of the Texas State University System Office is to provide operational support, oversight, and coordination to the all component institutions and agencies. The university system offices are exempt from the Strategic Planning process in accordance with Government Code 2056.001.

Legal Authority: Education Code, Ch. 95; Education Code, Sec 51.353

Total Number of Programs: 1

Overview and Significant Findings



■ **Governance.** The Texas State University System (TSUS) is governed by a nine person board of regents appointed by the Governor and confirmed by the Senate. TSUS was established in 1911 and is composed of a system office, four universities (Lamar University, Sam Houston State University, Sul Ross State University, Texas State University), one upper division college (Sul Ross Rio Grande College) and three state colleges (Lamar Institute of Technology, Lamar State College – Orange, Lamar State College – Port Arthur). The system has approximately 80,000 students, an increase of nearly 50 percent since 2000.

■ **Function.** The System Office, located in Austin, Texas supports the component institutions by providing consolidated services in such areas as legal, budget, accounting, insurance, audit, strategic planning, risk management, debt management, academic program planning, construction, governmental relations and communication services.

■ **Funding.** Recommendations for TSUS are \$2.9 million in General Revenue Funds for the 2016-17 biennium. The increase in General Revenue appropriations for the 2012-13 biennium is due primarily to a one-time appropriation of \$1.6 million in Senate Bill 2, Eighty-second Legislature, First Called Session. Additionally, the system estimates receiving an additional \$11.0 million from funds outside the bill pattern, for a total of \$13.9 million in funding for the 2016-17 biennium. TSUS does not receive appropriations from the Available University Fund.

■ **Full-Time Equivalent Positions.** The system has a total of 12 FTEs budgeted for 2015 that are supported by direct appropriations. In addition, TSUS has 12 FTEs that are supported by non-GR transfers from component institutions, for a total of 24 FTEs for 2015.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
758 - Texas State University System

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	System Office Operations	1911	Statute	NA	Strong	Strong	Higher Education Instruction, Financial Aid & Research	Statewide	No	No

Notes: • The Texas State University System was established in 1911, however the year 2000 represents the first full year of operations appropriations as reported by the system.

• Statutory authority for the university systems is provided by the following:

Education Code, Section 51.353

- (a) The system administration of each system shall coordinate the activities of component institutions within the system.
- (b) In addition to other powers and duties provided by this code or other law, each system administration shall:
 - (1) initiate, monitor, approve, and coordinate long-range planning for the system;
 - (2) approve short-range institutional plans for operations and expenditures;
 - (3) provide to component institutions technical assistance such as legal and financial services;
 - (4) evaluate each component institution and assist the institution in the achievement of performance goals; and
 - (5) perform such other duties as may be delegated to it by the governing board of its system.

• Statutory authority for the Texas State University System is provided by the following:

Education Code, Section 95.06

- (a) The central administration office of the university system shall provide oversight and coordination of the activities of each component institution within the system.
- (b) The board shall appoint an executive officer of the university system and determine the executive officer's term of office, salary, and duties.
- (c) The executive officer shall recommend a plan for the organization of the university system and the appointment of a president for each component institution within the system.
- (d) The executive officer is responsible to the board for the general management and success of the university system, and the board shall cooperate with the executive officer to carry out that responsibility.
- (e) In addition to other powers and duties provided by this code or other law, the central administration office of the system shall recommend necessary policies and rules to the governing board of the system to ensure conformity with all laws and rules and to provide uniformity in data collection and financial reporting procedures.

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review and Analysis							Appropriate Use of Constitutional and GR-Dedicated Funds?	Agency Funding Alternatives in Recs?
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported?		
1	System Office Operations	\$ 989,010	\$ 2,124,240	\$ 4,450,000	\$ 2,850,000	12.0	\$ 2,850,000	12.0	0.0%	0.0	No	NA	No
Total			\$ 2,124,240	\$ 4,450,000	\$ 2,850,000	12.0	\$ 2,850,000	12.0	0.0%	0.0			

Notes: Amounts above represent direct General Revenue appropriations made to the Texas State University System. Amounts shown for the 2012-13 biennium include \$1.6 million in one-time General Revenue appropriations for System Office Operations made in Senate Bill 2, Eighty-second Legislature, First Called Session.

Strategic Fiscal Review 2016-17
 House Budget Recommendations: HB 1 as Introduced
 758 - Texas State University System



Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 as Introduced
1	System Office Operations	=	Recommendations for 2016-17 for the Texas State University System maintain 2014-15 General Revenue funding levels, which is consistent with recommendations for all university system offices' System Office Operations strategies.

Program Summary Included

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority**

758 - Texas State University System

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
AUTHORITY	Strong			System Office Operations (1)
	Moderate			
	Weak			

Note: The matrix does not include Indirect Administration programs.

**Strategic Fiscal Review 2016-17 - House
758 - Texas State University System**

Schedule 5: Program Summary - Direct Appropriations

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: System Office Operations

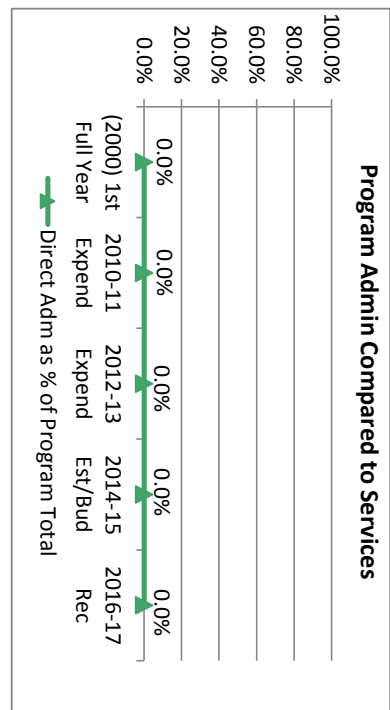
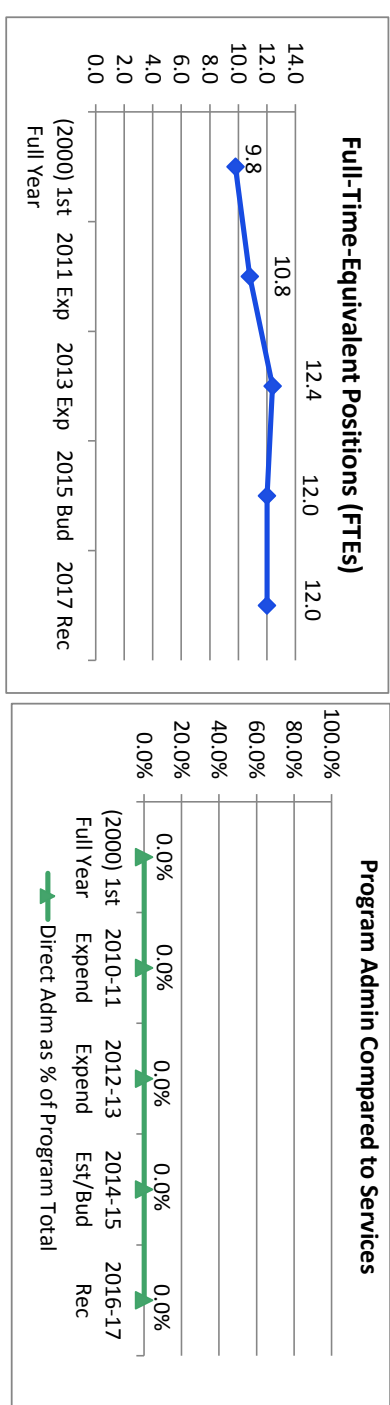
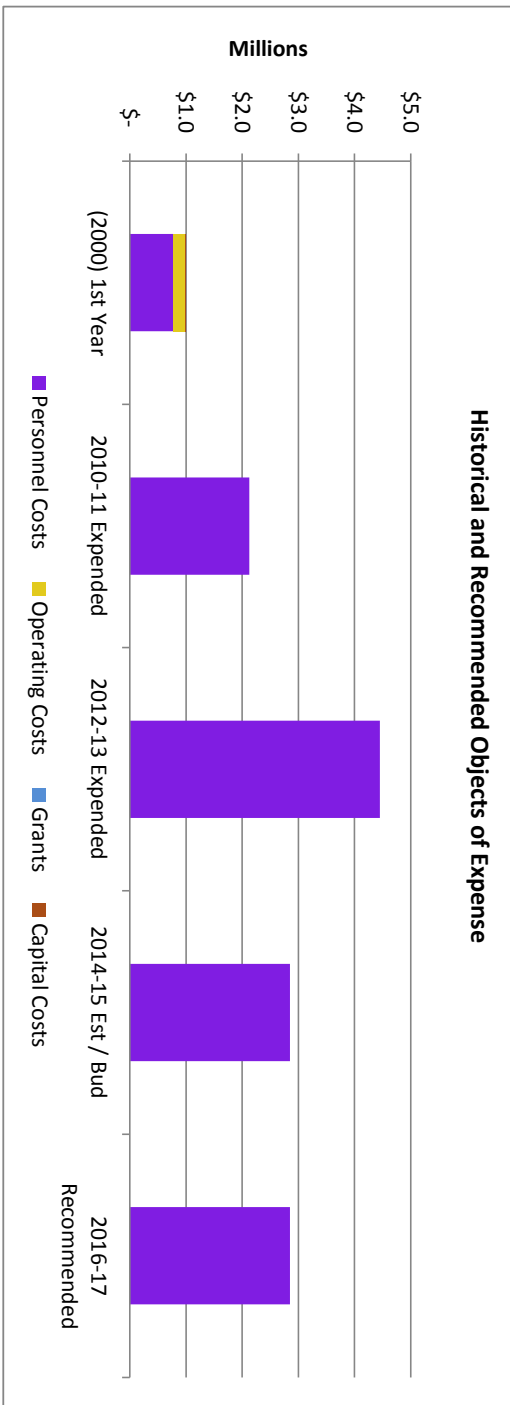
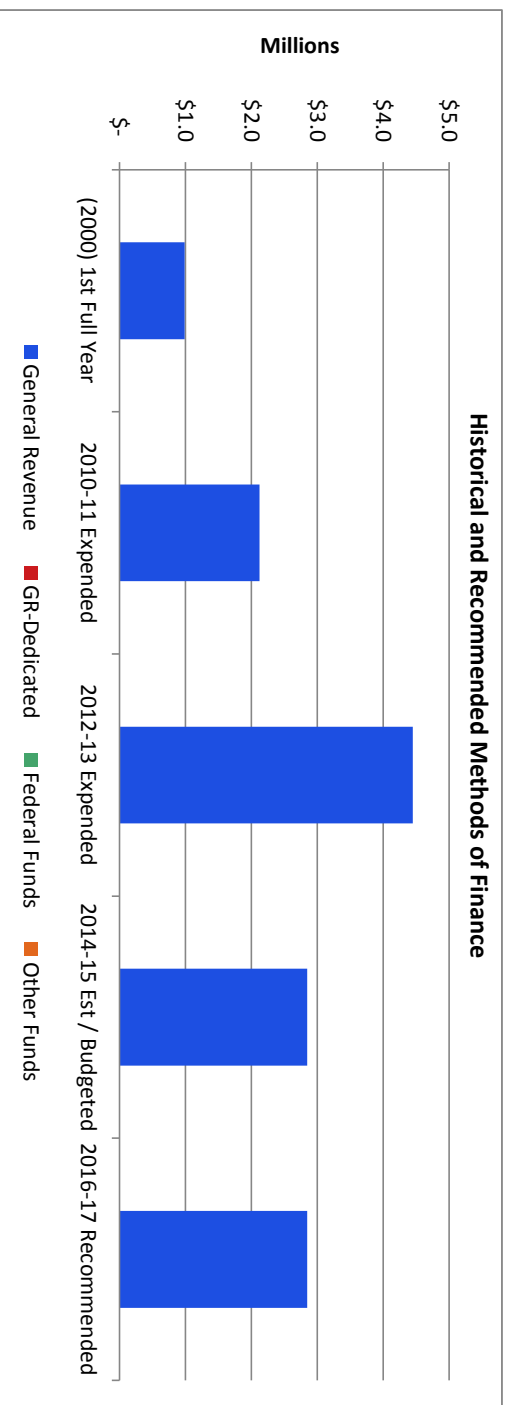
Agency Ranking
1
out of 1

Funding provides support for the operations of the Texas State University System Office. The system office provides coordination and planning to improve efficiencies for component institutions.

Legal Authority: Education Code, Ch. 95; Education Code, Sec 51.353

Year Created	2000	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Strong	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Audit	\$ 274,942	1.2	\$ 274,942	1.2	9.6%
Legal	\$ 706,270	3.0	\$ 706,270	3.0	24.8%
Business and Financial Services	\$ 599,836	2.5	\$ 599,836	2.5	21.0%
Academic Affairs	\$ 297,918	1.2	\$ 297,918	1.2	10.5%
Governmental Relations	\$ 349,218	1.5	\$ 349,218	1.5	12.3%
Facilities	\$ 357,833	1.5	\$ 357,833	1.5	12.6%
Office of the Chancellor	\$ 263,983	1.1	\$ 263,983	1.1	9.3%
TOTAL	\$ 2,850,000	12.0	\$ 2,850,000	12.0	100.0%



Program: System Office Operations

Summary of Recommendations and Fiscal and Policy Issues

1 Direct Appropriations. Recommendations for the Texas State University System maintain \$2.9 million in General Revenue appropriations. This recommended funding level is consistent among the four university systems who do not receive an allocation from the Available University Fund.

Recommendations would provide funding for the following system activities and full-time equivalent (FTE) positions within the System Office Operations Program. All six university systems were instructed to use these nine activity categories in their submissions to allow for comparative analysis among the systems.

Activities	2016-17 Recommended	FTEs
Board of Regents	\$0	0.0
Audit	\$280,338	1.2
Legal	\$701,672	3.0
Business & Financial	\$602,726	2.5
Academic Affairs	\$295,810	1.2
Governmental Relations	\$345,678	1.5
External Relations & Fund Raising	\$0	0.0
Strategic Initiatives & Planning	\$0	0.0
Facilities	\$354,248	1.5
Office of the Chancellor	\$269,528	1.1
Health Affairs	\$0	0.0
TOTAL	\$2,850,000	12.0

2 Funds Outside the Bill Pattern. The Texas State University System estimates in 2016-17 it will have access to \$11.0 million in funds outside its bill pattern. Of this amount \$10.9 million is estimated to be non-General Revenue Funds transferred from its various component institutions. During the 2014-15 biennium, total funds outside the bill pattern are estimated to support an additional 12.0 FTEs per year for System Office Operations (See Schedule 6).

Recommended Statutory Changes for Program Improvement

1 None.

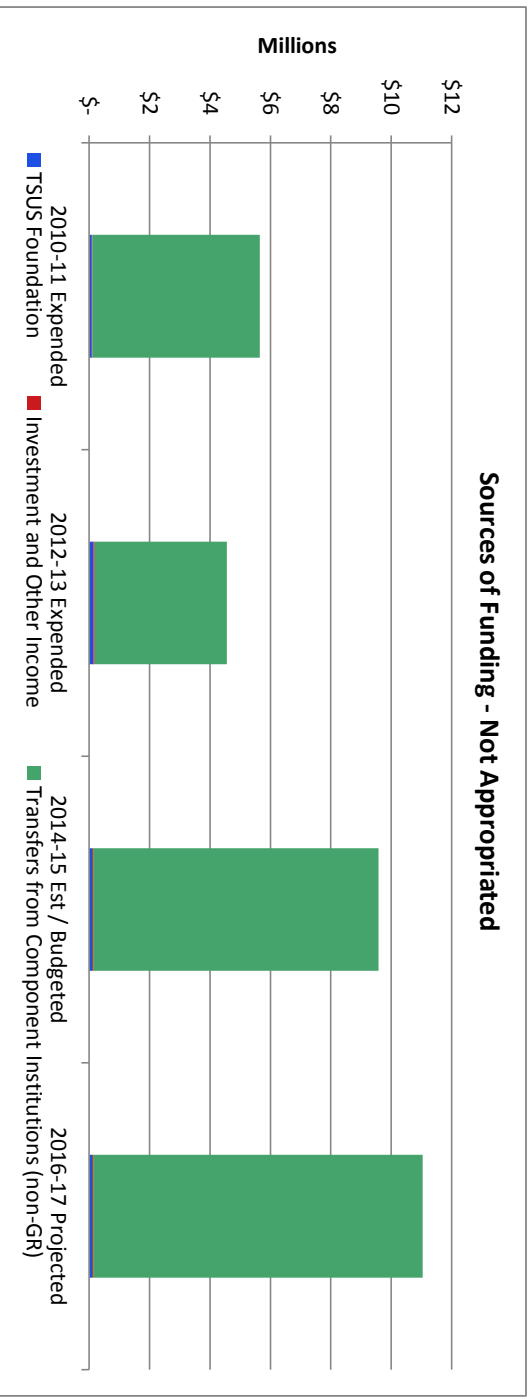
Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Reduce General Revenue by twenty percent. Texas State System did not provide specific funding alternatives for reduced funding. It did note that in the event of an across the board reduction it would likely make assessments of their component institutions' local funds to maintain core services. The system reported that a twenty percent reduction in General Revenue appropriations would likely result in the loss of two full-time equivalent positions.	\$ (570,000)	\$ (570,000)	(2.0)
2 Increase General Revenue appropriations by an additional \$2.2 million each year to partially reduce reliance on local funds transfers from component institutions to pay salary costs for system office personnel. According to Texas State System, this increase would allow institutions to retain local funds and provide salaries for 13.0 FTEs at the system office.	\$ 4,350,000	\$ 4,350,000	13.0

**Strategic Fiscal Review 2016-17 - House
758 - Texas State University System**

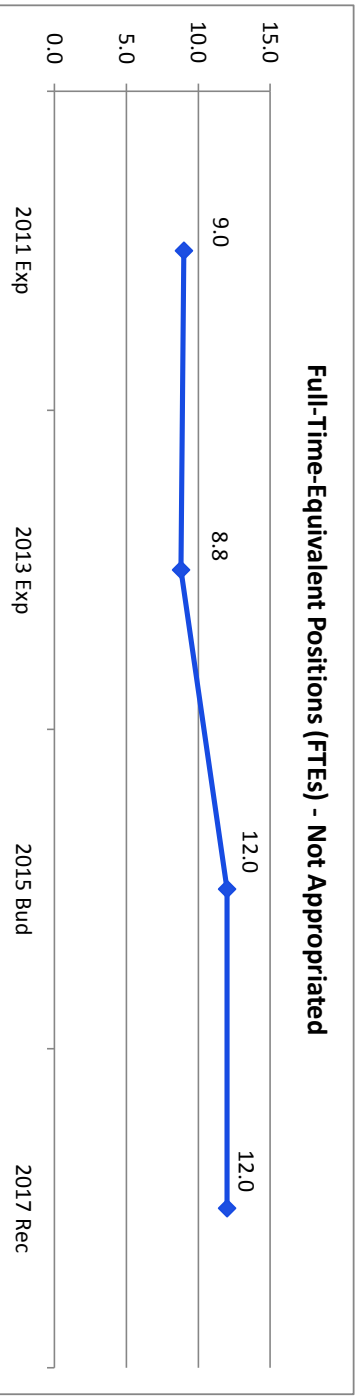
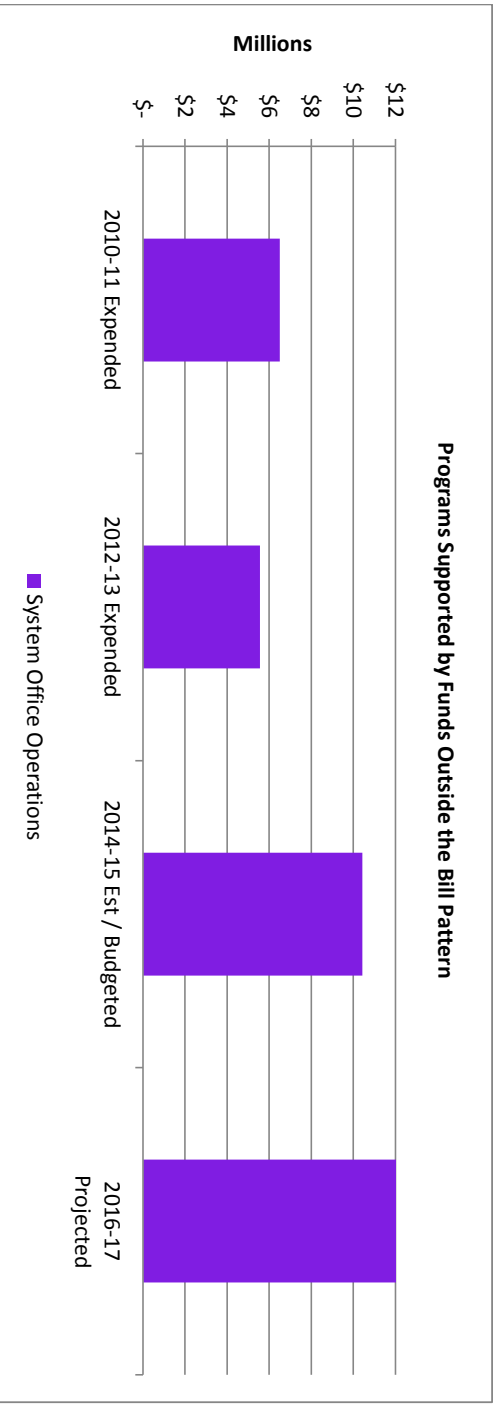
Schedule 6: Funds Outside the Bill Pattern

The Texas State University System receives indirect appropriated funds for benefits as well as non-appropriated funds. Tables below represent only non-appropriated funds the system receives.

Source of Funding	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2015 FTEs Budgeted	2016-17 Projected	2017 FTEs Projected
TSUS Foundation	\$ 87,200	\$ 145,133	\$ 102,800	0.0	\$ 102,800	0.0
Investment and Other Income	\$ 17,440	\$ 38,862	\$ 26,741	0.0	\$ 32,000	0.0
Transfers from Component Institutions (non-GR)	\$ 5,545,702	\$ 4,372,044	\$ 9,446,659	12.0	\$ 10,906,654	12.0
Total	\$ 5,650,343	\$ 4,556,039	\$ 9,576,200	12.0	\$ 11,041,454	12.0



Programs Supported by Funds Outside the Bill Pattern	2010-11 Expended	2012-13 Expended	2014-15 Est / Budgeted	2016-17 Projected
System Office Operations	\$ 6,502,853	\$ 5,556,346	\$ 10,430,642	\$ 11,144,254
Total	\$ 6,502,853	\$ 5,556,346	\$ 10,430,642	\$ 11,144,254



Section 1

**General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges and System Offices
Summary of Recommendations - House**

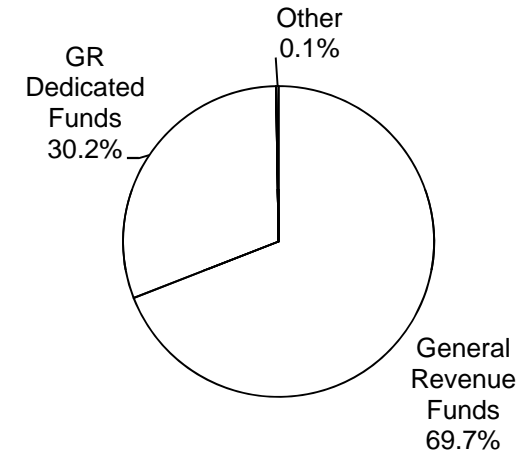
Page III-64

Jeff Pool and Greg Owens, LBB Analysts

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$4,565,701,910	\$4,621,060,649	\$55,358,739	1.2%
GR Dedicated Funds	\$2,087,255,312	\$2,050,718,321	(\$36,536,991)	(1.8%)
<i>Total GR-Related Funds</i>	<i>\$6,652,957,222</i>	<i>\$6,671,778,970</i>	<i>\$18,821,748</i>	<i>0.3%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$14,912,181	\$16,745,904	\$1,833,723	12.3%
All Funds	\$6,667,869,403	\$6,688,524,874	\$20,655,471	0.3%

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	48,531.1	46,187.7	(2,343.4)	-4.8%

**RECOMMENDED FUNDING
BY METHOD OF FINANCING**



Section 1

General Academic Institutions and System Offices
Summary of Recommendations - House

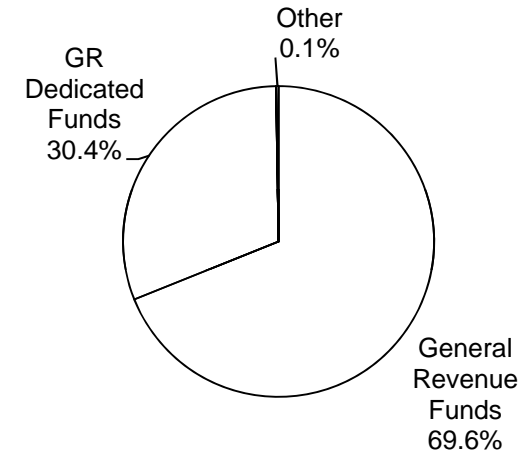
Page III-64

Jeff Pool and Greg Owens, LBB Analysts

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$4,389,746,483	\$4,449,744,487	\$59,998,004	1.4%
GR Dedicated Funds	\$2,019,687,967	\$1,988,921,474	(\$30,766,493)	(1.5%)
<i>Total GR-Related Funds</i>	<i>\$6,409,434,450</i>	<i>\$6,438,665,961</i>	<i>\$29,231,511</i>	<i>0.5%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$14,912,181	\$16,745,904	\$1,833,723	12.3%
All Funds	\$6,424,346,631	\$6,455,411,865	\$31,065,234	0.5%

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	46,552.4	44,295.0	(2,257.4)	(4.8%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



Section 2

General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

	2014-15 Base	2016-17 Recommended	Difference	% Change
General Revenue Funds	\$4,389,746,483	\$4,449,744,487	\$59,998,004	1.37%
	2016-17 Strategy/Goal	2016-17 Recommended	Comments	
	Formula General Revenue	\$3,347,583,311	The recommended formula General Revenue total is an increase of \$181.4 million from the 2014-15 base. Formula fiscal and policy issues are detailed in Section 3.	
	<i>Instruction and Operations Operations Support (\$2,761.9 million) Teaching Experience Supplement (\$70.3 million)</i>	\$2,832,173,712	Recommendations include an increase of \$167.3 million in General Revenue to maintain the Instruction and Operations rate from the 2014-15 biennium.	
	<i>Infrastructure Support</i>	\$515,409,600	Recommendations include an increase of \$14.1 million to maintain the Infrastructure Support rate from the 2014-15 biennium. Included in the Infrastructure formula is \$18.9 million for the Small Institution Supplement, a decrease of \$1.8 million from the 2014-15 biennium.	

Section 2

**General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue	\$1,102,161,172	The recommended non-formula General Revenue total is a decrease of \$11.7 million from the 2014-15 base amounts. Non-formula fiscal and policy issues are detailed in Section 3.
<i>Tuition Revenue Bond Debt Service</i>	\$397,614,409	Recommendations fund tuition revenue bond debt service at requested amounts for previously authorized debt. Tuition revenue bond debt service is a decrease of \$11.5 million from the 2014-15 base amount. See Section 3J for expended/budgeted 2014-15 amounts and requested 2016-17 amounts by each institution.
<i>Institutional Enhancement</i>	\$239,949,558	Recommendations provide funding at the 2014-15 base amounts.

Section 2

**General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

<i>Other Special Items</i>	\$249,192,721	<p>Recommendations increase special item funding by \$12.1 million due to the following:</p> <ul style="list-style-type: none"> a. A reduction of \$1.0 million due to the elimination of special item support for the Palestine Campus at The University of Texas at Tyler. b. An increase of \$0.2 million to reflect a direct appropriation to Sam Houston State University to support the Law Enforcement Management Institute of Texas. Previously, this appropriation was made in the Commission on Law Enforcement Standards bill pattern and then transferred to the institution. c. The movement of \$9.2 million for the DKR Alzheimer's Initiative from The University of Texas System Office to The University of Texas at Austin. d. A reduction of \$4.0 million due to elimination of special item support for the University of Houston School of Pharmacy. e. An increase of \$4.0 million to the University of Houston Hobby School of Public Affairs. f. An increase of \$0.5 million to Prairie View A&M University for Community Development and the Office of International Affaris. g. Increase of \$2.5 million to The University of Texas at Austin for TexNet Seismic Activity Program.
<i>Academic Development Initiative</i>	\$41,601,564	Recommendations provide funding at the 2014-15 base amounts.
<i>Research Development Fund</i>	\$0	Recommendations reallocate previous appropriations for RDF. With appropriations for emerging research universities budgeted at the Coordinating Board (\$59.3 million) and support for research at other institutions (\$14.3 million) budgeted as the Comprehensive Research Fund.
<i>Comprehensive Research Fund</i>	\$14,272,374	Recommendations provide funding for institutions not classified as emerging research institutions of \$14.3 million.

Section 2

**General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

<i>Texas Competitive Knowledge Fund</i>	\$0	Recommendations reallocate previous appropriations for TCKF. Appropriations for emerging research universities budgeted at the Coordinating Board (\$47.7 million) and support for The University of Texas at Austin and Texas A&M University (\$111.5 million) budgeted as the Texas Research University Fund.
<i>Texas Research University Fund</i>	\$111,508,322	Recommendations provide funding for established research universities of \$111.5 million.
<i>Other non-formula General Revenue (Worker's Compensation and Unemployment Insurance)</i>	\$13,487,746	Recommendations provide funding at the 2014-15 base amounts.
<i>Lease of Facilities</i>	\$3,041,632	Recommendations provide funding at the 2014-15 base amounts.
<i>System Office Operations</i>	\$31,492,846	Recommendations do not provide funding for System Office Operations General Revenue for The University of Texas System and the Texas A&M University System, which is a decrease of \$5.4 million from 2014-15 base amounts.

Section 2

**General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

	2014-15 Base	2016-17 Recommended	Difference	% Change	General Comments on General Revenue Dedicated Funding. During the 2014-15 biennium, General Revenue Dedicated appropriations, composed primarily of statutory tuition, totaled \$1,933.3 million. Appropriated tuition amounts are estimated. Recommended General Revenue Dedicated Funds for the 2016-17 biennium total \$1,989.6 million, an increase of \$56.3 million over 2014-15 appropriated levels. Listed below are the General Revenue Dedicated funding changes for recommended 2016-17 amounts from 2014-15 appropriated levels.
General Revenue Dedicated Funds	\$2,019,687,967	\$1,988,921,474	(\$30,766,493)	-1.52%	

Strategy/Goal	2016-17 Recommended	Comments
Formula General Revenue Dedicated	\$1,430,288,337	Recommendations include an increase of \$24.4 million over 2014-15 appropriated amounts in statutory tuition in formula related strategies.
<i>Instruction and Operations Operations Support (979.1 million) Teaching Experience Supplement (\$26.9 million)</i>	\$1,005,990,800	
<i>Infrastructure Support</i>	\$199,534,561	
<i>Board Authorized Tuition</i>	\$224,762,976	Formula strategy recommendations also include Board Authorized Tuition increases, which are not used to offset General Revenue in the formula. This is an increase of \$3.4 million over 2014-15 appropriated amounts.

Section 2

**General Academic Institutions and System Offices
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue Dedicated	\$558,633,132	<p>The recommendations include an increase of \$36.2 million over 2014-15 appropriated amounts in statutory tuition in non-formula related strategies. Recommendations for other non-formula related General Revenue Dedicated funds that are not funded with statutory tuition reflect a decrease of \$8.3 million from 2014-15 appropriated amounts.</p> <p>Non-formula General Revenue Dedicated recommendations are found in the strategies listed below.</p> <p>Non-formula fiscal and policy issues are detailed in Section 3.</p>
<i>Staff Group Insurance</i>	\$260,147,487	
<i>Texas Public Education Grants (TPEG)</i>	\$226,913,803	Funding for TPEG comes from the portion of statutory tuition set aside to fund scholarships, and as the total tuition estimate changes, so does the portion set aside for TPEG.
<i>Organized Activities</i>	\$54,428,624	Funding reflects requested amounts based on institutions' expected revenue.
<i>Other Non-Formula General Revenue-Dedicated Funds (GR-D Midwestern University Special Mineral Account No. 412, Correctional Management Institute of Texas Account No. 5083, Law Enforcement Management Institute Account No. 581, Center for Study and Prevention of Juvenile Crime and Delinquency Account No. 5029, and Oyster Sales Account No. 5022,)</i>	\$17,143,218	<p>Other non-formula GR-D is recommended at the following levels and represents a decrease of \$8.3 million:</p> <ul style="list-style-type: none"> a. Midwestern State University Mineral Fund: \$41,550, an increase of \$23,500 over 2014-15 appropriated amounts. b. Sam Houston State University Law Enforcement Management Institute: \$7,919,000, a decrease of \$766,195 from 2014-15 appropriated amounts. c. Sam Houston State University Correctional Management Institute: \$4,918,668, an increase of \$185,855 over 2014-15 appropriated amounts. d. Prairie View A&M University Juvenile Crime and Delinquency Center: \$4,064,000, a decrease of \$7,739,000 from 2014-15 appropriated amounts. e. Texas A&M University at Galveston Oyster Sales: \$200,000, which is equal to 2014-15 appropriated amounts. <p>Note: Items (a-d) above are estimated appropriations. 2016-17 recommended amounts align with institutions' revenue projections.</p>

Section 2

General Academic Institutions
Summary of Recommendations - House, By Method of Finance -- OTHER FUNDS

	2014-15 Base	2016-17 Recommended	Difference	% Change
Other Funds	\$14,912,181	\$16,745,904	\$1,833,723	12.30%
	Strategy/Goal	2016-17 Recommended	Comments	
	<i>Tobacco Funds</i>	\$5,373,000	Recommendations include Tobacco Funds at requested levels, a \$158,000 increase from 2014-15 appropriated amounts.	
	<i>Real Estate Trust Account</i>	\$10,161,360	Recommendations include funding for the Real Estate Research Center at Texas A&M University at at requested amounts, an increase of \$1,211,523 from the 2014-15 appropriated amounts.	
	<i>Interagency Contracts</i>	\$733,200	Recommendations include interagency contracts at requested amounts at The University of Texas Rio Grande Valley and Texas A&M International University, which is equal to 2014-15 appropriated amounts.	
	<i>Specialty License Plate Account</i>	\$478,344	Recommendations include funds provided to Texas A&M University, Texas A&M University-Kingsville, and Texas Tech University from License Plate Trust Fund No. 802 at requested amounts, which is an increase of \$438,344 over 2014-15 appropriated amounts.	

Section 1

Lamar State Colleges
Summary of Recommendations - House

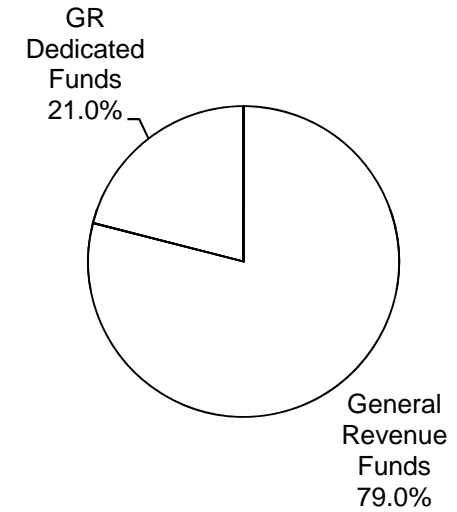
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Jeff Pool and Greg Owens, LBB Analysts

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$51,940,109	\$46,694,728	(\$5,245,381)	(10.1%)
GR Dedicated Funds	\$14,976,052	\$12,418,937	(\$2,557,115)	(17.1%)
<i>Total GR-Related Funds</i>	<i>\$66,916,161</i>	<i>\$59,113,665</i>	<i>(\$7,802,496)</i>	<i>(11.7%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$66,916,161	\$59,113,665	(\$7,802,496)	(11.7%)

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	560.9	558.9	(2.0)	(0.4%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



Section 2

Lamar State Colleges
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

	2014-15 Base	2016-17 Recommended	Difference	% Change
General Revenue Funds	\$51,940,109	\$46,694,728	(\$5,245,381)	-10.10%

Strategy/Goal	2016-17 Recommended	Comments
Formula General Revenue	\$32,786,268	The recommended formula General Revenue total is a decrease of \$5.2 million from the 2014-15 base. Formula fiscal and policy issues are detailed in Section 3.
<i>Instruction and Operations</i>	\$25,340,000	Recommendations include a decrease of \$5.0 million in General Revenue to maintain the Instruction and Operations rate from the 2014-15 biennium.
<i>Infrastructure Support</i>	\$7,446,268	Recommendations include a decrease of \$0.2 million to maintain the Infrastructure Support rate from the 2014-15 biennium. Included in the Infrastructure formula is \$2.25 million for the Small Institution Supplement, which maintains 2014-15 appropriated amounts.

Section 2

Lamar State Colleges
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue	\$13,908,460	
<i>Tuition Revenue Bond Debt Service</i>	\$3,627,507	Recommendations fund tuition revenue bond debt service at requested amounts. Tuition revenue bond debt service is an increase of \$12,414 from the 2014-15 base amount. See Section 3J for expended/budgeted 2014-15 amounts and requested 2016-17 amounts by each institution.
<i>Institutional Enhancement</i>	\$8,737,815	Recommendations provide funding at the 2014-15 base amounts.
<i>Other Special Items</i>	\$1,543,138	Recommendations provide funding at the 2014-15 base amounts.

Section 2

Lamar State Colleges
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED

	2014-15 Base	2016-17 Recommended	Difference	% Change	General Comments on General Revenue Dedicated Funding. During the 2014-15 biennium, General Revenue Dedicated appropriations, composed of statutory tuition, totaled approximately \$17.0 million. Appropriated tuition amounts are estimated. The 2014-15 base General Revenue Dedicated amounts reflect actual tuition collections by the institutions. Recommended General Revenue Dedicated Funds for the 2016-17 biennium total \$12.4 million, a decrease of \$4.6 million below 2014-15 appropriated levels. Listed below are the General Revenue Dedicated funding changes for recommended 2016-17 amounts from 2014-15 appropriated levels.
General Revenue Dedicated Funds	\$14,976,052	\$12,418,937	(\$2,557,115)	-17.07%	

Strategy/Goal	2016-17 Recommended	Comments
Formula General Revenue Dedicated	\$8,212,467	Recommendations include a decrease of \$4.1 million below 2014-15 appropriated amounts in statutory tuition in formula related strategies. Appropriated statutory tuition amounts are estimated. Base statutory tuition amounts reflect actual collections by institutions.
<i>Instruction and Operations</i>	\$7,390,106	Recommended formula General Revenue-Dedicated is not used to offset General Revenue in the Instruction and Operations Formula. This figure represents a decrease of \$3.7 million from 2014-15 amounts.
<i>Infrastructure Support</i>	\$822,362	Ten percent of formula General Revenue-Dedicated is used to offset General Revenue in the Infrastructure Formula. This figure represents a decrease of \$0.4 million from 2014-15 amounts.

Section 2

**Lamar State Colleges
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue Dedicated	\$4,206,470	
<i>Staff Group Insurance</i>	\$2,102,800	Recommendations reflect an increase of \$0.1 million from the 2014-15 appropriated amounts for staff group insurance.
<i>Texas Public Education Grants (TPEG)</i>	\$2,103,670	Funding for TPEG comes from the portion of statutory tuition set aside to fund scholarships, and as the total tuition estimate changes, so does the portion set aside for TPEG. Recommendations reflect a decrease of \$0.5 million from 2014-15 appropriated amounts.

Section 1

Texas State Technical Colleges
Summary of Recommendations - House

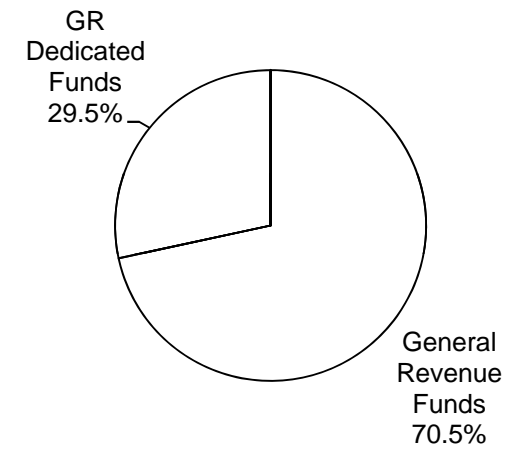
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Jeff Pool and Greg Owens, LBB Analysts

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$124,015,318	\$124,621,434	\$606,116	0.5%
GR Dedicated Funds	\$52,591,293	\$49,377,910	(\$3,213,383)	(6.1%)
<i>Total GR-Related Funds</i>	<i>\$176,606,611</i>	<i>\$173,999,344</i>	<i>(\$2,607,267)</i>	<i>(1.5%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$176,606,611	\$173,999,344	(\$2,607,267)	(1.5%)

	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	1,417.8	1,333.8	(84.0)	(5.9%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING



Section 2

Texas State Technical Colleges
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS

	2014-15 Base	2016-17 Recommended	Difference	% Change
General Revenue Funds	\$124,015,298	\$124,621,434	\$606,136	0.49%

Strategy/Goal	2016-17 Recommended	Comments
Formula General Revenue	\$98,573,497	The recommended formula General Revenue total is a decrease of \$3.9 million from 2014-15 appropriated amounts. Formula fiscal and policy issues are detailed in Section 3.
<i>Instruction and Operations</i>	\$86,365,622	Recommendations decrease General Revenue by \$3.4 million and retain the returned value percentage from the 2014-15 biennium.
<i>Infrastructure Support</i>	\$12,207,875	Recommendations include a decrease of \$0.5 million to maintain the Infrastructure Support rate from the 2014-15 biennium. Included in the Infrastructure formula is \$3.0 million for the Small Institution Supplement, which is a slight increase over 2014-15 appropriated amounts.

Section 2

**Texas State Technical Colleges
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue	\$26,047,937	The recommended non-formula General Revenue total is a decrease of \$2.3 million from the 2014-15 base amounts. Non-formula fiscal and policy issues are detailed in Section 3.
<i>Tuition Revenue Bond Debt Service</i>	\$2,117,778	Recommendations fund tuition revenue bond debt service at requested amounts. Tuition revenue bond debt service is an increase of \$2,500 from the 2014-15 base amount. See Section 3J for expended/budgeted 2014-15 amounts and requested 2016-17 amounts by each institution.
<i>Worker's Compensation Insurance</i>	\$352,706	Recommendations provide funding at the 2014-15 base amounts.
<i>Institutional Enhancement</i>	\$7,574,010	Recommendations provide funding at the 2014-15 base amounts.

Section 2

**Texas State Technical Colleges
Summary of Recommendations - House, By Method of Finance -- GENERAL REVENUE FUNDS**

Strategy/Goal	2016-17 Recommended	Comments
<i>North Texas and East Williamson County Extension Centers</i>	\$11,400,000	Recommendations increase special item funding by \$4.5 million in special item support for the North Texas and East Williamson County Extension Centers.
<i>System Office Operations</i>	\$4,603,444	Recommendations provide funding at the 2014-15 base amounts.

Section 2

**Texas State Technical Colleges
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

	2014-15 Base	2016-17 Recommended	Difference	% Change	General Comments on General Revenue Dedicated Funding.
General Revenue Dedicated Funds	\$52,591,293	\$49,377,910	(\$3,213,383)	-6.11%	During the 2014-15 biennium, General Revenue Dedicated appropriations, composed of statutory tuition, totaled \$46.4 million. Appropriated tuition amounts are estimated. Recommended General Revenue Dedicated Funds for the 2016-17 biennium total \$49.4 million. Listed below are the General Revenue Dedicated funding changes for recommended 2016-17 amounts from 2014-15 appropriated levels.

Strategy/Goal	2016-17 Recommended	Comments
Formula General Revenue Dedicated	\$33,924,010	
<i>Instruction and Operations</i>	\$30,531,609	Recommended formula General Revenue-Dedicated is not used to offset General Revenue in the Instruction and Operations Formula
<i>Infrastructure Support</i>	\$3,392,401	Ten percent of formula General Revenue-Dedicated is used to offset General Revenue in the Infrastructure Formula.

Section 2

**Texas State Technical Colleges
Summary of Recommendations - House, By Method of Finance -- GR DEDICATED**

Strategy/Goal	2016-17 Recommended	Comments
Non-Formula General Revenue Dedicated	\$15,453,900	
<i>Staff Group Insurance</i>	\$7,240,825	
<i>System Office Operations</i>	\$1,082,447	
<i>Texas Public Education Grants (TPEG)</i>	\$7,130,628	Funding for TPEG comes from the portion of statutory tuition set aside to fund scholarships, and as the total tuition estimate changes, so does the portion set aside for TPEG.

Section 3

General Academic Institutions, System Offices, Lamar State Colleges, and Texas State Technical Colleges Selected Fiscal and Policy Issues - House

1. **Strategic Fiscal Review.** The six public university system offices for the GAs are included in the Strategic Fiscal Review (SFR). Please refer to the individual SFR packets and the omnibus comparison packet for specific information and findings.

SFR for the GAs examined system office operations, special item support, trustee funds, and appropriations for debt service made to the university systems. Significant observations and consideration include:

- **2016–17 Recommended Funding Levels.** Recommendations for the six system offices provide \$83.6 million in All Funds of which \$78.8 million is General Revenue. Recommendations reflect a decrease of \$12.2 million in General Revenue due primarily to the transfer of \$9.2 million in support for the Darrell K Royal Alzheimer’s Initiative from The University of Texas System to The University of Texas at Austin. Additionally, House Bill 1 does not provide funding for system office operations at The University of Texas System and the Texas A&M University System. System operations funding for the other four university systems is provided at 2014–15 levels. Funding recommendations for the system offices were consistent with recommendations for institutions and provide funding for special items and existing debt service at requested amounts.
- **External Funding Sources.** In addition to direct appropriations made to the university systems in their bill patterns, the systems also have access to various sources of funding outside of their bill patterns. These sources of funding include the Available University Fund (for The University of Texas and Texas A&M University systems), both General Revenue and non-General Revenue transfers from their component institutions, as well as various institutional funds. During the 2014–15 biennium, the amounts of these funds range from \$9.6 million at Texas State University System to \$365.6 million at The University of Texas System.
- **Scope of Direct Appropriations.** Recommendations provide funding for varying programs by system office. House Bill 1 provides four university systems appropriations for system office operations. The Texas Tech and Texas State University Systems receive direct appropriations only for system office operations. The other university system offices receive appropriations for special items. Additionally, tuition revenue bond debt service payments for institutions within the University of Houston System are budgeted directly at the system office.
- **FTE Cap Recommendations.** Appropriated Full Time Employee Equivalent (FTEs) at the university systems are supported by both appropriations made directly to the systems in their bill pattern and through indirect state appropriations. These indirect appropriations include funding through the Available University Fund, as well as General Revenue appropriated to the systems’ component institutions. The 2016–17 recommended FTE levels for 2016–17 range from 12.0 at Texas State University System to 292.5 at the University of North Texas System, and reflect only those FTEs that are supported by state appropriations.
- **Excess Benefit Payments.** House Bill 1 does not include FTEs supported by direct appropriations for the Texas A&M and The University of Texas System Offices. Recommendations for the other four system offices are consistent with recommendations for institutions of higher education where FTE levels reflect the lower of the fiscal year 2014 actual levels or the institutions’ requested FTE levels. Through the strategic fiscal review, it was determined that the University of Houston System has been incorrectly reporting the number of its appropriated

Section 3

FTEs by including those that are funded through transfers of local funds from its component institutions. Therefore, the recommendations reflect a decrease in the University of Houston System FTE cap from the current cap of 71.5 to 14.1, the amount the system is reporting are funded directly with state appropriations.

2. **Funding Overview for General Academic Institutions (GAIs).** Appropriations for GAIs are composed mainly of General Revenue and General Revenue-Dedicated (GR-D) funds. General Revenue-Dedicated Funds at GAIs are primarily statutory tuition and fee revenue. Appropriations are provided to GAIs as lump sum amounts. Unlike other state agencies, higher education institutions are not bound to spend the appropriation within the specified strategy. GAIs also collect non-appropriated funds including designated funds (e.g., designated tuition, interest on local funds, restricted funds, earnings on endowments, contracts, grants and gifts), and auxiliary income. These funds are not included in the General Appropriations Act (GAA).

While the General Revenue appropriated to a GAI is sum certain, the appropriation of GR-D funds for statutory tuition is estimated. If tuition revenue collected by an institution is different than the amount appropriated in a biennium, the institution adjusts spending to the revenue collected. Recommended GR-D levels are set based on a tuition estimate performed by the LBB based on the most recent year of tuition collections at an institution. Since GR-D expenditures vary for institutions from appropriated levels based on tuition collections, comparisons are performed against the 2014–15 appropriated level to provide an accurate view of the funding change between biennia.

Institutions are appropriated funding primarily through the following: formula funding, tuition revenue bond debt service, and special items. The funding formulas for general academic institutions include Instruction and Operations Support and Infrastructure Support. Each formula is based on different drivers, such as weighted semester credit hours or space needs. Data is provided by the institutions to the Texas Higher Education Coordinating Board (THECB). THECB compiles the data and provides the information to the LBB.

In addition, each General Academic Institution submits a Legislative Appropriations Request (LAR) for non formula General Revenue funding. Since formula funding varies each biennium due to changes in the institution's enrollment and other formula drivers, the institutions do not request this funding.

3. **Major Method of Finance Adjustments.**
 - a. General Revenue increase of \$55.4 million above 2014–15 base level due primarily to growth in weighted semester credit hours in the Instruction and Operations Formula as well as the reallocation of \$107.1 million in appropriations for research funding to the Higher Education Coordinating Board.
 - b. General Revenue-Dedicated increase of \$54.8 million above 2014–15 appropriated level due primarily to increases in statutory tuition and Board Authorized Tuition, offset by decreases in other General Revenue-Dedicated Funds.
 - c. Other Funds increase of \$1.8 million in requested amounts.

Section 3

4. Formula Funding Methodology.

Instructions and Operations Formula:

- GAI Instruction and Operations Formula: Recommendations maintain the same All Funds I&O rate of \$54.86 annually per weighted semester credit hour.
 - Recommendations for the GAIs total \$2,832.2 million in General Revenue and \$1,006.0 million in statutory tuition to maintain the Instruction and Operations rate at \$54.86 annually. Recommendations fund the cost of enrollment and cost based matrix growth with an increase of \$167.3 million in General Revenue over 2014–15 funding levels and \$20.4 million in statutory tuition. Section 3B details the growth scenario used for 2016–17 recommendations.
- Lamar State Colleges (Lamars) Instruction and Operations Formula: Recommendations maintain the same I&O rate used during the 2014–15 biennium of \$3.44 per contact hour annually for Lamars.
 - Recommendations for the Lamars provide \$25.3 million in General Revenue and maintain the Instruction and Operation rate from fiscal years 2014–15. This results in a decrease in General Revenue for the Lamars of approximately \$5 million from 2014–15 funding levels due to a 17 percent decrease in total contact hours at the three institutions. Statutory tuition does not count against the Lamars to offset General Revenue in the I&O formula.
- Texas State Technical Colleges (TSTCs) Instruction and Operations Formula: Recommendations continue the Returned-Value funding methodology adopted by the Eighty-third Legislature for the TSTC I&O Formula. Prior to the 2014–15 biennium TSTC's Instruction and Operations formula funding was based entirely on contact hours. The Eighty-third Legislature adopted a Returned-Value funding methodology. The formula for 2014–15 used average student wages over a five-year period from a cohort of students that have completed nine semester credit hours or more at a TSTC institution compared to minimum wage to determine the additional estimated direct and indirect value an individual generates for the state. For 2014–15, TSTCs were appropriated \$89.8 million in I&O Formula funding or 32.6 percent of total returned-value. Recommendations for 2016–17 retain the Returned-Value funding model at 32.6 percent of total returned-value.
 - Recommendations for the TSTCs provide \$86.4 million in General Revenue across four institutions. Recommendations for 2016–17 are a decrease of \$3.4 million from 2014–15 levels tied to a decrease in the total returned-value generated by TSTCs to the state. As with the Lamar State Colleges, statutory tuition does not count against the TSTCs to offset General Revenue in the I&O formula.

Infrastructure Formula: Recommendations maintain the 2014–15 Infrastructure rate of \$5.56 per square foot.

- Recommendations for the GAIs total \$515.4 million in General Revenue and \$199.5 million in statutory tuition, an increase of \$14.1 million in General Revenue and \$4.0 million in statutory tuition from the 2014–15 biennium. These amounts include \$18.9 million in General Revenue for the Small Institution Supplement, a decrease of \$1.8 million from the 2014–15 biennium.
- Recommendations for the Lamars total \$7.4 million in General Revenue and \$0.8 million in statutory tuition, a decrease of \$0.2 million in General Revenue and decrease of \$0.4 million in statutory tuition from the 2014–15 biennium. These amounts

Section 3

include \$2.3 million in General Revenue for the Small Institution Supplement, the same level of funding from the 2014–15 biennium.

- Recommendations for the TSTCs total \$12.2 million in General Revenue and \$3.4 million in statutory tuition, a decrease of \$0.5 million in General Revenue and an increase of \$0.1 million in statutory tuition from the 2014–15 biennium. These amounts include \$3.0 million in General Revenue for the Small Institution Supplement, an increase of \$42,600 from the 2014–15 biennium.
5. **Instruction and Operations / Infrastructure Split.** Recommendations split formula funding for the GAIs' I&O and Infrastructure at the following level: 83.9% Instructions and Operations / 16.1% for Infrastructure. The formula funding split for I&O and Infrastructure in 2014–15 was at the following level: 83.4% Instructions and Operations /16.6% for Infrastructure. The split is determined by the amount of General Revenue and General Revenue-Dedicated (statutory tuition) that is provided for each formula.
 6. **Research Funding.**
House Bill 1 does not provide funding for either the Texas Competitive Knowledge Fund (TCKF) or the Research Development Fund (RDF) for the 2016–17 biennium. The bill provides \$111.5 million in General Revenue for research support to Texas A&M University and The University of Texas at Austin through the Texas Research University Fund (TRUF). House Bill 1 also supports research at the state's eight emerging research universities through the Texas Research Incentive Program (TRIP) and appropriates \$177.7 million in funding for TRIP to the Higher Education Coordinating Board. Additionally, the bill provides all other general academic institutions \$14.3 million in research support through the Comprehensive Research Fund (CRF). Section 3K provides an overview of 2014–15 appropriations for TCKF, TRIP, and RDF and research funding included in House Bill 1 for TRUF, TRIP, and CRF.
 7. **Out of State Tuition Estimate.** Recommendations utilize a two year average non-resident tuition amount when estimating the amount of statutory tuition an institution will receive in 2016–17.

Non-Formula Funding

8. **Non-Formula General Revenue Strategies.** Recommendations include funding for unemployment and workers' compensation insurance as well as lease of facilities at 2014–15 base amounts.
9. **Special Items.** Recommendations for special items total \$518.4 million in General Revenue for 2016–17. Recommendations maintain revenue neutral special items, such as Small Business Development Centers, at 2014–15 levels.

Recommendations increase General Revenue by \$6.7 million in General Revenue from 2014–15 due to:

- Texas State Technical College System: Recommendations increase transition funding for the North Texas and East

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Williamson County Extension Centers by \$4.5 million from 2014–15 levels.

- The University of Texas at Austin: An additional \$2.5 million for the TexNet Seismic Monitoring Program. As well as the transfer of \$9.2 million for the Darrell K. Royal Alzheimer’s Initiative previously appropriated at The University of Texas System.
- University of Houston: Recommendations provide an additional \$4 million in General Revenue for the Hobby School of Public Affairs and reduce \$4 million for the College of Pharmacy.
- Prairie View A&M University: An additional \$0.5 million for Community Development and the Office of International Affairs
- The University of Texas at Tyler: Recommendations reduce \$1 million in special item support for the Palestine Campus. The Eighty-third Legislature inserted an intent rider that funding not be continued in 2016–17 at the same level.
- Sam Houston State University: Recommendations provide an additional \$0.2 million in General Revenue to reflect a direct appropriation to support the Law Enforcement Management Institute of Texas. Previously, this appropriation was made in the Commission on Law Enforcement Standards bill pattern and then transferred to the institution.

10. **Academic Development Initiative.** Funding maintains the Academic Development Initiative at Texas Southern University and Prairie View A&M University at the 2014–15 funding levels of \$41.6 million in General Revenue.
11. **Tuition Revenue Bonds.** Recommendations for tuition revenue bond debt service are funded at 2016–17 requested amounts for previously authorized bonds. The recommended amount of \$403.4 million is an \$11.5 million decrease compared to 2014–15 amounts. Recommendations do not include debt service for any new authorizations requested by the institutions. See Section 3J Tuition Revenue Bonds for 2014–15 budgeted/expended and 2016–17 requested amounts for each institution.
12. **Full-Time Equivalent (FTE) Methodology.** Recommendations set the FTE cap at the lower number between fiscal year 2014 actual FTE levels (the most recent data available) or the institutions’ requested amounts.
13. **Higher Education Coordinating Board Outcomes Based Formula Funding Proposal for General Academic Institutions.** Recommendations do not include additional funding for the Coordinating Board’s Outcomes Based formula for the General Academic Institutions. The model would allocate the additional funding based on a three-year rolling average of seven metrics such as total undergraduate degrees and retention to 30, 60, and 90 semester credit hours, and allow institutions to assign their own weights to the various metrics. The Coordinating Board’s recommendations include an additional \$235 million for the Outcomes Based model if I&O and Infrastructure formula appropriations total \$4.65 billion in All Funds.
14. **The University of Texas Rio Grande Valley (UTRGV).** Recommendations include a new bill pattern for The University of Texas Rio Grande Valley and remove previous bill patterns for The University of Texas - Pan American and The University of Texas at Brownsville. UTRGV as a General Academic Institution receives formula funding for the Instruction and Operations Formula as well as Infrastructure Support Formula. Recommendations also provide appropriations for debt service, lease of facilities, and previous special item funding.

Recommendations also provide the following riders:

- Authority to enter into an agreement with the UTRGV School of Medicine for administrative services for the School of Medicine until the School of Medicine becomes fully operational.

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- A reporting requirement to provide information to the Legislative Budget Board and Governor on research expenditures at UTRGV School of Medicine independent of research at UTRGV.
- A reporting requirement to provide information to the Legislative Budget Board and Governor on benefit expenditures at UTRGV School of Medicine independent of benefit expenditures at UTRGV.

15. **Data Submitted from Coordinating Board.** During the spring of a Legislative session year, LBB staff receives a data update from the Coordinating Board for elements used in calculation of the Instruction and Operations and Infrastructure Support formulas as well as updated research expenditure information for the Texas Competitive Knowledge Fund and the Research Development Fund. If the Legislature chooses to use updated data in the formulas, funding could be reallocated between institutions and an overall increase or decrease in funding could be required to maintain the rates included in these recommendations.

Section 3A

Integration of Health Related Institutions (HRI) and General Academic Institutions (GAI) Selected Policy Overview - House

Background. Prior to the Eighty-third Legislative Session, all public medical schools in Texas were located at health related institutions (HRI) and were not directly associated with a general academic institution (GAI). During the current biennium, several institutions have realized an integration of medical schools within a GAI:

- **Texas A&M University Health Sciences Center (TAMUHSC) and Texas A&M University (TAMU):** On July 15, 2013, TAMUHSC completed its realignment under TAMU as an academic unit within the university after previously operating as separate entities since TAMUHSC's creation in 1976. Below is a brief summary of how the two institutions have aligned individual functions:
 - **Budget Structure:** TAMU and TAMUHSC each maintain a separate bill pattern, agency code, and participate in formula funding and legislative discussions as a GAI and HRI, respectively.
 - **Formula Funding:** TAMU and TAMUHSC each receive formula funding through the GAI and HRI formulas, respectively. When beginning a new program, the institution chooses whether it will be done through TAMU and TAMUHSC and thus, receive the corresponding formula funding.
 - **Research Considerations:** TAMU and TAMUHSC each maintain separate accounting of research expenditures based on the principal investigator. The research expenditures are reported to the state under the separate entities. TAMU does not receive any allocation of funds from research funds designated for GAIs for research generated through TAMUHSC and vice versa.
- **The University of Texas Rio Grande Valley (UTRGV) School of Medicine:** Senate Bill (SB) 24, Eighty-third Legislative Session, established UTRGV as a GAI comprised of components including a medical school and the Lower Rio Grande Valley Academic Health Center authorized by Texas Education Code Section 74, Subchapter N and Subchapter L, respectively. The Lower Rio Grande Valley Academic Health Center is currently managed by The University of Texas Health Science Center at San Antonio (UTHSC-SA). The center is referred to as the Regional Academic Health Center (RAHC) and UTHSC-SA received \$30.6 million for this special item during the 2014-15 biennium. Of this funding, \$10.0 million over the biennium was contingency funding provided to UTHSC-SA to implement the provisions of SB24, Eighty-third Legislature, UTRGV's enabling statute. The RAHC is intended to provide the basis of UTRGV School of Medicine. The UTRGV School of Medicine is scheduled to open in fall 2016. UTHSC-SA will continue to matriculate students through the RAHC until 2020.
- **The University of Texas (UT) at Austin Dell Medical School:** UT Austin notified the Higher Education Coordinating Board (THECB) of the establishment of a new medical program in February 2013. UT Austin did not receive direct appropriations for the Dell Medical School during the 2014-15 biennium and the school is scheduled to open in fall 2016.

Items for Consideration and Items Included in Recommendations for the 2016-17 Biennium

Issue #1. Budget Structure. The introduced bill includes funding for a medical school in a separate bill pattern from its affiliated GAI for UTRGV and UTRGV School of Medicine. This methodology is consistent with the structure of TAMU and TAMUHSC.

Included in Recommendations: Appropriations for the UTRGV School of Medicine are provided in a new bill pattern and include \$15.7 million each year of the 2016-17 biennium reallocated from funding provided to UTHSC-SA during the 2014-15 biennium for the RAHC and Family Practice Residency Training Program. Authority is also provided to allow UTRGV School of Medicine, UTRGV, and UTHSC-SA to transfer funding between the institutions relating to the establishment, operation, and administration of the RAHC and School of Medicine. UTRGV and UTRGV School of Medicine are provided authority to enter into an agreement for UTRGV to provide administrative services to the UTRGV School of Medicine until the school becomes fully operational. Currently, there are no recommendations for appropriations related to UT Austin Dell Medical School for the 2016-17 biennium.

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Issue #2: Formula Funding. HRIs and GAls both receive formula funding through separate allocations for instruction and operations and infrastructure.

Included in Recommendations: None. UTRGV School of Medicine and UT Austin will not have any medical students during the base period of formula funding for the 2016-17 biennium and will not receive an allocation for these formulas. There would not be a fiscal implication until the 2018-19 biennium.

Issue #3. Higher Education Employees Group Insurance (HEGI). UT Austin and UTRGV receive appropriations through the HEGI bill pattern based on employees at the institution as of Dec. 1, 2014. Employees associated with the Dell Medical School are included in the UT Austin HEGI appropriation. Employees of the RAHC are currently funded within the UTHSC-SA appropriation for HEGI.

Included in Recommendations: Recommendations include a rider allowing the transfer of funding between UTHSC-SA, UTRGV, and UTRGV School of Medicine to fund group insurance costs for employees of the UTRGV School of Medicine at the discretion of the chief administrative officer of The UT System.

Issue #4. Research Considerations. There are four research funds that provide funding to support research at GAls.

- Research Funds: The Available National Research University Fund (NRUF) and the Texas Research Incentive Program (TRIP) are research funds established for institutions designated as emerging research universities by the THECB Accountability System and meeting certain criteria specified in the Constitution and statute, respectively. The Comprehensive Research Fund (CRF) provides appropriations to general academic institutions, except UT Austin, TAMU, and emerging research universities. The Texas Research University Fund (TRUF) provides appropriations to UT Austin and TAMU. UTRGV is not expected to be classified as an emerging research university during the upcoming 2016-17 biennium.
 - LBB Considerations for TRUF and CRF: The Legislature appropriates TRUF and CRF directly to institutions based on research expenditures at each institution. In future biennia, the Legislature can choose whether to include research funds generated by medical schools in the distribution calculation for either fund.
 - LBB Considerations for NRUF and TRIP: A change in statute would be required to prohibit UTRGV from using research funding generated by the associated medical school to reach emerging research university status and/or to receive appropriations from NRUF or TRIP once that status and other criteria is attained. UT Austin is not eligible for either of these funds and would not be impacted by Dell Medical School.
- Research Enhancement Formula: The HRIs receive funding through the research enhancement formula based on research expenditures in the most recent fiscal year. There is no research generated by the UTRGV School of Medicine or Dell Medical School in the base period for the 2016-17 biennium.

Included in Recommendations: In preparation for the 2018-19 biennium, recommendations include a reporting requirement for UT Austin, UTRGV, and UTRGV School of Medicine to provide the LBB and the Governor's Office with information on research expenditures at the medical school during the 2016-17 biennium.

Issue #5. Benefits. Both UT Austin and UTRGV receive benefit appropriations through the Teachers Retirement System (TRS), Optional Retirement Program (ORP), and social security. TRS, ORP, and social security are estimated appropriations and are based on actual benefit expenditures. UTRGV School of Medicine will also participate in these benefit programs during the 2016-17 biennium.

Included in Recommendations: In preparation for the 2018-19 biennium, recommendations include a reporting requirement for UT Austin, UTRGV, and UTRGV School of Medicine to provide the LBB and the Governor's Office with information on benefit expenditures at the medical school during the 2016-17 biennium.

General Academic Institutions - Weighted Semester Credit Hour (WSCH) Growth Cost Methodology - House
HB1 Recommendations maintain 2014-15 rate.

Cost of Weighted Semester Credit Hour Growth

2014-15 Base Period Weighted Semester Credit Hours (WSCH):	33,269,768
Estimated 2016-17 Weighted Semester Credit Hours at 2014-15 Matrix:	34,593,785
Estimated Weighted Semester Credit Hour Change:	1,324,017
Estimated Contact Hour Growth, Percent:	3.97964%
2014-15 Formula Dollars (Includes General Revenue and statutory tuition):	\$3,650,141,088
Weighted Semester Credit Hour Rate:	\$109.7135
Estimated Growth Cost (rate times WSCH change):	\$145,262,587
Increase in statutory tuition (GR-D 770) for Instructions and Operations from 2014-15 to 2016-17	\$20,354,646
Estimated Growth Cost of Weighted Semester Credit Hours	\$124,907,942

Cost of Cost-Based Matrix Growth

Estimated 2016-17 Weighted Semester Credit Hours at 2014-15 Matrix:	34,593,785
Estimated 2016-17 Weighted Semester Credit Hours at 2016-17 Matrix:	34,980,908
Estimated Weighted Semester Credit Hour Change:	387,123
Weighted Semester Credit Hour Rate:	\$109.7135
Estimated Matrix Growth Cost	\$42,472,633

Grand Total: \$167,380,575

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**HB1 Recommendations Total Formula Recommendations Compared to 2014-15 Base - House
General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges**

Institution	Total Formula General Revenue 2014-15	Total Formula General Revenue 2016-17	Total Formula General Revenue Difference	% GR Variance Biennium	Total Formula GR-D 770 2014-15	Total Formula GR-D 770 2016-17	Total Formula GR-D 770 Difference	% GR-D Variance Biennium	Total Formula All Funds 2014-15	Total Formula All Funds 2016-17	Total Formula All Funds Difference	% All Funds Variance Biennium
UT Arlington	\$ 153,561,226	\$ 159,673,370	\$ 6,112,144	4%	\$ 79,945,005	\$ 87,908,032	\$ 7,963,027	10%	\$ 233,506,231	\$ 247,581,402	\$ 14,075,171	6%
UT Austin	\$ 404,076,368	\$ 421,352,851	\$ 17,276,483	4%	\$ 148,092,179	\$ 135,338,420	\$ (12,753,759)	-9%	\$ 552,168,547	\$ 556,691,271	\$ 4,522,724	1%
UT Dallas	\$ 139,741,019	\$ 134,550,388	\$ (5,190,631)	-4%	\$ 48,326,556	\$ 70,117,893	\$ 21,791,337	45%	\$ 188,067,575	\$ 204,668,281	\$ 16,600,706	9%
UT El Paso	\$ 106,177,603	\$ 112,114,858	\$ 5,937,255	6%	\$ 38,513,024	\$ 35,656,945	\$ (2,856,079)	-7%	\$ 144,690,627	\$ 147,771,803	\$ 3,081,176	2%
UT Rio Grande Valley*	\$ 116,957,110	\$ 126,691,564	\$ 9,734,454	8%	\$ 43,987,676	\$ 42,773,207	\$ (1,214,469)	-3%	\$ 160,944,786	\$ 169,464,771	\$ 8,519,985	5%
UT Permian Basin	\$ 15,322,158	\$ 19,849,391	\$ 4,527,233	30%	\$ 8,118,198	\$ 9,151,818	\$ 1,033,620	13%	\$ 23,440,356	\$ 29,001,209	\$ 5,560,853	24%
UT San Antonio	\$ 135,983,336	\$ 130,751,403	\$ (5,231,933)	-4%	\$ 57,600,586	\$ 59,980,335	\$ 2,379,749	4%	\$ 193,583,922	\$ 190,731,738	\$ (2,852,184)	-1%
UT Tyler	\$ 34,069,578	\$ 37,839,179	\$ 3,769,601	11%	\$ 12,670,611	\$ 13,647,116	\$ 976,505	8%	\$ 46,740,189	\$ 51,486,295	\$ 4,746,106	10%
Texas A&M University	\$ 434,499,483	\$ 470,826,258	\$ 36,326,775	8%	\$ 114,633,945	\$ 126,868,006	\$ 12,234,061	11%	\$ 549,133,428	\$ 597,694,264	\$ 48,560,836	9%
Texas A&M Univ. at Galveston	\$ 19,152,501	\$ 21,886,261	\$ 2,733,760	14%	\$ 5,858,708	\$ 6,247,707	\$ 389,000	7%	\$ 25,011,209	\$ 28,133,968	\$ 3,122,760	12%
Prairie View A&M University	\$ 36,772,139	\$ 38,652,070	\$ 1,879,930	5%	\$ 20,798,383	\$ 19,568,002	\$ (1,230,380)	-6%	\$ 57,570,522	\$ 58,220,072	\$ 649,550	1%
Tarleton State University	\$ 46,751,461	\$ 50,850,058	\$ 4,098,598	9%	\$ 17,249,513	\$ 19,707,891	\$ 2,458,377	14%	\$ 64,000,974	\$ 70,557,949	\$ 6,556,975	10%
Texas A&M University - Central Texas	\$ 11,654,331	\$ 11,834,664	\$ 180,334	2%	\$ 3,936,988	\$ 3,411,012	\$ (525,977)	-13%	\$ 15,591,319	\$ 15,245,676	\$ (345,643)	-2%
Texas A&M University - Corpus Christi	\$ 48,204,911	\$ 52,241,672	\$ 4,036,761	8%	\$ 21,460,902	\$ 20,163,333	\$ (1,297,569)	-6%	\$ 69,665,813	\$ 72,405,005	\$ 2,739,192	4%
Texas A&M University - Kingsville	\$ 41,402,936	\$ 50,703,519	\$ 9,300,583	22%	\$ 13,407,172	\$ 22,565,153	\$ 9,157,981	68%	\$ 54,810,108	\$ 73,268,672	\$ 18,458,564	34%
Texas A&M University - San Antonio	\$ 17,907,462	\$ 21,036,344	\$ 3,128,882	17%	\$ 6,168,527	\$ 5,258,674	\$ (909,853)	-15%	\$ 24,075,989	\$ 26,295,018	\$ 2,219,029	9%
Texas A&M International University	\$ 24,585,022	\$ 27,595,190	\$ 3,010,168	12%	\$ 11,784,171	\$ 11,304,777	\$ (479,394)	-4%	\$ 36,369,193	\$ 38,899,967	\$ 2,530,774	7%
West Texas A&M University	\$ 34,470,453	\$ 40,049,080	\$ 5,578,627	16%	\$ 15,629,450	\$ 14,814,770	\$ (814,680)	-5%	\$ 50,099,903	\$ 54,863,850	\$ 4,763,947	10%
Texas A&M - Commerce	\$ 60,609,681	\$ 57,623,736	\$ (2,985,945)	-5%	\$ 18,667,431	\$ 19,857,304	\$ 1,189,873	6%	\$ 79,277,112	\$ 77,481,040	\$ (1,796,072)	-2%
Texas A&M - Texarkana	\$ 9,777,198	\$ 9,772,646	\$ (4,551)	0%	\$ 2,467,904	\$ 2,100,539	\$ (367,366)	-15%	\$ 12,245,102	\$ 11,873,185	\$ (371,917)	-3%
University of Houston	\$ 232,906,234	\$ 246,565,657	\$ 13,659,424	6%	\$ 90,448,801	\$ 91,790,524	\$ 1,341,722	1%	\$ 323,355,035	\$ 338,356,181	\$ 15,001,146	5%
UH-Clear Lake	\$ 42,988,379	\$ 44,528,688	\$ 1,540,309	4%	\$ 15,126,185	\$ 20,842,376	\$ 5,716,191	38%	\$ 58,114,564	\$ 65,371,064	\$ 7,256,500	12%
UH-Downtown	\$ 37,641,876	\$ 39,622,219	\$ 1,980,343	5%	\$ 25,943,447	\$ 25,420,851	\$ (522,596)	-2%	\$ 63,585,323	\$ 65,043,070	\$ 1,457,747	2%
UH-Victoria	\$ 20,136,066	\$ 20,679,299	\$ 543,233	3%	\$ 6,592,018	\$ 6,736,058	\$ 144,040	2%	\$ 26,728,084	\$ 27,415,357	\$ 687,273	3%
Midwestern State University	\$ 24,629,434	\$ 26,755,243	\$ 2,125,809	9%	\$ 8,464,193	\$ 7,044,128	\$ (1,420,065)	-17%	\$ 33,093,627	\$ 33,799,371	\$ 705,744	2%
University of North Texas System Admin.	\$ -	\$ 2,622,650	\$ 2,622,650	N/A	\$ -	\$ 100,762	\$ 100,762	N/A	\$ -	\$ 2,723,412	\$ 2,723,412	N/A
University of North Texas	\$ 175,337,569	\$ 182,948,243	\$ 7,610,674	4%	\$ 63,463,757	\$ 61,963,029	\$ (1,500,728)	-2%	\$ 238,801,326	\$ 244,911,272	\$ 6,109,946	3%
University of North Texas at Dallas	\$ 7,586,195	\$ 8,320,526	\$ 734,330	10%	\$ 3,592,790	\$ 3,357,159	\$ (235,630)	-7%	\$ 11,178,985	\$ 11,677,685	\$ 498,700	4%
Stephen F. Austin State Univ.	\$ 56,514,209	\$ 58,802,005	\$ 2,287,796	4%	\$ 20,635,611	\$ 17,699,401	\$ (2,936,210)	-14%	\$ 77,149,820	\$ 76,501,406	\$ (648,414)	-1%
Texas Southern University	\$ 42,928,110	\$ 44,151,126	\$ 1,223,016	3%	\$ 31,844,227	\$ 26,464,331	\$ (5,379,896)	-17%	\$ 74,772,337	\$ 70,615,457	\$ (4,156,880)	-6%
Texas Tech University	\$ 220,915,300	\$ 230,872,008	\$ 9,956,708	5%	\$ 68,035,170	\$ 69,114,804	\$ 1,079,634	2%	\$ 288,950,470	\$ 299,986,812	\$ 11,036,342	4%
Angelo State University	\$ 30,903,129	\$ 31,488,523	\$ 585,394	2%	\$ 12,097,515	\$ 10,179,698	\$ (1,917,817)	-16%	\$ 43,000,644	\$ 41,668,221	\$ (1,332,423)	-3%
Texas Woman's University	\$ 78,375,274	\$ 79,183,915	\$ 808,640	1%	\$ 21,992,714	\$ 23,386,689	\$ 1,393,976	6%	\$ 100,367,988	\$ 102,570,604	\$ 2,202,616	2%
Lamar University	\$ 64,671,199	\$ 75,877,160	\$ 11,205,961	17%	\$ 25,949,008	\$ 23,633,813	\$ (2,315,195)	-9%	\$ 90,620,207	\$ 99,510,973	\$ 8,890,766	10%
Sam Houston State University	\$ 73,046,695	\$ 84,650,532	\$ 11,603,838	16%	\$ 36,911,646	\$ 29,776,972	\$ (7,134,675)	-19%	\$ 109,958,341	\$ 114,427,504	\$ 4,469,163	4%
Texas State University - San Marcos	\$ 149,355,457	\$ 158,984,729	\$ 9,629,272	6%	\$ 57,300,228	\$ 57,674,893	\$ 374,665	1%	\$ 206,655,685	\$ 216,659,622	\$ 10,003,937	5%
Sul Ross State University	\$ 11,943,322	\$ 11,514,939	\$ (428,382)	-4%	\$ 2,046,021	\$ 2,520,462	\$ 474,440	23%	\$ 13,989,343	\$ 14,035,401	\$ 46,058	0%
Sul Ross State Univ. Rio Grande College	\$ 4,587,529	\$ 4,121,347	\$ (466,183)	-10%	\$ 1,364,848	\$ 1,378,477	\$ 13,630	1%	\$ 5,952,377	\$ 5,499,824	\$ (452,553)	-8%
GENERAL ACADEMICS SUBTOTAL	\$ 3,166,141,952	\$ 3,347,583,311	\$ 181,441,359	6%	\$ 1,181,125,109	\$ 1,205,525,362	\$ 24,400,253	2%	\$ 4,347,267,061	\$ 4,553,108,673	\$ 205,841,612	5%

Note*: Amounts in 2014-15 combine UT Pan American and UT Brownsville and include \$6.1 million per year in formula funds for UT Brownsville trustee at Higher Education Coordinating Board

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Institution	Total Formula General Revenue 2014-15	Total Formula General Revenue 2016-17	Total Formula General Revenue Difference	% GR Variance Biennium	Total Formula GR-D 770 2014-15	Total Formula GR-D 770 2016-17	Total Formula GR-D 770 Difference	% GR-D Variance Biennium	Total Formula All Funds 2014-15	Total Formula All Funds 2016-17	Total Formula All Funds Difference	% All Funds Variance Biennium
Lamar State College - Orange (Infrastructure)	\$ 2,206,493	\$ 2,189,301	\$ (17,192)	-1%	\$ 364,379	\$ 289,205	\$ (75,174)	-21%	\$ 2,570,872	\$ 2,478,506	\$ (92,366)	-4%
Lamar Institute of Technology (Infrastructure)	\$ 2,665,365	\$ 2,342,413	\$ (322,952)	-12%	\$ 398,557	\$ 405,055	\$ 6,498	2%	\$ 3,063,922	\$ 2,747,468	\$ (316,454)	-10%
Lamar State College - Port Arthur (Infrastructure)	\$ 2,785,713	\$ 2,914,555	\$ 128,842	5%	\$ 466,351	\$ 128,101	\$ (338,250)	-73%	\$ 3,252,064	\$ 3,042,656	\$ (209,408)	-6%
LAMAR CENTERS SUBTOTAL	\$ 7,657,571	\$ 7,446,268	\$ (211,302)	-3%	\$ 1,229,287	\$ 822,362	\$ (406,926)	-33%	\$ 8,886,858	\$ 8,268,630	\$ (618,228)	-7%
TSTC - Harlingen (Infrastructure)	\$ 4,767,451	\$ 4,394,622	\$ (372,829)	-8%	\$ 1,187,741	\$ 1,332,196	\$ 144,455	12%	\$ 5,955,192	\$ 5,726,818	\$ (228,374)	-4%
TSTC - West Texas (Infrastructure)	\$ 1,844,031	\$ 1,859,307	\$ 15,276	1%	\$ 250,083	\$ 386,759	\$ 136,676	55%	\$ 2,094,114	\$ 2,246,066	\$ 151,952	7%
TSTC - Waco (Infrastructure)	\$ 4,781,287	\$ 4,675,701	\$ (105,586)	-2%	\$ 1,604,783	\$ 1,424,043	\$ (180,740)	-11%	\$ 6,386,070	\$ 6,099,744	\$ (286,326)	-4%
TSTC - Marshall (Infrastructure)	\$ 1,269,335	\$ 1,278,245	\$ 8,909	1%	\$ 202,467	\$ 249,404	\$ 46,937	23%	\$ 1,471,802	\$ 1,527,648	\$ 55,846	4%
TSTC SUBTOTAL	\$ 12,662,104	\$ 12,207,875	\$ (454,229)	-4%	\$ 3,245,074	\$ 3,392,401	\$ 147,327	5%	\$ 15,907,178	\$ 15,600,276	\$ (306,902)	-2%
Lamar State College - Orange (I&O)	\$ 7,588,781	\$ 7,173,769	\$ (415,012)	-5%	\$ -	\$ -	\$ -	-	\$ 7,588,781	\$ 7,173,769	\$ (415,012)	-5%
Lamar Institute of Technology (I&O)	\$ 9,914,193	\$ 9,655,676	\$ (258,517)	-3%	\$ -	\$ -	\$ -	-	\$ 9,914,193	\$ 9,655,676	\$ (258,517)	-3%
Lamar State College - Port Arthur (I&O)	\$ 12,881,150	\$ 8,510,555	\$ (4,370,594)	-34%	\$ -	\$ -	\$ -	-	\$ 12,881,150	\$ 8,510,555	\$ (4,370,594)	-34%
LAMAR CENTERS SUBTOTAL	\$ 30,384,123	\$ 25,340,000	\$ (5,044,123)	-17%	\$ -	\$ -	\$ -	-	\$ 30,384,123	\$ 25,340,000	\$ (5,044,123)	-17%
TSTC - Harlingen (I&O)	\$ 26,317,261	\$ 24,370,536	\$ (1,946,725)	-7%	\$ -	\$ -	\$ -	-	\$ 26,317,261	\$ 24,370,536	\$ (1,946,725)	-7%
TSTC - West Texas (I&O)	\$ 14,669,302	\$ 16,350,123	\$ 1,680,821	11%	\$ -	\$ -	\$ -	-	\$ 14,669,302	\$ 16,350,123	\$ 1,680,821	11%
TSTC - Waco (I&O)	\$ 42,344,120	\$ 39,528,110	\$ (2,816,010)	-7%	\$ -	\$ -	\$ -	-	\$ 42,344,120	\$ 39,528,110	\$ (2,816,010)	-7%
TSTC - Marshall (I&O)	\$ 6,477,092	\$ 6,116,853	\$ (360,240)	-6%	\$ -	\$ -	\$ -	-	\$ 6,477,092	\$ 6,116,853	\$ (360,240)	-6%
TSTC SUBTOTAL	\$ 89,807,776	\$ 86,365,622	\$ (3,442,154)	-4%	\$ -	\$ -	\$ -	-	\$ 89,807,776	\$ 86,365,622	\$ (3,442,154)	-4%
TOTAL LAMAR CENTERS AND TSTC	\$ 140,511,573	\$ 131,359,765	\$ (9,151,808)	-7%	\$ 4,474,362	\$ 4,214,763	\$ (259,599)	-6%	\$ 144,985,935	\$ 135,574,528	\$ (9,411,407)	-6%
GRAND TOTAL FORMULA ELEMENTS	\$ 3,306,653,526	\$ 3,478,943,076	\$ 172,289,551	5%	\$ 1,185,599,470	\$ 1,209,740,124	\$ 24,140,654	2%	\$ 4,492,252,996	\$ 4,688,683,201	\$ 196,430,205	4%

Section 3D

HB1 Recommendations General Revenue Compared to 2014-15 Base - House
 General Academic Institutions, Lamar State Colleges, Texas State Technical Colleges, and System Offices

Institution	Total General Revenue 2014-15	Trusteed Funds Inc/(Dec)	System Office Operations Inc/(Dec)	Formula General Revenue Inc/(Dec)	TRB Debt Service Inc/(Dec)	Special Items Inc/(Dec)	Research Development Fund Inc/(Dec)	Texas Competitive Knowledge Fund Inc/(Dec)	Comprehensive Research Fund Inc/(Dec)	Texas University Research Fund Inc/(Dec)	Total General Revenue 2016-17
UT Arlington	\$ 187,702,431	\$ -	\$ -	\$ 6,112,144	\$ 4,649	\$ -	\$ (6,578,618)	\$ (6,234,706)	\$ -	\$ -	\$ 181,005,900
UT Austin	\$ 525,495,888	\$ 9,230,625	\$ -	\$ 17,276,483	\$ (5,312)	\$ 2,471,800	\$ -	\$ (53,404,206)	\$ -	\$ 53,219,091	\$ 554,284,369
UT Dallas	\$ 169,026,103	\$ -	\$ -	\$ (5,190,631)	\$ (4,854)	\$ -	\$ (9,065,260)	\$ (8,252,942)	\$ -	\$ -	\$ 146,512,416
UT El Paso	\$ 145,970,318	\$ -	\$ -	\$ 5,937,255	\$ 4,172	\$ -	\$ (8,439,074)	\$ (6,437,760)	\$ -	\$ -	\$ 137,034,911
UT Rio Grande Valley*	\$ 174,356,633	\$ -	\$ -	\$ 9,734,454	\$ (3,062)	\$ -	\$ (2,218,016)	\$ -	\$ 2,442,080	\$ -	\$ 184,312,089
UT Permian Basin	\$ 51,368,630	\$ -	\$ -	\$ 4,527,233	\$ (3,940)	\$ -	\$ (219,820)	\$ -	\$ 164,199	\$ -	\$ 55,836,302
UT San Antonio	\$ 192,256,050	\$ -	\$ -	\$ (5,231,933)	\$ 1,236	\$ -	\$ (6,329,904)	\$ (5,000,000)	\$ -	\$ -	\$ 175,695,449
UT Tyler	\$ 58,231,668	\$ -	\$ -	\$ 3,769,601	\$ 3,495	\$ (1,010,792)	\$ (462,058)	\$ -	\$ 481,104	\$ -	\$ 61,013,018
Texas A&M University	\$ 504,693,327	\$ -	\$ -	\$ 36,326,775	\$ (3,641)	\$ -	\$ -	\$ (58,701,988)	\$ -	\$ 58,289,229	\$ 540,603,702
Texas A&M Univ. at Galveston	\$ 32,871,622	\$ -	\$ -	\$ 2,733,760	\$ (141,425)	\$ -	\$ (691,364)	\$ -	\$ 687,308	\$ -	\$ 35,459,901
Prairie View A&M University	\$ 84,582,415	\$ -	\$ -	\$ 1,879,930	\$ (187,936)	\$ 500,000	\$ -	\$ -	\$ 574,026	\$ -	\$ 87,348,435
Tarleton State University	\$ 68,800,896	\$ -	\$ -	\$ 4,098,598	\$ (9,754)	\$ -	\$ (1,373,588)	\$ -	\$ 1,229,728	\$ -	\$ 72,745,880
Texas A&M University - Central Texas	\$ 27,397,080	\$ -	\$ -	\$ 180,334	\$ (200)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,577,214
Texas A&M University - Corpus Christi	\$ 87,226,672	\$ -	\$ -	\$ 4,036,761	\$ (964,435)	\$ -	\$ (2,105,734)	\$ -	\$ 2,094,042	\$ -	\$ 90,287,306
Texas A&M University - Kingsville	\$ 64,242,932	\$ -	\$ -	\$ 9,300,583	\$ (765,890)	\$ -	\$ (2,029,422)	\$ -	\$ 2,104,534	\$ -	\$ 72,852,737
Texas A&M University - San Antonio	\$ 35,811,372	\$ -	\$ -	\$ 3,128,882	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,940,854
Texas A&M International University	\$ 58,846,827	\$ -	\$ -	\$ 3,010,168	\$ (2,914,523)	\$ -	\$ (494,678)	\$ -	\$ 480,853	\$ -	\$ 58,928,647
West Texas A&M University	\$ 53,662,491	\$ -	\$ -	\$ 5,578,627	\$ (361,619)	\$ -	\$ (600,736)	\$ -	\$ 519,782	\$ -	\$ 58,637,234
Texas A&M - Commerce	\$ 71,243,066	\$ -	\$ -	\$ (2,985,945)	\$ (12,525)	\$ -	\$ (369,996)	\$ -	\$ 330,985	\$ -	\$ 68,205,585
Texas A&M - Texarkana	\$ 32,345,406	\$ -	\$ -	\$ (4,551)	\$ (1,289)	\$ -	\$ (27,554)	\$ -	\$ 21,243	\$ -	\$ 32,333,255
University of Houston	\$ 286,791,477	\$ -	\$ -	\$ 13,659,424	\$ -	\$ -	\$ (11,237,788)	\$ (8,764,642)	\$ -	\$ -	\$ 280,448,471
UH-Clear Lake	\$ 48,854,909	\$ -	\$ -	\$ 1,540,309	\$ -	\$ -	\$ (241,226)	\$ -	\$ 271,749	\$ -	\$ 50,425,741
UH-Downtown	\$ 43,582,479	\$ -	\$ -	\$ 1,980,343	\$ -	\$ -	\$ (266,686)	\$ -	\$ 298,941	\$ -	\$ 45,595,077
UH-Victoria	\$ 29,990,247	\$ -	\$ -	\$ 543,233	\$ -	\$ -	\$ (2,086)	\$ -	\$ 1,582	\$ -	\$ 30,532,976
Midwestern State University	\$ 34,053,861	\$ -	\$ -	\$ 2,125,809	\$ (12,968)	\$ -	\$ (74,810)	\$ -	\$ 77,604	\$ -	\$ 36,169,496
University of North Texas System (Law School)	\$ -	\$ -	\$ -	\$ 2,622,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,622,650
University of North Texas	\$ 202,121,021	\$ -	\$ -	\$ 7,610,674	\$ (1,822,037)	\$ -	\$ (3,087,738)	\$ -	\$ -	\$ -	\$ 204,821,920
University of North Texas at Dallas	\$ 26,870,878	\$ -	\$ -	\$ 734,330	\$ (500)	\$ -	\$ (1,996)	\$ -	\$ 3,279	\$ -	\$ 27,605,991
Stephen F. Austin State Univ.	\$ 78,376,579	\$ -	\$ -	\$ 2,287,796	\$ (251,021)	\$ -	\$ (639,606)	\$ -	\$ 493,159	\$ -	\$ 80,266,907
Texas Southern University	\$ 99,554,674	\$ -	\$ -	\$ 1,223,016	\$ (858,133)	\$ -	\$ (332,450)	\$ -	\$ 225,627	\$ -	\$ 99,812,734
Texas Tech University	\$ 290,561,699	\$ -	\$ -	\$ 9,956,708	\$ (3,776,918)	\$ -	\$ (10,196,792)	\$ (12,446,481)	\$ -	\$ -	\$ 274,098,216
Angelo State University	\$ 52,070,948	\$ -	\$ -	\$ 585,394	\$ (1,174,377)	\$ -	\$ (77,582)	\$ -	\$ 47,908	\$ -	\$ 51,452,291
Texas Woman's University	\$ 99,017,127	\$ -	\$ -	\$ 808,640	\$ 5,175	\$ -	\$ (293,462)	\$ -	\$ 320,817	\$ -	\$ 99,858,297
Lamar University	\$ 76,986,140	\$ -	\$ -	\$ 11,205,961	\$ 21,857	\$ -	\$ (697,514)	\$ -	\$ 542,916	\$ -	\$ 88,059,360
Sam Houston State University	\$ 87,068,941	\$ -	\$ -	\$ 11,603,838	\$ (137,786)	\$ 180,000	\$ (555,506)	\$ -	\$ 591,301	\$ -	\$ 98,750,788
Texas State University	\$ 180,765,718	\$ -	\$ -	\$ 9,629,272	\$ 2,331,881	\$ -	\$ (4,083,230)	\$ -	\$ -	\$ -	\$ 188,643,641
Sul Ross State University	\$ 25,630,182	\$ -	\$ -	\$ (428,382)	\$ (217,216)	\$ -	\$ (285,486)	\$ -	\$ 267,595	\$ -	\$ 24,966,693
Sul Ross State University Rio Grande College	\$ 10,245,057	\$ -	\$ -	\$ (466,183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,778,874
GENERAL ACADEMICS SUBTOTAL	\$ 4,298,673,764	\$ 9,230,625	\$ -	\$ 181,441,359	\$ (11,258,296)	\$ 2,141,008	\$ (73,079,779)	\$ (159,242,725)	\$ 14,272,362	\$ 111,508,320	\$ 4,373,525,326

* Amounts in 2014-15 combine UT Pan American and UT Brownsville and include \$6.1 million per year in formula funds for UT Brownsville trustee at Higher Education Coordinating Board.

Section 3D

Institution	Total General Revenue 2014-15	Trusteed Funds Inc/(Dec)	System Office Operations Inc/(Dec)	Formula General Revenue Inc/(Dec)	TRB Debt Service Inc/(Dec)	Special Items Inc/(Dec)	Research Development Fund Inc/(Dec)	Texas Competitive Knowledge Fund Inc/(Dec)	Comprehensive Research Fund Inc/(Dec)	Texas University Research Fund Inc/(Dec)	Total General Revenue 2016-17
Lamar State College - Orange	\$ 13,817,143	\$ -	\$ -	\$ (432,204)	\$ (538)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,384,401
Lamar Institute of Technology	\$ 17,321,338	\$ -	\$ -	\$ (581,469)	\$ 3,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,743,131
Lamar State College - Port Arthur	\$ 20,801,628	\$ -	\$ -	\$ (4,241,753)	\$ 7,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,567,195
LAMAR CENTERS SUBTOTAL	\$ 51,940,109	\$ -	\$ -	\$ (5,255,425)	\$ 10,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,694,728
TSTC - Harlingen	\$ 33,465,680	\$ -	\$ -	\$ (2,319,554)	\$ (157)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,145,969
TSTC - West Texas	\$ 19,127,354	\$ -	\$ -	\$ 1,696,098	\$ (105)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,823,347
TSTC - Waco	\$ 50,344,750	\$ -	\$ -	\$ (2,921,596)	\$ 2,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,425,998
TSTC - Marshall	\$ 9,574,090	\$ -	\$ -	\$ (351,331)	\$ (82)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,222,677
TSTC System	\$ 11,503,444	\$ -	\$ -	\$ -	\$ -	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ 16,003,444
TSTC SUBTOTAL	\$ 124,015,318	\$ -	\$ -	\$ (3,896,383)	\$ 2,500	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ 124,621,435
The University of Texas System	\$ 24,958,938	\$ (9,230,625)	\$ (2,650,000)	\$ -	\$ (2,787)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,075,526
Texas A&M University System	\$ 4,473,868	\$ -	\$ (2,762,696)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,711,172
University of Houston System	\$ 49,207,687	\$ -	\$ -	\$ -	\$ (207,472)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,000,215
University of North Texas System**	\$ 6,732,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,732,226
Texas Tech System	\$ 2,850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,850,000
Texas State University System	\$ 2,850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,850,000
SYSTEM OFFICE SUBTOTAL	\$ 91,072,719	\$ (9,230,625)	\$ (5,412,696)	\$ -	\$ (210,259)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,219,139
GRAND TOTAL	\$ 4,565,701,910	\$ -	\$ (5,412,696)	\$ 172,289,551	\$ (11,456,011)	\$ 6,641,008	\$ (73,079,779)	\$ (159,242,725)	\$ 14,272,362	\$ 111,508,320	\$ 4,621,060,628

**See previous page for formula increase for Law School.

Section 3E

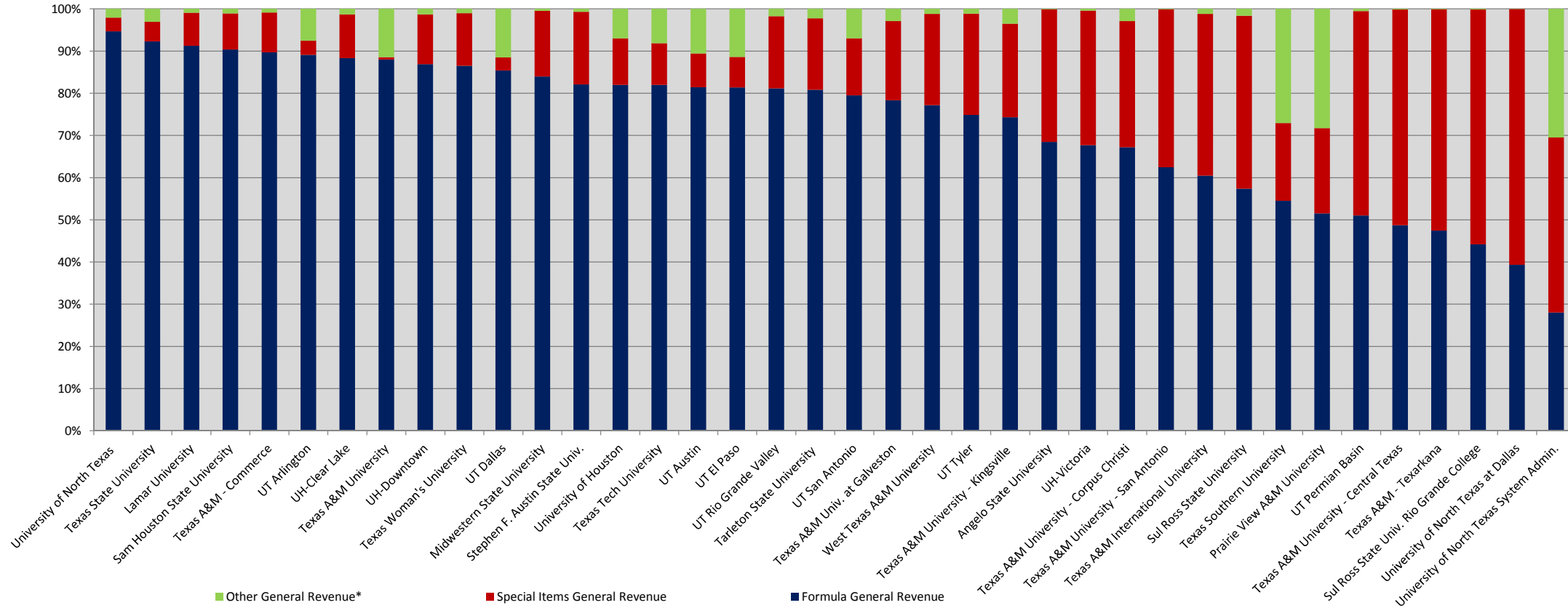
HB1 Recommendations General Revenue Compared to 2014-15 Appropriations - House General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges

Institution	Total General Revenue 2014-15	Total General Revenue 2016-17	GR Variance Total 2016-17 to Total 2014-15	% GR Variance Biennium
UT Arlington	\$ 187,702,431	\$ 181,005,902	\$ (6,696,529)	-3.6%
UT Austin	\$ 525,495,887	\$ 554,284,369	\$ 28,788,482	5.5%
UT Dallas	\$ 169,026,103	\$ 146,512,415	\$ (22,513,688)	-13.3%
UT El Paso	\$ 145,970,319	\$ 137,034,912	\$ (8,935,407)	-6.1%
UT Rio Grande Valley*	\$ 174,063,782	\$ 184,312,088	\$ 10,248,306	5.9%
UT Permian Basin	\$ 51,368,631	\$ 55,836,302	\$ 4,467,671	8.7%
UT San Antonio	\$ 192,256,051	\$ 175,695,450	\$ (16,560,601)	-8.6%
UT Tyler	\$ 58,231,668	\$ 61,013,019	\$ 2,781,351	4.8%
Texas A&M University	\$ 504,693,327	\$ 540,603,703	\$ 35,910,376	7.1%
Texas A&M Univ. at Galveston	\$ 32,871,623	\$ 35,459,901	\$ 2,588,279	7.9%
Prairie View A&M University	\$ 84,762,488	\$ 87,348,436	\$ 2,585,948	3.1%
Tarleton State University	\$ 68,800,896	\$ 72,745,879	\$ 3,944,983	5.7%
Texas A&M University - Central Texas	\$ 27,397,080	\$ 27,577,215	\$ 180,135	0.7%
Texas A&M University - Corpus Christi	\$ 87,226,672	\$ 90,287,306	\$ 3,060,634	3.5%
Texas A&M University - Kingsville	\$ 64,242,932	\$ 72,852,738	\$ 8,609,806	13.4%
Texas A&M University - San Antonio	\$ 35,811,373	\$ 38,940,854	\$ 3,129,482	8.7%
Texas A&M International University	\$ 58,846,828	\$ 58,928,648	\$ 81,820	0.1%
West Texas A&M University	\$ 53,662,492	\$ 58,637,234	\$ 4,974,742	9.3%
Texas A&M - Commerce	\$ 71,243,067	\$ 68,205,588	\$ (3,037,479)	-4.3%
Texas A&M - Texarkana	\$ 32,345,404	\$ 32,333,250	\$ (12,154)	0.0%
University of Houston	\$ 286,791,478	\$ 280,448,471	\$ (6,343,007)	-2.2%
UH-Clear Lake	\$ 48,854,909	\$ 50,425,741	\$ 1,570,832	3.2%
UH-Downtown	\$ 43,582,478	\$ 45,595,077	\$ 2,012,599	4.6%
UH-Victoria	\$ 29,990,249	\$ 30,532,978	\$ 542,729	1.8%
Midwestern State University	\$ 34,053,861	\$ 36,169,495	\$ 2,115,634	6.2%
University of North Texas	\$ 202,121,020	\$ 204,821,918	\$ 2,700,898	1.3%
University of North Texas at Dallas	\$ 26,870,878	\$ 27,605,993	\$ 735,115	2.7%
Stephen F. Austin State Univ.	\$ 78,376,579	\$ 80,266,907	\$ 1,890,328	2.4%
Texas Southern University	\$ 100,553,785	\$ 99,812,735	\$ (741,050)	-0.7%
Texas Tech University	\$ 290,561,698	\$ 274,098,214	\$ (16,463,484)	-5.7%
Angelo State University	\$ 52,091,748	\$ 51,452,303	\$ (639,445)	-1.2%
Texas Woman's University	\$ 99,017,125	\$ 99,858,298	\$ 841,173	0.8%
Lamar University	\$ 76,987,195	\$ 88,059,360	\$ 11,072,165	14.4%
Sam Houston State University	\$ 87,068,940	\$ 98,750,789	\$ 11,681,849	13.4%
Texas State University	\$ 183,655,840	\$ 188,643,640	\$ 4,987,800	2.7%
Sul Ross State University	\$ 25,630,181	\$ 24,966,692	\$ (663,489)	-2.6%
Sul Ross State University Rio Grande College	\$ 10,245,057	\$ 9,778,875	\$ (466,182)	-4.6%
GENERAL ACADEMICS SUBTOTAL	\$ 4,302,472,073	\$ 4,370,902,695	\$ 68,430,622	1.6%
Lamar State College - Orange	\$ 13,817,144	\$ 13,384,403	\$ (432,741)	-3.1%
Lamar Institute of Technology	\$ 17,321,338	\$ 16,743,132	\$ (578,206)	-3.3%
Lamar State College - Port Arthur	\$ 20,801,627	\$ 16,567,196	\$ (4,234,431)	-20.4%
LAMAR CENTERS SUBTOTAL	\$ 51,940,109	\$ 46,694,731	\$ (5,245,378)	-10.1%
TSTC - Harlingen	\$ 33,465,679	\$ 31,145,969	\$ (2,319,710)	-6.9%
TSTC - West Texas	\$ 19,127,356	\$ 20,823,347	\$ 1,695,991	8.9%
TSTC - Waco	\$ 50,344,748	\$ 47,425,998	\$ (2,918,750)	-5.8%
TSTC - Marshall	\$ 9,574,091	\$ 9,222,676	\$ (351,415)	-3.7%
TSTC System	\$ 11,503,444	\$ 16,003,444	\$ 4,500,000	39.1%
TSTC SUBTOTAL	\$ 124,015,318	\$ 124,621,434	\$ 606,116	0.5%
The University of Texas System	\$ 24,961,825	\$ 13,075,526	\$ (11,886,299)	-47.6%
Texas A&M University System	\$ 4,473,868	\$ 1,711,172	\$ (2,762,696)	-61.8%
University of Houston System	\$ 49,214,789	\$ 49,000,215	\$ (214,574)	-0.4%
University of North Texas System**	\$ 6,732,226	\$ 9,354,878	\$ 2,622,652	39.0%
Texas Tech System	\$ 2,850,000	\$ 2,850,000	\$ -	0.0%
Texas State University System	\$ 2,850,000	\$ 2,850,000	\$ -	0.0%
SYSTEM OFFICE SUBTOTAL	\$ 91,082,708	\$ 78,841,791	\$ (12,240,917)	-13.4%
GRAND TOTAL	\$ 4,569,510,208	\$ 4,621,060,651	\$ 51,550,443	1.1%

Notes: *Amounts in 2014-15 combine UT Pan American and UT Brownsville and include \$6.1 million per year in appropriated formula funds for UT Brownsville trustee at Higher Education Coordinating Board.

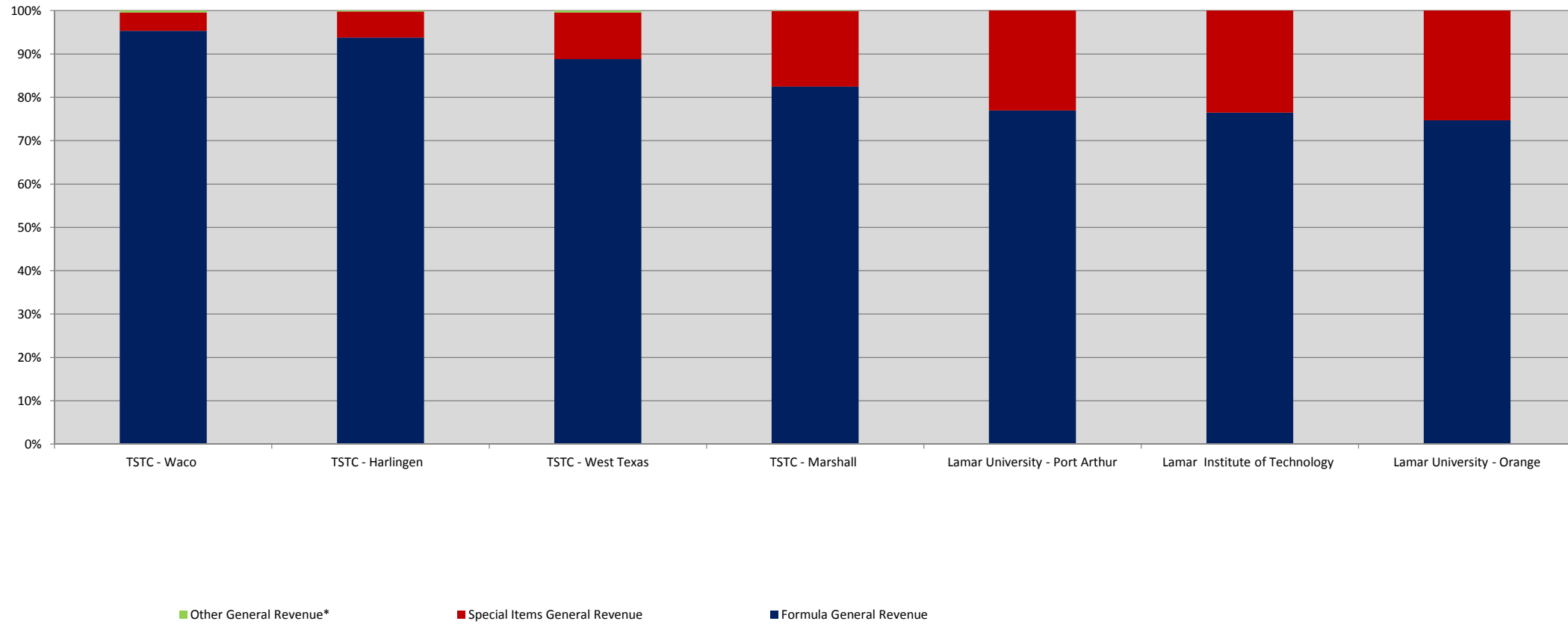
**Amounts in 2016-17 reflect recommended formula appropriations for UNT Law School.

FY 2016-17 General Revenue (GR) per Institution by Formula GR, Special Item GR, and Other GR* - House



* Other General Revenue includes Academic Development Initiative, Worker's Compensation Insurance, Unemployment Compensation Insurance, Research Development Fund, and Texas Competitive Knowledge Fund. It does not include Lease of Facilities or Tuition Revenue Bond Debt Service.

FY 2016-17 General Revenue (GR) Lamars and TSTCs by Formula GR, Special Item GR, and Other GR* - House



* Other General Revenue includes Worker's Compensation Insurance. It does not include Lease of Facilities or Tuition Revenue Bond Debt Service.

Section 3H

HB1 Recommendations Formula All Funds Compared to Variances in Weighted Semester Credit Hours (WSCHs) and Predicted Square Feet - House General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges

Institution	Formula All Funds 2014-15	Formula All Funds 2016-17	Total Formula All Funds Difference	% All Funds Variance Biennium	WSCH 2014-15	WSCH 2016-17	WSCH Inc/(Dec)	WSCH % Inc/(Dec)	Predicted Square Feet 2014-15	Predicted Square Feet 2016-17	Predicted Square Feet Inc/(Dec)	Predicted Square Feet % Inc/(Dec)	
UT Arlington	\$ 233,506,231	\$ 247,581,402	\$ 14,075,171	6%	1,849,617	1,974,093	124,476	7%	2,813,079	2,856,371	43,292	2%	
UT Austin	\$ 552,168,547	\$ 556,691,271	\$ 4,522,724	1%	3,998,729	4,006,925	8,196	0%	10,130,880	10,388,689	257,809	3%	
UT Dallas	\$ 188,067,575	\$ 204,668,281	\$ 16,600,706	9%	1,487,638	1,620,774	133,136	9%	2,312,803	2,512,826	200,023	9%	
UT El Paso	\$ 144,690,627	\$ 147,771,803	\$ 3,081,176	2%	1,102,663	1,120,706	18,043	2%	2,223,518	2,286,978	63,460	3%	
UT Rio Grande Valley	\$ 160,944,786	\$ 169,464,771	\$ 8,519,985	5%	1,238,585	1,313,701	75,116	6%	2,256,031	2,381,774	125,743	6%	
UT Permian Basin	\$ 23,440,356	\$ 29,001,209	\$ 5,560,853	24%	168,917	216,542	47,625	28%	306,841	351,934	45,093	15%	
UT San Antonio	\$ 193,583,922	\$ 190,731,738	\$ (2,852,184)	-1%	1,494,241	1,473,059	(21,182)	-1%	2,746,520	2,682,879	(63,641)	-2%	
UT Tyler	\$ 46,740,189	\$ 51,486,295	\$ 4,746,106	10%	360,462	406,646	46,184	13%	586,802	610,784	23,982	4%	
Texas A&M University	\$ 549,133,428	\$ 597,694,264	\$ 48,560,836	9%	4,300,007	4,694,102	394,095	9%	6,413,535	6,848,779	435,244	7%	
Texas A&M Univ. at Galveston	\$ 25,011,209	\$ 28,133,968	\$ 3,122,760	12%	170,164	198,085	27,921	16%	262,060	274,316	12,256	5%	
Prairie View A&M University	\$ 57,570,522	\$ 58,220,072	\$ 649,550	1%	432,402	436,790	4,388	1%	898,126	896,472	(1,654)	0%	
Tarleton State University	\$ 64,000,974	\$ 70,557,949	\$ 6,556,975	10%	493,908	548,073	54,165	11%	857,694	905,941	48,247	6%	
Texas A&M University - Central Texas	\$ 15,591,319	\$ 15,245,676	\$ (345,643)	-2%	113,461	109,408	(4,053)	-4%	149,392	161,616	12,224	8%	
Texas A&M University - Corpus Christi	\$ 69,665,813	\$ 72,405,005	\$ 2,739,192	4%	527,443	547,521	20,078	4%	964,062	992,730	28,668	3%	
Texas A&M University - Kingsville	\$ 54,810,108	\$ 73,268,672	\$ 18,458,564	34%	406,516	574,536	168,020	41%	771,459	817,695	46,236	6%	
Texas A&M University - San Antonio	\$ 24,075,989	\$ 26,295,018	\$ 2,219,029	9%	176,937	196,986	20,049	11%	253,837	278,460	24,623	10%	
Texas A&M International University	\$ 36,369,193	\$ 38,899,967	\$ 2,530,774	7%	264,497	286,043	21,546	8%	547,003	568,147	21,144	4%	
West Texas A&M University	\$ 50,099,903	\$ 54,863,850	\$ 4,763,947	10%	388,025	428,129	40,104	10%	718,947	734,336	15,389	2%	
Texas A&M - Commerce	\$ 79,277,112	\$ 77,481,040	\$ (1,796,072)	-2%	637,526	619,232	(18,294)	-3%	787,601	816,044	28,443	4%	
Texas A&M - Texarkana	\$ 12,245,102	\$ 11,873,185	\$ (371,917)	-3%	81,650	77,463	(4,187)	-5%	164,137	155,194	(8,943)	-5%	
University of Houston	\$ 323,355,035	\$ 338,356,181	\$ 15,001,146	5%	2,503,356	2,619,521	116,165	5%	4,345,080	4,486,521	141,441	3%	
UH-Clear Lake	\$ 58,114,564	\$ 65,371,064	\$ 7,256,500	12%	463,460	529,350	65,890	14%	592,700	597,711	5,011	1%	
UH-Downtown	\$ 63,585,323	\$ 65,043,070	\$ 1,457,747	2%	474,075	495,213	21,138	4%	900,723	898,304	(2,419)	0%	
UH-Victoria	\$ 26,728,084	\$ 27,415,357	\$ 687,273	3%	200,113	203,728	3,615	2%	279,311	294,583	15,272	5%	
Midwestern State University	\$ 33,093,627	\$ 33,799,371	\$ 705,744	2%	240,634	248,309	7,675	3%	490,182	496,892	6,710	1%	
University of North Texas System Administration	\$ -	\$ 2,723,412	\$ 2,723,412	N/A	0	22,260	22,260	N/A	0	32,054	32,054	N/A	N/A
University of North Texas	\$ 238,801,326	\$ 244,911,272	\$ 6,109,946	3%	1,855,137	1,893,526	38,389	2%	3,188,275	3,240,492	52,217	2%	
University of North Texas at Dallas	\$ 11,178,985	\$ 11,677,685	\$ 498,700	4%	71,477	78,832	7,355	10%	141,761	142,039	278	0%	
Stephen F. Austin State Univ.	\$ 77,149,820	\$ 76,501,406	\$ (648,414)	-1%	583,640	578,817	(4,823)	-1%	1,174,037	1,155,642	(18,395)	-2%	
Texas Southern University	\$ 74,772,337	\$ 70,615,457	\$ (4,156,880)	-6%	549,854	535,366	(14,488)	-3%	1,114,049	1,081,545	(32,504)	-3%	
Texas Tech University	\$ 288,950,470	\$ 299,986,812	\$ 11,036,342	4%	2,243,701	2,328,907	85,206	4%	3,993,897	4,067,887	73,990	2%	
Angelo State University	\$ 43,000,644	\$ 41,668,221	\$ (1,332,423)	-3%	313,352	297,037	(16,315)	-5%	625,548	598,788	(26,760)	-4%	
Texas Woman's University	\$ 100,367,988	\$ 102,570,604	\$ 2,202,616	2%	796,199	812,905	16,706	2%	1,186,125	1,202,662	16,537	1%	
Lamar University	\$ 90,620,207	\$ 99,510,973	\$ 8,890,766	10%	723,007	810,750	87,743	12%	1,063,627	1,035,065	(28,562)	-3%	
Sam Houston State University	\$ 109,958,341	\$ 114,427,504	\$ 4,469,163	4%	857,098	896,980	39,882	5%	1,509,359	1,563,355	53,996	4%	
Texas State University	\$ 206,655,685	\$ 216,659,622	\$ 10,003,937	5%	1,578,076	1,658,998	80,922	5%	2,983,179	3,083,522	100,343	3%	
Sul Ross State University	\$ 13,989,343	\$ 14,035,401	\$ 46,058	0%	85,982	88,505	2,523	3%	227,089	226,787	(302)	0%	
Sul Ross State University Rio Grande College	\$ 5,952,377	\$ 5,499,824	\$ (452,553)	-8%	37,219	33,090	(4,129)	-11%	63,951	60,118	(3,833)	-6%	
GENERAL ACADEMICS SUBTOTAL	\$ 4,347,267,061	\$ 4,553,108,673	\$ 205,841,612	5%	33,269,768	34,980,908	1,711,140	5%	60,043,220	61,785,932	1,742,712	3%	

Note*: Amounts in 2014-15 combine UT Pan American and UT Brownsville and 2014-15 amounts include \$6.1 million per year in formula funds for UT Brownsville trustee at Higher Education Coordinating Board.

Section 3H

Institution	Formula All Funds 2014-15	Formula All Funds 2016-17	Total Formula All Funds Difference	% All Funds Variance Biennium	Contact Hours 2014-15	Contact Hours 2016-17	Contact Hours Inc/(Dec)	CHs % Inc/(Dec)	Predicted Square Feet 2014-15	Predicted Square Feet 2016-17	Predicted Square Feet Inc/(Dec)	Predicted Square Feet % Inc/(Dec)
Lamar State College - Orange (Infrastructure)	\$ 2,570,872	\$ 2,478,506	\$ (92,366)	-4%	-	-	-	0%	171,321	164,497	(6,824)	-4%
Lamar Institute of Technology (Infrastructure)	\$ 3,063,922	\$ 2,747,468	\$ (316,454)	-10%	-	-	-	0%	225,105	207,573	(17,532)	-8%
Lamar State College - Port Arthur (Infrastructure)	\$ 3,252,064	\$ 3,042,656	\$ (209,408)	-6%	-	-	-	0%	222,427	207,450	(14,977)	-7%
LAMAR CENTERS SUBTOTAL	8,886,858	8,268,630	(618,228)	-7%	-	-	-	0%	618,853	579,520	(39,333)	-6%
TSTC - Harlingen (Infrastructure)	\$ 5,955,192	\$ 5,726,818	\$ (228,374)	-4%	-	-	-	0%	399,654	422,062	22,408	6%
TSTC - West Texas (Infrastructure)	\$ 2,094,114	\$ 2,246,066	\$ 151,952	7%	-	-	-	0%	105,695	120,698	15,003	14%
TSTC - Waco (Infrastructure)	\$ 6,386,070	\$ 6,099,744	\$ (286,326)	-4%	-	-	-	0%	508,846	480,410	(28,436)	-6%
TSTC - Marshall (Infrastructure)	\$ 1,471,802	\$ 1,527,648	\$ 55,846	4%	-	-	-	0%	69,981	74,729	4,748	7%
TSTC SUBTOTAL	15,907,178	15,600,276	(306,902)	-2%	-	-	-	0%	1,084,176	1,097,899	13,723	1%
Lamar State College - Orange (I&O)	\$ 7,588,781	\$ 7,173,769	\$ (415,012)	-5%	1,140,523	1,029,155	(111,368)	-10%	-	-	-	0%
Lamar Institute of Technology (I&O)	\$ 9,914,193	\$ 9,655,676	\$ (258,517)	-3%	1,458,916	1,421,523	(37,393)	-3%	-	-	-	0%
Lamar State College - Port Arthur (I&O)	\$ 12,881,150	\$ 8,510,555	\$ (4,370,594)	-34%	1,812,256	1,227,808	(584,448)	-32%	-	-	-	0%
LAMAR CENTERS SUBTOTAL*	30,384,123	25,340,000	(5,044,123)	-17%	4,411,695	3,678,486	(733,209)	-17%	-	-	-	0%
TSTC - Harlingen (I&O)	\$ 26,317,261	\$ 24,370,536	\$ (1,946,725)	-7%	2,926,734	2,898,593	(28,141)	-1%	-	-	-	0%
TSTC - West Texas (I&O)	\$ 14,669,302	\$ 16,350,123	\$ 1,680,821	11%	231,864	263,684	31,820	14%	-	-	-	0%
TSTC - Waco (I&O)	\$ 42,344,120	\$ 39,528,110	\$ (2,816,010)	-7%	3,659,730	3,392,888	(266,842)	-7%	-	-	-	0%
TSTC - Marshall (I&O)	\$ 6,477,092	\$ 6,116,853	\$ (360,240)	-6%	499,972	500,080	108	0%	-	-	-	0%
TSTC SUBTOTAL*	89,807,776	86,365,622	(3,442,154)	-4%	7,318,300	7,055,245	(263,055)	-4%	-	-	-	0%
TOTAL LAMAR CENTERS AND TSTC	144,985,935	135,574,528	(9,411,407)	-6%	11,729,995	10,733,731	(996,264)	-8%	1,703,029	1,677,419	(25,610)	-2%
GRAND TOTAL FORMULA ELEMENTS	4,492,252,996	4,688,683,201	196,430,205	4%	44,999,763	45,714,639	714,876	2%	61,746,249	63,463,351	1,717,102	3%

*Instruction and Operations All Funds for Lamar State Colleges and TSTCs contains General Revenue only as General Revenue-Dedicated 770 does not count against them in the I&O formula.

Section 3I

Small Institution Supplement - House

2016-17 Allocation

Institutions	Certified Headcount Fall 2012	Preliminary Headcount Fall 2014	2014-15 Appropriations	Recommended 2016-17 Appropriations
The University of Texas of the Permian Basin	4,021	5,566	1,500,000	1,330,200
The University of Texas at Tyler	6,858	8,036	942,600	589,200
Texas A&M University at Galveston	2,014	2,305	1,500,000	1,500,000
Prairie View A&M University	8,336	8,343	499,200	497,100
Texas A&M University - Central Texas	2,253	2,323	1,500,000	1,500,000
Texas A&M University - Kingsville	7,234	8,728	829,800	381,600
Texas A&M University - San Antonio	4,116	4,521	1,500,000	1,500,000
Texas A&M International University	7,213	7,554	836,100	733,800
West Texas A&M University	7,909	8,970	627,300	309,000
Texas A&M University - Texarkana	1,903	1,812	1,500,000	1,500,000
University of Houston - Clear Lake	8,153	8,668	554,100	399,600
University of Houston - Victoria	4,335	4,407	1,500,000	1,500,000
Midwestern State University	5,596	5,589	1,321,200	1,323,300
University of North Texas System**	N/A	153	-	84,097
University of North Texas at Dallas**	2,100	2,576	1,500,000	1,415,903
Texas Southern University	9,646	9,223	106,200	230,100
Angelo State University	6,826	6,396	952,200	1,081,200
Sul Ross State University	1,780	1,897	1,500,000	1,500,000
Sul Ross State University Rio Grande College	919	1,009	1,500,000	1,500,000
TOTAL:			\$ 20,168,700	\$ 18,875,100
Texas State Technical College - Harlingen	5,509	5,225	\$ 673,650	\$ 716,250
Texas State Technical College - West Texas	810	1,447	750,000	750,000
Texas State Technical College - Marshall	786	858	750,000	750,000
Texas State Technical College - Waco	4,287	4,112	750,000	750,000
TOTAL:			\$ 2,923,650	\$ 2,966,250
Lamar Institute of Technology	2,834	2,707	\$ 750,000	\$ 750,000
Lamar State College - Orange	2,648	2,259	750,000	750,000
Lamar State College - Port Arthur	2,258	2,078	750,000	750,000
TOTAL:			\$ 2,250,000	\$ 2,250,000
GRAND TOTAL:			\$ 25,342,350	\$ 24,091,350

Institutions with 5,000 or fewer students receive \$1.5 million per biennium; institutions between 5,000 and 10,000 receive a smaller allocation.

Recommendations proportionally split Small Institution Supplement between UNT System and UNT Dallas.

Section 3J

**Tuition Revenue Bond Debt Service - House
General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges**

Institution	Base 2014	Base 2015	Requested 2016	Requested 2017	Difference 2014-15 compared to 2016-17
The University of Texas System Administration	\$ -	\$ -	\$ -	\$ -	\$ -
The University of Texas at Arlington	\$ 7,414,352	\$ 7,415,275	\$ 7,420,188	\$ 7,414,088	\$ 4,649
The University of Texas at Austin	\$ 13,878,522	\$ 13,878,929	\$ 13,874,482	\$ 13,877,657	\$ (5,312)
The University of Texas at Dallas	\$ 3,344,654	\$ 3,341,238	\$ 3,338,175	\$ 3,342,863	\$ (4,854)
The University of Texas at El Paso	\$ 7,291,305	\$ 7,292,923	\$ 7,294,750	\$ 7,293,650	\$ 4,172
The University of Texas - Rio Grande Valley*	\$ 12,837,327	\$ 12,839,311	\$ 12,837,563	\$ 12,836,013	\$ (3,062)
The University of Texas of the Permian Basin	\$ 8,478,783	\$ 8,474,820	\$ 8,475,900	\$ 8,473,763	\$ (3,940)
The University of Texas at San Antonio	\$ 11,226,629	\$ 11,222,648	\$ 11,223,538	\$ 11,226,975	\$ 1,236
The University of Texas at Tyler	\$ 5,226,808	\$ 5,228,948	\$ 5,230,038	\$ 5,229,213	\$ 3,495
Texas A&M University System Administrative and General Offices	\$ -	\$ -	\$ -	\$ -	\$ -
Texas A&M University	\$ 2,730,054	\$ 2,725,946	\$ 2,725,659	\$ 2,726,700	\$ (3,641)
Texas A&M University at Galveston	\$ 3,837,194	\$ 3,837,913	\$ 3,765,541	\$ 3,768,141	\$ (141,425)
Prairie View A&M University	\$ 6,168,389	\$ 6,347,028	\$ 6,166,237	\$ 6,161,244	\$ (187,936)
Tarleton State University	\$ 4,930,552	\$ 4,921,235	\$ 4,926,012	\$ 4,916,021	\$ (9,754)
Texas A&M - Central Texas	\$ 1,645,250	\$ 1,649,050	\$ 1,646,450	\$ 1,647,650	\$ (200)
Texas A&M - Corpus Christi	\$ 6,746,918	\$ 6,751,991	\$ 6,547,613	\$ 5,986,861	\$ (964,435)
Texas A&M - Kingsville	\$ 2,710,416	\$ 2,708,525	\$ 2,601,913	\$ 2,051,138	\$ (765,890)
Texas A&M - San Antonio	\$ 2,632,438	\$ 2,637,238	\$ 2,634,838	\$ 2,635,438	\$ 600
Texas A&M International University	\$ 8,406,072	\$ 7,795,114	\$ 6,636,348	\$ 6,650,315	\$ (2,914,523)
West Texas A&M University	\$ 3,471,074	\$ 3,638,912	\$ 3,490,388	\$ 3,257,979	\$ (361,619)
Texas A&M - Commerce	\$ 1,999,873	\$ 1,996,079	\$ 1,992,972	\$ 1,990,455	\$ (12,525)
Texas A&M - Texarkana	\$ 5,869,200	\$ 5,870,664	\$ 5,870,230	\$ 5,868,345	\$ (1,289)
University of Houston System Administration	\$ -	\$ -	\$ -	\$ -	\$ -
University of Houston	\$ 9,867,018	\$ 9,888,579	\$ 9,852,540	\$ 9,862,193	\$ (40,864)
University of Houston - Clear Lake	\$ 2,780,228	\$ 2,782,413	\$ 2,788,207	\$ 2,793,602	\$ 19,168
University of Houston - Downtown	\$ 5,904,401	\$ 6,048,562	\$ 5,957,037	\$ 5,959,795	\$ (36,131)
University of Houston - Victoria	\$ 3,908,423	\$ 3,754,141	\$ 3,757,555	\$ 3,755,364	\$ (149,645)
Midwestern State University	\$ 2,164,236	\$ 2,157,355	\$ 2,152,643	\$ 2,155,980	\$ (12,968)
Stephen F. Austin State University	\$ 4,436,799	\$ 4,439,616	\$ 4,320,006	\$ 4,305,388	\$ (251,021)
Texas Southern University	\$ 10,048,446	\$ 9,598,738	\$ 9,595,438	\$ 9,193,613	\$ (858,133)
Texas Woman's University	\$ 4,177,819	\$ 4,172,244	\$ 4,175,994	\$ 4,179,244	\$ 5,175
University of North Texas System Administration	\$ -	\$ -	\$ -	\$ -	\$ -

Section 3J

University of North Texas	\$ 8,324,925	\$ 8,423,875	\$ 7,469,638	\$ 7,457,125	\$ (1,822,037)
University of North Texas at Dallas	\$ 3,236,800	\$ 3,233,525	\$ 3,236,700	\$ 3,233,125	\$ (500)
Texas Tech University System Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Texas Tech University	\$ 9,053,414	\$ 9,051,741	\$ 7,161,912	\$ 7,166,325	\$ (3,776,918)
Angelo State University	\$ 3,956,087	\$ 2,695,590	\$ 2,739,784	\$ 2,737,516	\$ (1,174,377)
Texas State University System	\$ -	\$ -	\$ -	\$ -	\$ -
Lamar University	\$ 2,440,828	\$ 2,452,060	\$ 2,457,631	\$ 2,457,114	\$ 21,857
Lamar Institute of Technology	\$ 522,411	\$ 521,772	\$ 523,012	\$ 526,803	\$ 5,632
Lamar State College - Orange	\$ 425,606	\$ 428,768	\$ 427,820	\$ 426,016	\$ (538)
Lamar State College - Port Arthur	\$ 858,977	\$ 857,559	\$ 862,351	\$ 861,505	\$ 7,320
Sam Houston State University	\$ 2,534,187	\$ 2,665,589	\$ 2,531,741	\$ 2,530,249	\$ (137,786)
Texas State University	\$ 8,310,614	\$ 10,039,506	\$ 10,343,291	\$ 10,338,710	\$ 2,331,881
Sul Ross State University	\$ 2,671,198	\$ 2,441,623	\$ 2,447,080	\$ 2,448,525	\$ (217,216)
Sul Ross State Univeristy Rio Grande College	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State Technical College System Administration	\$ -	\$ -	\$ -	\$ -	\$ -
Texas State Technical College - Harlingen	\$ 243,829	\$ 242,188	\$ 243,360	\$ 242,500	\$ (157)
Texas State Technical College - West Texas	\$ 164,584	\$ 163,477	\$ 164,268	\$ 163,688	\$ (105)
Texas State Technical College - Marshall	\$ 128,010	\$ 127,149	\$ 127,764	\$ 127,313	\$ (82)
Texas State Technical College - Waco	\$ 523,216	\$ 522,825	\$ 524,747	\$ 524,138	\$ 2,844
TOTAL	\$ 207,527,866	\$ 207,282,682	\$ 202,559,354	\$ 200,800,340	\$ (11,450,854)

Note*: Amounts in 2014-15 for The University of Texas Rio Grande Valley combined The University of Texas - Pan American and The University of Texas at Brownsville debt service

Section 3K

Research Funding for Institutions of Higher Education - House
Comparison of Previous Funding Structure to Introduced House Bill 1

Institution	2014-15 Base Funding				2016-17 Appropriations - Introduced House Bill 1			
	Texas Competitive Knowledge Fund	Research Development Fund	Texas Research Incentive Program	Total	Texas Research University Fund	Comprehensive Research Fund	Texas Research Incentive Program	Total
The University of Texas at Arlington	\$ 6,234,706	\$ 6,578,618	x	\$ 12,813,324			x	\$ -
The University of Texas at Austin	\$ 53,404,206			\$ 53,404,206	\$ 53,219,091			\$ 53,219,091
The University of Texas at Dallas	\$ 8,252,942	\$ 9,065,260	x	\$ 17,318,202			x	\$ -
The University of Texas at El Paso	\$ 6,437,760	\$ 8,439,074	x	\$ 14,876,834			x	\$ -
The University of Texas of the Permian Basin		\$ 219,820		\$ 219,820		\$ 164,199		\$ 164,199
The University of Texas of the Rio Grande Valley		\$ 2,218,016		\$ 2,218,016		\$ 2,442,080		\$ 2,442,080
The University of Texas at San Antonio	\$ 5,000,000	\$ 6,329,904	x	\$ 11,329,904			x	\$ -
The University of Texas at Tyler		\$ 462,058		\$ 462,058		\$ 481,104		\$ 481,104
Texas A&M University	\$ 58,701,988			\$ 58,701,988	\$ 58,289,229			\$ 58,289,229
Texas A&M University at Galveston		\$ 691,364		\$ 691,364		\$ 687,308		\$ 687,308
Prairie View A&M University				\$ -		\$ 574,026		\$ 574,026
Tarleton State University		\$ 1,373,588		\$ 1,373,588		\$ 1,229,728		\$ 1,229,728
Texas A&M University--Corpus Christi		\$ 2,105,734		\$ 2,105,734		\$ 2,094,042		\$ 2,094,042
Texas A&M International University		\$ 494,678		\$ 494,678		\$ 480,853		\$ 480,853
Texas A&M University--Kingsville		\$ 2,029,422		\$ 2,029,422		\$ 2,104,534		\$ 2,104,534
Texas A&M University--Commerce		\$ 369,996		\$ 369,996		\$ 330,985		\$ 330,985
Texas A&M University--San Antonio				\$ -				\$ -
Texas A&M University--Texarkana		\$ 27,554		\$ 27,554		\$ 21,243		\$ 21,243
Texas A&M University--Central Texas				\$ -				\$ -
West Texas A&M University		\$ 600,736		\$ 600,736		\$ 519,782		\$ 519,782
University of Houston	\$ 8,764,642	\$ 11,237,788	x	\$ 20,002,430			x	\$ -
University of Houston--Clear Lake		\$ 241,226		\$ 241,226		\$ 271,749		\$ 271,749
University of Houston--Downtown		\$ 266,686		\$ 266,686		\$ 298,941		\$ 298,941
University of Houston--Victoria		\$ 2,086		\$ 2,086		\$ 1,582		\$ 1,582
Texas Tech University	\$ 12,446,482	\$ 10,196,792	x	\$ 22,643,274			x	\$ -
Angelo State University		\$ 77,582		\$ 77,582		\$ 47,908		\$ 47,908
University of North Texas		\$ 3,087,738	x	\$ 3,087,738			x	\$ -
University of North Texas--Dallas		\$ 1,996		\$ 1,996		\$ 3,279		\$ 3,279
Midwestern State University		\$ 74,810		\$ 74,810		\$ 77,604		\$ 77,604
Stephen F. Austin State University		\$ 639,606		\$ 639,606		\$ 493,159		\$ 493,159
Texas Southern University		\$ 332,450		\$ 332,450		\$ 225,627		\$ 225,627
Texas Woman's University		\$ 293,462		\$ 293,462		\$ 320,817		\$ 320,817
Lamar University		\$ 697,514		\$ 697,514		\$ 542,916		\$ 542,916
Sul Ross University		\$ 285,486		\$ 285,486		\$ 267,595		\$ 267,595
Sul Ross University--Rio Grande				\$ -				\$ -
Sam Houston State University		\$ 555,506		\$ 555,506		\$ 591,301		\$ 591,301
Texas State University		\$ 4,083,230	x	\$ 4,083,230			x	\$ -
Total	\$ 159,242,726	\$ 73,079,780	\$ 35,625,000	\$ 267,947,506	\$ 111,508,320	\$ 14,272,362	\$ 177,736,409	\$ 303,517,091

Summary of 2016-17 Appropriations - Introduced House Bill 1

- The University of Texas (UT) at Austin and Texas A&M University (TAMU) are the only institutions eligible to receive funding from the Texas Research University Fund (TRUF). TRUF appropriations in the 2016-17 biennium equal the level of funding UT Austin and TAMU would have received from the Texas Competitive Knowledge Fund (TCKF), assuming maintained 2014-15 base funding levels.
- Emerging research universities receive research funding from the Texas Research Incentive Program (TRIP), totaling \$177.7 million in General Revenue for the 2016-17 biennium. Emerging research universities would have received \$141.8 million in General Revenue through TCKF, RDF, and TRIP, assuming 2014-15 total funding levels for all three funds. This funding was entirely reallocated to TRIP along with an additional \$35.0 million in General Revenue.
- Appropriations for the Comprehensive Research Fund (CRF) equal the appropriations eligible institutions would have received through the RDF, assuming maintained 2014-15 base funding levels. UT Austin, TAMU, and emerging research universities are not eligible to receive funding from the CRF.
- TRIP allocations to each institution are based on the amount of the gifts or endowments the institution receives and when the eligible donations are approved by the Higher Education Coordinating Board. Eligible institutions are indicated in the table for reference.

Section 3L

Percentage of Funds Outside of Bill Pattern - House

Institutions	Appropriated Sources Within the Institution's Bill Pattern	Funding Outside the Institution's Bill Pattern	Total	Percent of Total
University of Texas Arlington	\$ 311,081,927	\$ 814,375,709	\$ 1,125,457,636	27.6%
University of Texas Austin	\$ 777,451,329	\$ 4,327,014,712	\$ 5,104,466,041	15.2%
University of Texas Dallas	\$ 266,523,528	\$ 835,083,982	\$ 1,101,607,510	24.2%
University of Texas El Paso	\$ 197,484,298	\$ 603,495,053	\$ 800,979,351	24.7%
University of Texas Rio Grande Valley	\$ 255,659,068	\$ 548,513,604	\$ 804,172,672	31.8%
University of Texas Permian Basin	\$ 68,233,146	\$ 62,378,104	\$ 130,611,250	52.2%
University of Texas San Antonio	\$ 269,500,825	\$ 1,277,249,471	\$ 1,546,750,296	17.4%
University of Texas Tyler	\$ 79,472,229	\$ 275,809,047	\$ 355,281,276	22.4%
Texas A&M University	\$ 777,524,196	\$ 2,601,326,416	\$ 3,378,850,612	23.0%
Texas A&M Univ. at Galveston	\$ 43,927,350	\$ 89,797,246	\$ 133,724,596	32.8%
Prairie View A&M University	\$ 120,517,078	\$ 231,833,000	\$ 352,350,078	34.2%
Tarleton State University	\$ 103,257,519	\$ 243,341,086	\$ 346,598,605	29.8%
Texas A&M University - Central Texas	\$ 32,803,536	\$ 33,494,000	\$ 66,297,536	49.5%
Texas A&M University - Corpus Christi	\$ 120,365,125	\$ 285,672,559	\$ 406,037,684	29.6%
Texas A&M University - Kingsville	\$ 104,533,768	\$ 209,180,219	\$ 313,713,987	33.3%
Texas A&M University - San Antonio	\$ 48,145,319	\$ 40,525,722	\$ 88,671,041	54.3%
Texas A&M International University	\$ 75,489,215	\$ 101,637,872	\$ 177,127,087	42.6%
West Texas A&M University	\$ 83,798,269	\$ 182,603,982	\$ 266,402,251	31.5%
Texas A&M - Commerce	\$ 101,908,278	\$ 217,569,426	\$ 319,477,704	31.9%
Texas A&M - Texarkana	\$ 36,879,011	\$ 37,078,671	\$ 73,957,682	49.9%
University of Houston	\$ 434,829,395	\$ 1,652,213,902	\$ 2,087,043,297	20.8%
University of Houston - Clear Lake	\$ 81,734,577	\$ 148,915,644	\$ 230,650,221	35.4%
University of Houston - Downtown	\$ 79,636,752	\$ 233,498,184	\$ 313,134,936	25.4%
University of Houston - Victoria	\$ 42,496,500	\$ 74,487,726	\$ 116,984,226	36.3%
Midwestern State University	\$ 49,716,171	\$ 131,878,278	\$ 181,594,449	27.4%
University of North Texas	\$ 304,443,224	\$ 810,204,529	\$ 1,114,647,753	27.3%
University of North Texas Dallas	\$ 32,336,726	\$ 26,150,332	\$ 58,487,058	55.3%
Stephen F. Austin State University	\$ 113,365,179	\$ 365,020,030	\$ 478,385,209	23.7%
Texas Southern University	\$ 146,889,747	\$ 297,105,974	\$ 443,995,721	33.1%
Texas Tech University	\$ 387,453,746	\$ 1,235,620,788	\$ 1,623,074,534	23.9%
Texas Woman's University	\$ 143,355,767	\$ 221,232,832	\$ 364,588,599	39.3%
Angelo State University	\$ 69,013,488	\$ 139,408,558	\$ 208,422,046	33.1%
Lamar University	\$ 122,995,928	\$ 284,897,866	\$ 407,893,794	30.2%
Sam Houston State University	\$ 162,748,246	\$ 487,633,519	\$ 650,381,765	25.0%
Texas State University	\$ 285,126,611	\$ 929,723,180	\$ 1,214,849,791	23.5%
Sul Ross State University	\$ 29,448,542	\$ 90,908,382	\$ 120,356,924	24.5%
Sul Ross State University Rio Grande College	\$ 11,628,690	\$ 9,539,638	\$ 21,168,328	54.9%
GENERAL ACADEMICS SUBTOTAL:	\$ 6,371,774,303	\$ 20,156,419,243	\$ 26,528,193,546	24.0%
Lamar Institute of Technology	\$ 22,317,328	\$ 25,111,412	\$ 47,428,740	47.1%
Lamar State College - Orange	\$ 17,659,202	\$ 20,048,910	\$ 37,708,112	46.8%
Lamar State College - Port Arthur	\$ 19,137,139	\$ 27,381,840	\$ 46,518,979	41.1%
LAMAR CENTERS SUBTOTAL:	\$ 59,113,669	\$ 72,542,162	\$ 131,655,831	44.9%
TSTC - Harlingen	\$ 50,213,505	\$ 49,514,115	\$ 99,727,620	50.4%
TSTC - West Texas	\$ 25,980,140	\$ 13,919,093	\$ 39,899,233	65.1%
TSTC - Waco	\$ 68,141,771	\$ 51,709,362	\$ 119,851,133	56.9%
TSTC - Marshall	\$ 12,578,037	\$ 7,997,936	\$ 20,575,973	61.1%
TSTC System	\$ 17,085,891	\$ 1,948,594	\$ 19,034,485	89.8%
Texas State Technical College SUBTOTAL:	\$ 173,999,344	\$ 125,089,100	\$ 299,088,444	58.2%
The University of Texas System	\$ 15,463,526	\$ 1,157,720,477	\$ 1,173,184,003	1.3%
Texas A&M University System	\$ 1,711,172	\$ 22,719,258	\$ 24,430,430	7.0%
University of Houston System	\$ 49,000,215	\$ 18,842,082	\$ 67,842,297	72.2%
University of North Texas System	\$ 11,762,649	\$ 13,989,649	\$ 25,752,298	45.7%
Texas Tech University System	\$ 2,850,000	\$ 40,777,286	\$ 43,627,286	6.5%
Texas State University System	\$ 2,850,000	\$ 10,393,406	\$ 13,243,406	21.5%
SYSTEM OFFICES SUBTOTAL:	\$ 83,637,562	\$ 1,264,442,158	\$ 1,348,079,720	6.2%
GRAND TOTAL:	\$ 6,688,524,878	\$ 21,618,492,663	\$ 28,307,017,541	23.6%

Note: Funds outside an institution's bill pattern could be benefits made within other sections of the GAA, Available University Fund appropriations, designated tuition, gifts and grants, etc.

Section 4

**General Academic Institutions
Performance Review and Policy Report Highlights - House**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

General Academic Institutions Rider Highlights - House

1. The University of Texas Rio Grande Valley (UTRGV)

Background. Senate Bill 24, Eighty-third Legislative Session, established UTRGV as a General Academic Institution within the University of Texas System effectively combining The University of Texas – Pan American (UTPA) and the University of Texas at Brownsville (UTB). Riders contained within recommendations for UTRGV have been updated to align with the corresponding strategy within the budget structure for UTRGV.

Rider 1. Center for Manufacturing. Rider amended to denote appropriations made to The University of Texas Rio Grande Valley.

Rider 2. McAllen Advanced Manufacturing Research and Education Park. Rider amended to update name of institution and correlate to the corresponding strategy within the institution's budget structure.

Rider 3. Texas Center for Border Economic Development. Recommendations amend rider to denote appropriations to UTRGV along with renumbering to the applicable strategy.

(former) Rider 4. Higher Education Coordinating Board Contingent Appropriations, Formula Funding for UT Brownsville. Recommendations delete rider in which a portion of formula funding to both UT Brownsville and Texas Southmost College was trustee at the Higher Education Coordinating Board in 2014–15. Rider is no longer needed and formula funding amounts are appropriated directly to UTRGV.

(new) Rider 4. Transfer of Appropriations in Support of School of Medicine. Rider added to provide UTRGV School of Medicine the authority to transfer funds to UTRGV for the support and operation of the UTRGV School of Medicine. The rider also provides authority for UTRGV School of Medicine and UTRGV to enter into an agreement to allow UTRGV to provide administrative services and support to the School of Medicine until the school becomes fully operational.

(new) Rider 5. Reporting Requirement on Research Expenditures. Recommendations add a rider requiring UTRGV, jointly with the UTRGV School of Medicine, to submit a report, in a form prescribed by the Legislative Budget Board (LBB), to the LBB and the Governor by December 1 of each year. The report must provide information on research expenditures at the UTRGV School of Medicine separately from UTRGV and include restricted research expenditures and total research expenditures.

(new) Rider 6. Reporting of Benefit Expenditure. Recommendations add a rider requiring UTRGV, jointly with the UTRGV School of Medicine, to submit a report, in a form prescribed by the LBB, to the LBB and the Governor by December 1 of each year. The report must provide information on benefit expenditures at UTRGV School of Medicine separately from UTRGV and include expenditures for the Teacher Retirement System, Optional Retirement Program, group insurance, and social security.

Section 5

2. The University of Texas at Tyler

(former) Rider 3. Palestine Campus-University of Texas at Tyler. Rider deleted to conform with recommendations to remove \$1 million special item support funding for Palestine Campus. The Eighty-third Legislature included an intent rider that special item funding not be continued at 2014-15 levels.

3. The University of Texas System Administration

(former) Rider 4. Darrell K Royal Alzheimer's Initiative. Rider deleted at The University of Texas System to conform with recommendation to trustee funds for DKR Alzheimer's Initiative at The University of Texas at Austin.

Rider 5. Appropriation Limitation and Reporting Requirement for Investigation of System Components. Rider currently requires The University of Texas System to notify the Legislative Budget Board and the Governor before expending General Revenue funds to investigate its component institutions or executive leadership. Recommendations amend rider to include General Revenue-Dedicated and Available University Funds.

(new) Rider 6. Appropriation Limitations and Reporting Requirement for Capital Projects. Rider would require The University of Texas System to obtain approval from the Legislative Budget Board prior to expending appropriated funds for capital projects for The University of Texas System or its board of regents.

4. The University of Texas at Austin

(new) Rider 10. Reporting Requirement on Research Expenditures. Recommendations add a rider requiring The University of Texas Austin to submit a report, in a form prescribed by the LBB, to the LBB and the Governor by December 1 of each year. The report must provide information on research expenditures at The University of Texas at Austin separately from The University of Texas at Austin medical school and include restricted research expenditures and total research expenditures.

(new) Rider 11. Reporting of Benefit Expenditure. Recommendations add a rider requiring The University of Texas at Austin to submit a report, in a form prescribed by the LBB, to the LBB and the Governor by December 1 of each year. The report must provide information on benefit expenditures at The University of Texas at Austin separately from The University of Texas at Austin medical school and include expenditures for the Teacher Retirement System, Optional Retirement Program, group insurance, and social security.

(new) Rider 12. Darrell K Royal Alzheimer's Initiative. Rider added at The University of Texas at Austin to conform with recommendation to transfer funds for DKR Alzheimer's Initiative from The University of Texas System.

(new) Rider 13. TexNet Seismic Monitoring Program. Rider requires special item support be used for purchase of equipment and personnel costs for the TexNet Seismic Monitoring Program.

Section 5

5. Prairie View A&M University

(new) Office of International Affairs. Rider specifies that out of funds appropriated \$175,000 per year be used for the Office of International Affairs.

6. University of Houston

(former) Rider 4. College of Pharmacy. Rider deleted to conform with 2016-17 zero funding of special item support for UH School of Pharmacy.

7. Texas State Technical College System Administration

Rider 5. North Texas and East Williamson County Centers. Rider amended to conform with recommendations that provide additional funding for extension centers above 2014–15 levels.

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
Exceptional Item Requests		
1. The University of Texas System		
a. Restore system office operations funding.	\$ 2,650,000	16.4
2. The University of Texas at Arlington		
a. Funding for University College for Student Success to improve course completion and retention rates.	\$ 3,000,000	14.5
b. Funding for the University of Texas at Arlington Research Institute (UTARI).	\$ 2,000,000	7.0
c. Tuition Revenue Bond Debt Service request to construct a new Science & Engineering Innovation & Research Building.	\$ 33,130,000	0.0
d. Tuition Revenue Bond Debt Service request to construct a new College of Nursing and Allied Health Professions Academic and Research Building.	\$ 17,260,000	0.0
3. The University of Texas at Austin		
a. Tuition Revenue Bond Debt Service request for Welch Hall Renovation.	\$ 17,436,912	0.0
b. Tuition Revenue Bond Debt Service request for McCombs School of Business.	\$ 18,308,756	0.0
c. Marine Science Institute Boat Basin Repair.	\$ 2,850,000	0.0
4. The University of Texas at Dallas		
a. Tuition Revenue Bond Debt Service request for Engineering Building.	\$ 17,260,000	0.0
b. Tuition Revenue Bond Debt Service request for Science Building.	\$ 16,570,000	0.0
c. Funding for the University of Texas at Dallas Engineering for Life program which would provide gap funding need to conduct applied research and to launch new medical devices into market.	\$ 8,000,000	35.0
d. Funding to expand the Summer Academic Bridge Program.	\$ 1,000,000	5.0
5. The University of Texas at El Paso		
a. Tuition Revenue Bond Debt Service request for Interdisciplinary Research Facility.	\$ 20,400,000	0.0
b. Funding for Pharmacy Program Expansion.	\$ 10,000,000	15.0
c. Funding for Centennial Scholars Program.	\$ 10,000,000	0.0
d. Funding for Student Leadership Academy.	\$ 2,000,000	11.5
e. Tuition Revenue Bond Debt Service request for College of Business Administration.	\$ 16,480,000	0.0
6. The University of Texas Rio Grande Valley		
a. Funding for Regional Academic Health Center/UT Rio Grande Valley School of Medicine.	\$ 40,046,486	115.0
b. Tuition Revenue Bond Debt Service request for Multi-Purpose Academic Center.	\$ 8,820,000	0.0
c. Tuition Revenue Bond Debt Service request for Coastal Studies Center.	\$ 7,850,000	0.0
d. Funding for the Coastal Studies Research Center.	\$ 6,300,000	3.0
e. Funding for Biomedical Sciences Research.	\$ 8,600,000	3.0
f. Tuition Revenue Bond Debt Service request for Engineering and Academic Building.	\$ 7,410,000	0.0
g. Funding for the Texas Academy of Math and Science.	\$ 3,440,062	20.0
h. Tuition Revenue Bond Debt Service request for Fine Arts and Classroom Building.	\$ 8,790,000	0.0
i. Funding for South Texas Water Research.	\$ 8,500,000	4.0
j. Funding for Energy Research.	\$ 7,500,000	3.0
k. Funding for the Center for Bilingual Studies.	\$ 1,000,000	2.0
l. Tuition Revenue Bond Debt Service request for Fine Arts and Classroom Building.	\$ 9,540,000	0.0
7. The University of Texas of the Permian Basin		
a. Tuition Revenue Bond Debt Service request for Engineering Building.	\$ 10,460,000	0.0
b. Tuition Revenue Bond Debt Service request for Kinesiology and Athletic Training Complex.	\$ 1,090,000	0.0
c. Funding for Rural Digital University. The funding would be used to expand online offerings to become a rural digital university.	\$ 3,100,000	5.0
d. Funding to create a Petroleum Engineering Research and Applications Institute. The research institute would focus on increasing oil and gas production.	\$ 2,500,000	3.0
e. Increased funding for the John Ben Sheppard Public Leadership Institute to implement a Presidential Crisis Leadership Simulation Center.	\$ 220,000	0.6

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
8. The University of Texas at San Antonio		
a. Tuition Revenue Bond Debt Service request for Instructional Science and Engineering Building.	\$ 16,570,000	0.0
b. Tuition Revenue Bond Debt Service request for Peter T. Flawn Science Building renovation and adaptive reuse.	\$ 7,410,000	0.0
c. Funding for the San Antonio Life Science Institute (SALSI).	\$ 2,530,000	15.0
d. Increased funding for the Small Business Development Center.	\$ 834,050	3.5
e. Increased funding for the South-West Texas Border Network Small Business Development Center.	\$ 266,898	1.5
f. Funding for the Small Business Development Center Texas Export Initiative.	\$ 3,000,000	11.0
g. Increased funding for the Texas State Data Center.	\$ 197,626	1.5
9. The University of Texas at Tyler		
a. Restore Special Item Funding for University of Texas at Tyler's Palestine Campus.	\$ 1,010,792	0.0
b. Tuition Revenue Bond Debt Service request to construct a new STEM addition to current Business Building.	\$ 13,250,000	0.0
c. Expand distant site upper level academic programs. The funding will be used to fund operating costs at the Houston Engineering Center (HEC), which will allow UT Tyler to expand HEC programs.	\$ 3,200,000	12.0
10. Texas A&M University System Administrative and General Offices		
a. Restore system office operations funding.	\$ 2,762,696	12.0
11. Texas A&M University		
a. Tuition Revenue Bond Debt Service request to construct a new level 3 Biocontainment Safety Lab.	\$ 14,821,376	0.0
b. Tuition Revenue Bond Debt Service request for new construction of 21st Century Classroom Building.	\$ 15,693,222	0.0
c. Human Animal Health Initiative would fund faculty salaries to support and address health related issues and problems that cross human and animal dimensions.	\$ 18,000,000	25.0
d. Increase School of Architecture's Colonias Program to serve additional areas.	\$ 1,500,000	7.0
e. Increase appropriations to the Cyclotron Institute.	\$ 1,420,000	13.8
f. Increase appropriations for the institution's Sea Grant Program.	\$ 200,000	2.0
g. Augment the Energy Resources Program to fund salaries and research for the Texas A&M Energy Institute.	\$ 500,000	1.0
12. Texas A&M University at Galveston		
a. Tuition Revenue Bond Debt Service request to expand instructional facilities, infrastructure, and central plant.	\$ 16,041,960	0.0
b. Provide extension services, outreach and research to support coastal viability and protection.	\$ 2,000,000	5.0
13. Prairie View A&M University		
a. Fund grant matching requirement for the federal agriculture match.	\$ 13,600,000	15.0
b. Restore Academic Development Initiative funding.	\$ 4,667,968	10.5
c. Expand academic support services for the Student Academic Success Center.	\$ 2,500,000	12.5
d. Establish Chinese and Arabic language programs.	\$ 600,000	1.5
e. Expand America's School of Promise Program.	\$ 6,600,000	27.5
f. Tuition Revenue Bond Debt Service request to construct a new Fabrication Design Center.	\$ 5,368,826	0.0
g. Tuition Revenue Bond Debt Service request to construct an Innovation Center for Entrepreneurs.	\$ 1,743,692	0.0
14. Tarleton State University		
a. Create the Center for Anti-Fraud, Waste and Abuse Research from the institution's existing Data Mining Research Institute.	\$ 3,000,000	8.0
b. Texas Groundwater Information Clearinghouse.	\$ 5,000,000	22.0
c. Develop STEM Success Center.	\$ 1,500,000	1.2
d. Tuition Revenue Bond Debt Service request to pay debt service on the Southwest Metroplex Building.	\$ 9,590,302	0.0
e. Tuition Revenue Bond Debt Service request for construction of an Applied Sciences Building.	\$ 13,077,684	0.0

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
15. Texas A&M University - Central Texas		
a. Tuition Revenue Bond Debt Service request to construct a Multi-Purpose Building.	\$ 6,974,766	0.0
b. Funding for partnership in the East Williamson County Higher Education Center.	\$ 1,273,000	7.5
c. Startup funding for a University Center for Civic and Community Engagement.	\$ 1,100,000	6.5
16. Texas A&M University - Corpus Christi		
a. Provide funds for Unmanned Aircraft Systems to support the institution's Lone Star Unmanned Aircraft Systems project.	\$ 11,500,000	6.0
b. Tuition Revenue Debt Service request to construct the Life Sciences Research and Engineering Building.	\$ 20,924,294	0.0
c. Expand institution's engineering program.	\$ 3,000,000	7.0
d. Tuition Revenue Bond Debt Service request to construct a new Arts and Media Building.	\$ 8,718,456	0.0
e. Expand the Coastal Bend Business Innovation Center.	\$ 400,000	2.0
17. Texas A&M University - Kingsville		
a. Tuition Revenue Bond Debt Service request to construct an education complex with a focus on science, technology, engineering, and math.	\$ 16,216,328	0.0
b. Fund salaries and faculty for South Texas Engineering Education to expand the institution's engineering programs.	\$ 7,500,000	27.5
c. Funds for Native Plant Restoration. Institution indicates funding would be matched with \$1.3 million in grants from private and federal grants.	\$ 500,000	2.5
d. Establish new Master of Science in Social Work.	\$ 500,000	2.5
e. Funding for National Natural Toxins Research Center to augment research and development of snake venom derived therapeutics.	\$ 500,000	5.0
18. Texas A&M University - San Antonio		
a. Tuition Revenue Bond Debt Service request to construct a Science and Technology Building.	\$ 12,205,838	0.0
b. Downward expansion funding to move from upper level university and expand downward to offer four year comprehensive programs.	\$ 11,000,000	35.0
c. Establish Student Retention and Success Program.	\$ 9,000,000	43.0
d. Tuition Revenue Bond Debt Service request for construction of a central plant and access to non-potable recycled water from the San Antonio Water System.	\$ 2,877,092	0.0
19. Texas A&M International University		
a. Tuition Revenue Bond Debt Service request to renovate library through construction of an academic classroom and laboratory building.	\$ 10,828,322	0.0
b. Expand institution's engineering program to offer a Petroleum Engineering Program.	\$ 6,000,000	4.0
c. Provide funding for Texas Academy of International and STEM Studies.	\$ 2,000,000	3.0
d. Additional funding for the institutions Small Business Development Center.	\$ 36,300	0.0
e. Tuition Revenue Bond Debt Service request for repurposing of Kinesiology Building to provide larger classrooms, labs, and offices through construction of a Health, Wellness, Kinesiology and Convocation Center.	\$ 11,508,362	0.0
20. West Texas A&M University		
a. Establish bachelor's level Electrical Engineering program.	\$ 1,130,000	4.0
b. Tuition Revenue Bond Debt Service request for construction of an Agricultural Sciences Complex. The complex would consist of 1) Meat Science Lab, and 2) Livestock Education.	\$ 7,497,872	0.0
c. Tuition Revenue Bond Debt Service request to complete renovation of Amarillo Center which would provide classroom, seminar rooms, and faculty offices.	\$ 1,743,692	0.0
21. Texas A&M University - Commerce		
a. Funding to establish Institute for Competency-Based Education to conduct research and share best practices with community colleges and universities throughout the state.	\$ 1,487,000	12.0
b. Expansion of Bachelor of Science in Nursing and establishment of a new Master of Science in Nursing program.	\$ 1,593,000	5.0
c. Establish Mesquite/Metroplex/Northeast Texas STEM Academy to serve rural school districts.	\$ 500,000	6.0
d. Develop new Bachelor of Science in Electrical Engineering.	\$ 1,000,000	3.0
e. Tuition Revenue Bond Debt Service request for construction of a Nursing and Health Sciences Building.	\$ 9,415,934	0.0
f. Tuition Revenue Bond Debt Service request to build a Library and Center for Educational Innovation and Faculty Development Building.	\$ 9,415,934	0.0

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

		2016-17 Biennial Total	
		GR & GR- Dedicated	FTEs
22. Texas A&M University - Texarkana			
a.	Funding for Nursing Program Expansion. Would allow institution to establish a stand alone Bachelor of Science in Nursing.	\$ 1,800,000	7.0
b.	Additional funding for PK-12 STEM Education Center of Excellence.	\$ 2,000,000	5.0
c.	Expand institution's Student Success Program to enhance student preparation, engagement, and retention.	\$ 1,650,000	10.0
d.	Tuition Revenue Bond Debt Service request to construct a new Academic and Student Service Building to help institution expand offerings for all students and provide laboratory space for expansion in STEM fields.	\$ 6,974,766	0.0
23. University of Houston System Administration			
a.	Startup funding to create University of Houston System Global Campus to expand UH System online course offerings.	\$ 4,000,000	10.0
b.	Develop a new Timely College Completion Project to partner with area community colleges in creating a program to improve student retention and graduation in four years with minimal excess credit hours.	\$ 1,572,410	5.0
c.	Tuition Revenue Bond Debt Service request for purchase of land and construction of Cinco Ranch Building.	\$ 10,207,568	0.0
d.	Provide additional funds to system office's NASA programs to establish Texas Aerospace Scholars/Technology Outreach Program.	\$ 635,216	0.0
24. University of Houston			
a.	Restore special item support for College of Pharmacy.	\$ 4,000,000	0.0
b.	Funding to establish a Master's in Public Policy for the Hobby School of Public Affairs.	\$ 4,000,000	15.0
c.	Provide exceptional item funding for Intelligent Oil Fields Initiative.	\$ 4,000,000	6.0
d.	Provide pharmacy equity funding.	\$ 8,928,000	32.0
e.	Additional funding for Health Science Center Expansion. Would augment Optometry, Pharmacy, Clinical Psychology, Social Work, Health and Human Performance, and Communication Disorder programs.	\$ 6,000,000	6.0
f.	Tuition Revenue Bond Debt Service request for new construction of Health and Biomedical Sciences Center and a Sugar Land Academic Building.	\$ 44,699,522	0.0
25. University of Houston - Clear Lake			
a.	Provide operational support for downward expansion.	\$ 6,500,000	43.0
b.	Tuition Revenue Bond Debt Service request for new construction of a STEM and Classroom Building plus a new Health Sciences and Classroom Building.	\$ 26,887,718	0.0
c.	Additional funding to augment the Center for Autism and Developmental Disabilities.	\$ 400,000	4.0
d.	Funding to support the Houston Partnership of Environmental Studies.	\$ 600,000	3.0
26. University of Houston - Downtown			
a.	Tuition Revenue Bond Debt Service request to construct a College of Sciences and Technology classroom building.	\$ 18,953,922	0.0
b.	Funding for Engagement and Public Service Initiative.	\$ 421,000	3.0
c.	Establish and develop a Center for Urban Agriculture and Sustainability.	\$ 441,000	2.5
d.	Support to establish the University of Houston - Downtown/Microsoft Innovation Center.	\$ 800,000	3.0
27. University of Houston - Victoria			
a.	Tuition Revenue Bond Debt Service request for land acquisition and new construction of classroom facilities.	\$ 28,945,272	0.0
b.	Provide additional funding for Downward Expansion.	\$ 1,800,000	17.0
c.	Funding for academic expansion.	\$ 6,000,000	22.0
d.	Provide additional funds to the institution's existing Small Business Development Center.	\$ 400,000	3.0
28. Midwestern State University			
a.	Tuition Revenue Bond Debt Service request to construct a new building for the Gunn College of Health Science and Human Services plus renovate existing buildings.	\$ 7,490,542	0.0
b.	Provide funding for College Access and Success Program for Economically Disadvantaged Students.	\$ 250,000	0.0
29. University of North Texas System Administration			
a.	Tuition Revenue Bond Debt Service request for College of Law Buildings.	\$ 9,628,947	0.0
b.	Funding for the North Texas Dallas College of Law.	\$ 2,444,567	0.0

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
30. University of North Texas		
a. Increased Funding for the Texas Academy of Math and Science.	\$ 1,674,000	0.0
b. Funding for the Bio Discovery Institute.	\$ 4,000,000	30.0
c. Funding for the Texas Institute for Computational Creativity, Discovery, Data and Development.	\$ 1,706,000	9.5
d. Tuition Revenue Bond Debt Service request for College of Visual Arts and Design Facilities.	\$ 14,254,653	0.0
e. Tuition Revenue Bond Debt Service request for Science and Technology Research Building.	\$ 15,182,573	0.0
31. University of North Texas at Dallas		
a. Tuition Revenue Bond Debt Service request for Student Learning and Success Center.	\$ 12,210,000	0.0
b. Expansion of High Demand Programs including Public Health.	\$ 2,500,000	13.0
32. Stephen F. Austin State University		
a. Tuition Revenue Bond Debt Service request for new construction of a Science, Technology, Engineering, and Math Building.	\$ 10,113,408	0.0
b. Funding for Waters of East Texas Center to conduct forestry related water research.	\$ 1,000,000	0.0
33. Texas Southern University		
a. Tuition Revenue Bond Debt Service request for new construction of Robert Terry Library.	\$ 12,156,728	0.0
b. Additional funding to support Texas Summer Academy.	\$ 1,400,000	7.0
c. Provide Scholarship Funding for Transfer Students from Houston Community College.	\$ 2,000,000	0.0
34. Texas Tech University System Administration		
a. Restoration of Funding for System Administration.	\$ 1,150,000	18.0
35. Texas Tech University		
a. Funding for Retention Plus. The funding would expand the scope and impact of practices proven to increase retention and graduation rates such as summer bridge programs for first generation students, internships and first semester success seminars for freshman and transfers.	\$ 6,000,000	55.0
b. Increased funding for the Small Business Development Center.	\$ 396,000	5.0
c. Funding for Sustainable Land and Water Use.	\$ 2,000,000	13.0
d. Funding for Genetic Resources Lab.	\$ 990,000	6.5
e. Tuition Revenue Bond Debt Service request for construction of new Experimental Sciences Building II and expansion/renovation of College of Engineering.	\$ 25,940,892	0.0
36. Angelo State University		
a. Funding for Freshman College.	\$ 2,200,000	5.0
b. Tuition Revenue Bond Debt Service request for Student Learning and Success Center.	\$ 4,190,090	0.0
c. Funding for Small Business Development Center.	\$ 29,540	0.0
37. Texas Woman's University		
a. Tuition Revenue Bond Debt Service request for new construction of classroom facilities to provide experiential learning and training opportunities in clinical, research, and STEM fields.	\$ 6,097,940	0.0
38. Texas State University System		
a. None.	\$ -	0.0
39. Lamar University		
a. Funding for Port Management.	\$ 2,720,000	11.5
b. Funding for Center for Water and Air Quality.	\$ 1,900,000	10.0
c. Tuition Revenue Bond Debt Service request for construction of new Sciences Building.	\$ 12,528,000	0.0
40. Sam Houston State University		
a. Tuition Revenue Bond Debt Service request for new Biology Laboratory Building.	\$ 10,440,000	0.0
b. Funding for Allied Health Programs.	\$ 3,000,000	0.0
41. Texas State University		
a. Tuition Revenue Bond Debt Service request for Engineering and Sciences Building.	\$ 18,620,138	0.0
b. Tuition Revenue Bond Debt Service request for Round Rock Health Professionals Building.	\$ 11,759,550	0.0
c. Funding for Multifunctional Materials Innovation Institute.	\$ 5,627,086	13.0
42. Sul Ross State University		
a. Funding for the Lobo Den Freshman Center.	\$ 551,347	4.0
b. Tuition Revenue Bond Debt Service request for renovation and modernization of Educational and Related Facilities and Infrastructure.	\$ 1,357,200	0.0
c. Tuition Revenue Bond Debt Service request for Briscoe Administration Building Renovations.	\$ 1,470,648	0.0

Section 6

**General Academic Institutions
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
43. Sul Ross State University Rio Grande College		
a. Funding for Extension of Educational Services to Medina County.	\$ 1,940,280	8.0
b. Funding for expansion of Nursing Program.	\$ 430,372	2.0
c. Increased funding for Lease of Facilities.	\$ 298,000	0.0
Total General Academic Institutions' Exceptional Items	\$ 1,112,580,393	1,060.0

Cross Institution Policy Requests Not Included in the Recommendations

44. The University of Texas System Administration and The University of Texas Rio Grande Valley (UTRGV)

The UT System Administration and UTRGV request the consolidation of funding appropriated in the UTRGV School of Medicine bill pattern into one bill pattern with its associated general academic institution, UTRGV.

Rider Changes and Institution Policy Requests Not Included in the Recommendations

45. Texas Woman's University

a) Governing Board. The institution requests amending its existing rider to increase the not to exceed amounts from \$35,000 to \$45,000 each year for operation of its governing board.

46. Midwestern State University

a) Appropriation of Special Mineral Fund. The institution requests appropriation of unspent balances within General Revenue-Dedicated Midwestern State University Special Mineral Fund No. 412 from the 2014-15 biennium for appropriation in 2016-17.

Section 6

**Lamar State Colleges
Items not Included in Recommendations - House**

		2016-17 Biennial Total	
		GR & GR- Dedicated	FTEs
Exceptional Item Requests			
1. Lamar Institute of Technology			
a.	Tuition Revenue Bond Debt Service request for renovation of Technical Arts Building.	\$ 2,180,000	0.0
b.	Tuition Revenue Bond Debt Service request for construction of Student Services Learning Center.	\$ 2,088,000	0.0
c.	Funding for Associate Arts Degree Implementation.	\$ 500,000	0.0
2. Lamar State College-Orange			
a.	Funding for New Allied Health Programs.	\$ 1,154,000	0.0
b.	Tuition Revenue Bond Debt Service request for Multi-Purpose Educational Building.	\$ 2,175,000	0.0
c.	Funding for Maritime Technology Program.	\$ 1,000,000	2.5
3. Lamar State College-Orange			
a.	Tuition Revenue Bond Debt Service request for construction and remodeling of Technology Building.	\$ 1,670,400	0.0
b.	Funding for Vocational/Technical Program Expansion and Re-institution of HVAC Program.	\$ 500,000	4.0
Total Lamar State Colleges Exceptional Items		\$ 11,267,400	6.50

Cross Institution Policy Requests Not Included in the Recommendations

None.

Section 6

**Texas State Technical Colleges
Items not Included in Recommendations - House**

	2016-17 Biennial Total	
	GR & GR- Dedicated	FTEs
Exceptional Item Requests		
1. Texas State Technical College System Administration		
None.	\$ -	0.0
2. Texas State Technical College Harlingen		
a. Tuition Revenue Bond Debt Service request for new construction of second phase of Engineering Building.	\$ 601,820	0.0
3. Texas State Technical College West Texas		
a. Tuition Revenue Bond Debt Service request for new construction of Abilene Industrial Technology Center.	\$ 1,925,824	0.0
4. Texas State Technical College Marshall		
a. Tuition Revenue Bond Debt Service request for new construction of TSTC North Texas Technology Building.	\$ 2,214,696	0.0
5. Texas State Technical College Waco		
a. Tuition Revenue Bond Debt Service request to provide new construction of a second building in Fort Bend County.	\$ 2,399,254	0.0
Total General Academic Institutions' Exceptional Items	\$ 7,141,594	0.00

Cross Institution Policy Requests Not Included in the Recommendations

None.

Section 5

Special Provisions Relating Only to State Agencies of Higher Education – House (Page III-236) Rider Highlights

Sec. 2. Local Funds Appropriated.

Recommendations include adding clarifying language to this provision stating that patient income is not included in the local funds that are appropriated to institutions of higher education. Education Code Sections 51.009(a) and (c) define “local funds” as educational and general funds, which consist of net tuition, special course fees, lab fees, student teaching fees, organized activity fees, proceeds from the sale of educational and general equipment, and hospital and clinic fees received (patient income) by a state-owned clinical care facility that is operated using general revenue fund appropriations for patient care. The 2014-15 General Appropriations Act does not appropriate patient income, but instead reflects it in informational riders at the relevant health related institutions.

Sec. 3. Definition of Terms.

Recommendations include revising the listing of the general academic institutions to remove The University of Texas Pan American and The University of Texas at Brownsville and adding The University of Texas Rio Grande Valley. Recommendations also include adding a listing of the institutions that are designated “health related institutions” in the 2016-17 General Appropriations Act.

Sec. 6. Expenditure Provisions.

- 5. Investment Reports.** Recommendations include modifying language to state that institutions must maintain quarterly investment reports on its website for at least two years.

Sec. 15. Medical School Enrollment.

Recommendations include deleting this provision due to the opening of new medical schools during the 2016-17 biennium that may not be able to meet the requirements of the rider.

Sec. 27. General Academic Funding.

- 1. Instruction and Operations Formula.** Rider has been revised to reflect updated matrix for the 2016-17 biennium.

Section 5

Sec. 28. Health Related Institutions Funding.

1. **Instruction and Operations Formula.** Recommendations include revising provision to state that only programs at remote locations are eligible for the supplement.
4. **Research at Clinical Partners.** Recommendations include adding this provision that states that research conducted by faculty of a health related institution under a contract with a clinical partner shall be included in the formula calculations for the Research Enhancement and Infrastructure Support formulas.
7. **Supplemental Non-Formula Items.** Recommendations include revising language to clarify that patient income is no longer appropriated to the health related institutions.
9. **Mission Specific Support.** Recommendations include adding a limitation to The University of Texas Health Science Center at Tyler's Chest Disease Operations formula that states the growth of that formula's total funding from one biennium to the next may not exceed the average growth in the Health Related Institutions Instruction and Operations formula. Rider language has also been revised to reflect updated rates for the two formulas.

Sec. 32. Funding for Physical Education Courses.

Recommendations include deleting the portion of the provision that requires the Higher Education Coordinating Board to be in a position to make a recommendation to the Eighty-fourth Legislature regarding a funding methodology.

Sec. 52. Hold Harmless.

Recommendations include deleting this provision due to the fact that hold harmless funding was not included in the 2016-17 recommendations for the General Academic Institutions' Instruction and Operations and Infrastructure.

Sec. 53. Cancer Prevention & Research Institute of Texas.

Recommendations include revising this informational provision to reflect fiscal year 2014 awards made by the Cancer Prevention & Research Institute of Texas to public and private institutions of higher education.

Sec. 54. Appropriations for the Research Development Fund.

Recommendations include deleting this provision to reflect that House Bill 1 does not fund the Research Development Fund during the 2016-17 biennium.

Section 5

Sec. 55. Informational Listing-Designated Tuition.

Recommendations include revising this informational provision to reflect recommended estimated amounts for the 2016-17 biennium.

Sec. 56. Appropriations for the Texas Competitive Knowledge Fund.

Recommendations include deleting this provision to reflect that House Bill 1 does not fund the Texas Competitive Knowledge Fund during the 2016-17 biennium.

Sec. 59. Network Access Improvement Program Annual Report.

Recommendations include adding this new provision that would require an annual report to the Governor and the Legislative Budget Board from those entities receiving funding through the Network Access Improvement Program.

Sec. 60. Texas Collegiate License Plate Scholarships.

Recommendations include adding this provision that provides appropriation authority to institutions of higher education for which the receipts of Texas collegiate license plate revenue are credited and provides an informational list of estimated revenue amounts for the 2016-17 biennium.

Sec. 61. B-On-Time General Revenue Dedicated Balances.

Recommendations include adding this provision that, contingent on enactment of legislation relating to the elimination of the tuition set aside for the B-On-Time Program, appropriates to the public institutions of higher education the unexpended balances of General Revenue-Dedicated Texas B-On-Time Account No. 5103.

Sec. 62. Research Funding for General Academic Institutions.

Recommendations include adding this provision that establishes the Texas Research University Fund and the Comprehensive Research Fund, and provides informational appropriation amounts from these funds, as well as the Texas Research Incentive Program, to the eligible institutions.

Sec. 63. Requests for Information on Appropriations Expenditures.

Recommendations include adding this provision that requires any public or private institution of higher education receiving state appropriations shall provide to the Legislative Budget Board any information requested for the purpose of providing oversight on the expenditure of the appropriated funds by that institution.

Section 4

**Special Provisions Relating Only to Texas State Technical College System (Page III-215)
Performance Review and Policy Report Highlights**

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Strengthen the Returned value Funding Approach for the Texas State Technical College System					
<i>These recommendations would not have a fiscal impact for the 2016-17 biennium. The recommendations would ensure that the state's funding for the technical college system is aligned with the state's policy goals as they relate to the TSTC system. A related recommendation in this report would be implemented in the bill pattern of the Texas State Technical College System.</i>					
1. Amend the Special Provisions Relating Only to Components of the Texas State Technical College System rider on returned value funding in the introduced 2016-17 General Appropriations Bill to remove the restrictions of funding time in instructions.					Amend Rider 11, p. III-216

Section 5

Special Provisions Relating Only to Components of Texas State Technical College System Rider Highlights - House

Sec. 3. Enrollment Records and Reports.

Recommendations include modifying language to clarify that the State Auditor may consider an audit of enrollment data at Texas State Technical College, subject to risk analysis and assessment by the State Auditor.

University of Houston System Progress Card

Annual Performance				Increase/Decrease¹	
1. National Competitiveness	Base Year (2007-08)	2013-2014	2014-2015	From Last Year	From Base Year
1.a. Total Research Expenditures	\$74,966,000	\$135,018,305	\$143,875,486	\$8,857,181	\$68,909,486
1.b. Federal Research Expenditures	\$40,398,000	\$63,293,560	\$61,514,416	-\$1,779,144	\$21,116,416
1.c. Total Research Awards	\$95,904,865	\$110,980,196	\$124,672,305	\$13,692,109	\$28,767,440
2. Student Access & Success					
2.a. Total Enrollment	56,762	65,954	68,427	2,473	11,665
2.b. Total Degrees Awarded	11,702	14,543	15,081	538	3,379
2.c. Percentage of Graduate/Professional Students	20%	20%	19%	-1%	-1%
2.d. Percentage of Residential Students	4.2%	9.9%	10.4%	0.5%	6.2%
2.e. Number of Underserved Students Enrolled ²	21,928	29,213	30,431	1,218	8,503
2.f. Number of Degrees Awarded to Underserved Students	3,673	5,441	5,747	306	2,074
2.g. Number of Degrees Awarded in Critical Fields ³	1,271	2,608	2,789	181	1,518
3. Community Advancement					
3.a. Research Awards with Community Emphasis	138	237	257	20	119
4. Competitive Resources					
4.a. Total Annual Giving (Cash Basis)	\$53,000,000	\$89,521,851	\$89,876,350	\$354,499	\$36,876,350
4.b. Total Annual Giving (New Commitments)	\$54,900,000	\$117,415,044	\$133,087,646	\$15,672,602	\$78,187,646
4.c. Total Endowment	\$653,294,000	\$717,001,649	\$789,699,822	\$72,698,173	\$136,405,822

Notes:

1. Cells with no shading are for measures with no change in performance or de minimis reductions (1% or less).
2. Underserved include African American, Hispanic and Native American students. Multi-racial students with African American are included in the African American count as defined by the THECB.
3. Critical Fields include computer science, engineering, math, physical sciences and biology. 2013-2014 data was previously misreported and has been corrected.

Progress Card Definitions

Nationally Competitive Research University

1.a. Total Research Expenditures: Total research funds from all sources expended during a fiscal year and reported to the National Science Foundation (NSF). (Data source: UHS Division of Research)

1.b. Federal Research Expenditures: Research funds from federal sources expended during a fiscal year and reported to the NSF. (Data source: UHS Division of Research)

1.c. Total Research Awards: Sponsored research awards received from external funding agencies. This includes new awards and additional funds received on existing awards. (Data source: UHS Division of Research)

Student Access and Success

2.a. Total Enrollment: The total number of students enrolled during the fall semester at all levels, including full and part time enrollees. Data are reported to IPEDS. (Data source: UHS institutional research offices)

2.b. Total Degrees Awarded: The total number of degrees awarded at all levels from July 1 to June 30 as reported to IPEDS. (Data source: UHS institutional research offices)

2.c. Percentage of Graduate/Professional Students: The percentage of degree-seeking and non-degree seeking students enrolled at the graduate level during the fall semester. Data are reported to IPEDS. (Data source: UHS institutional research offices)

2.d. Percentage of Residential Students: The percentage of students enrolled in the fall semester at all levels living in university-owned housing, including dorms and affiliated apartments. (Data source: UHS institutional research offices)

2.e. Number of Underserved Students Enrolled: The total number of African-American, Hispanic and Native American students enrolled in the fall semester at all levels and reported to the Texas Higher Education Coordinating Board (THECB). (Data source: UHS institutional research offices)

2.f. Number of Degrees Awarded to Underserved Students: The number of degrees awarded to African-American, Hispanic and Native American students at all levels during a fiscal year. Data are reported to the THECB. (Data source: UHS institutional research offices)

2.g. Number of Degrees Awarded in Critical Fields: The number of degrees award at all levels in computer science, engineering, math, and the physical sciences during a fiscal year. Data are reported to the THECB. (Data source: UHS institutional research offices)

Community Advancement

3.a. Research Awards with Community Emphasis: The number of research awards with a "Community Emphasis" focus, the determination of which is made by the principal investigator when submitting the proposal for funding. (Data source: UHS Division of Research)

Competitive Resources

4.a. Total Annual Giving (Cash Basis): Cash totals include outright gifts, pledge payments (regardless of the date of the pledge) and irrevocable deferred gifts made directly to the university and through its support organizations. Unpaid pledge balances, whether or not the pledge was made during the current fiscal year, are not reflected in this report. (Data source: UHS Division of Advancement)

4.b. Total Annual Giving (New Commitments): Commitment totals include all outright gifts and private grants, new pledges, and deferred gifts received by the university and its support organizations during the fiscal year. Pledge payments, whether toward pledges in the current or a previous year, are excluded from these totals. (Data source: UHS Division of Advancement)

4.c. Total Endowment: The amount of funds held by endowments and foundations as reported to the National Association of College and University Business Officers (NACUBO) in June of each year. (Data source: UHS Office of the Treasurer)

University of Houston Progress Card

Annual Performance

Increase/Decrease¹

1. Nationally Competitive Research University	Base Year (2007-08)	2013-2014	2014-2015	From Last Year	From Base Year
1.a. Total Research Expenditures	\$73,542,000	\$130,844,000	\$140,597,000	\$9,753,000	\$67,055,000
1.b. Federal Research Expenditures	\$40,116,000	\$61,038,000	\$58,954,000	-\$2,084,000	\$18,838,000
1.c. Number of Graduate Programs Ranked in Top 50	4	10	7	-3	3
1.d. Number of Citations	20,828	49,440	56,578	7,138	35,750
1.e. Number of Doctorates Awarded	239	314	272	-42	33
1.f. Number of Postdoctoral Appointees	158	198	219	21	61
2.A. UH System: Student Success					
2.A.a. Total Enrollment	34,663	39,540	40,914	1,374	6,251
2.A.b. Transfer Retention Rate (First Year)	77%	81%	82%	1%	5%
2.A.c. Transfer Graduation Rate (4 Year)	58%	64%	61%	-3%	3%
2.A.d. Total Degrees Awarded	6,961	8,590	9,238	648	2,277
2.A.e. Student Satisfaction (Exiting Seniors)	77% (2001)	83%	84%	1%	7%
2.B. UH: Student Success					
2.B.a. FTIC Retention Rate (First Year)	77%	85%	86%	1%	9%
2.B.b. FTIC Graduation Rate (6 Year)	43%	48%	48%	0%	5%
2.B.c. Percentage of Graduate/Professional Students	20%	20%	19%	-1%	-1%
2.B.d. Freshman Acceptance Rate	77%	58%	63%	5%	-14%
2.B.e. Freshman Median SAT	1055	1140	1143	3	88
2.B.f. Course Completion Rate	88%	97%	97%	0%	9%
3. Community Advancement					
3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in 1 Year	78%	74%	75%	1%	-3%
3.b. Research Awards with Community Emphasis	121	182	217	35	96
4. Athletics Competitiveness					
4.a. University Athletics Overall Academic Progress Rate	944	960	970	10	26
4.b. Total Team Sports Wins	185	146	157	11	-28
4.c. Conference Championships (Individual/Team)	10/4	15/2	17/2	2/0	7/-2
4.d. NCAA Post Season Qualifiers (Individual/Team)	36/5	33/9	36/10	3/1	0/5
4.e. Average Attendance (Football / Men's Basketball)	19,627/4,342	27,247/3,706	24,256/3,782	-2,991/76	4,629/-560
5. Local and National Recognition²					
5.a. News Clips Mentioning the University of Houston	24,508	24,508	30,315	5,807	5,807
5.b. Monthly Visits to Web Sites (Page Views/Unique Visitors) of Publications with UH News Clips	208.2B/12.4B	208.2B/12.4B	312.1B/20.9B	103.9B/8.5B	103.9B/8.5B
5.c. Advertising Value of UH News Clips	\$49.3M	\$49.3M	\$49.7M	\$0.4M	\$0.4M
6. Competitive Resources					
6.a. Total State Appropriations per FTE Student	\$6,695	\$6,002	\$5,973	-\$29	-\$722
6.b. Total Expenditures per FTE Student	\$19,413	\$18,738	\$19,990	\$1,252	\$577
6.c. Endowment	\$583,733,523	\$637,475,313	\$700,165,317	\$62,690,004	\$116,431,794
6.d. Total Annual Giving (Cash Basis)	\$48,600,000	\$84,190,183	\$85,137,957	\$947,774	\$36,537,957
6.e. Total Annual Giving (New Commitments)	\$48,900,000	\$109,728,750	\$127,051,778	\$17,323,028	\$78,151,778
6.f. Alumni Giving Rate	5%	12%	12%	0%	7%

Notes

- Cells with no shading are for measures with no change in performance or de minimis reductions (1% or less), as well as measures that are largely descriptive in nature rather than performance-based (e.g., state appropriations per student).
- Measures first reported in 2013-14 will serve as the base year for comparative purposes.

Progress Card Definitions

Nationally Competitive Research University

1.a. Total Research Expenditures: Total research funds from all sources expended during a fiscal year and reported to the National Science Foundation (NSF). (Data source: UH Division of Research)

1.b. Federal Research Expenditures: Research funds from federal sources expended during a fiscal year and reported to the NSF. (Data source: UH Division of Research)

1.c. Number of Graduate Programs Ranked in the Top 50: The number of UH graduate programs cited annually by *U.S. News & World Report*, College Rankings, with a rank of 50 or better. (Data source: *U.S. News & World Report*)

1.d. Number of Citations: The number of citations received by UH faculty in articles referenced in Web of Science. This is a rolling five-year total. Articles and citations appearing in the last five years are counted. Includes International Citations. (Data source: Web of Science)

1.e. Number of Doctorates Awarded: The number of doctoral degrees awarded annually. These include a PhD or other doctor's degree that requires advanced work beyond the masters. Special professional degrees are not included. Data are reported to IPEDS. (Data source: UH Institutional Research)

1.f. Number of Postdoctoral Appointees: The number of persons appointed by UH to provide support to a UH researcher for the purposes of research and/or scholarly development. Post doctoral appointees hold a doctoral degree awarded within the past 5 to 7 years. The number of postdoctoral appointees is reported to the NSF. (Data source: UH Institutional Research)

UH System Student Success

2.A.a. Total Enrollment: The total number of students enrolled during the fall semester at all levels, including full and part time enrollees. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.A.b. Transfer Retention Rate (First-Year): The percentage of transfer students returning for enrollment for a second consecutive year. Transfer students are those who transfer to UH with at least 60 hours of completed coursework. (Data source: UH Institutional Research)

2.A.c. Transfer Graduation Rate (4-Year): The percentage of transfer students who graduate

within four years. Transfer students are those who transfer to UH with at least 60 hours of completed coursework. (Data source: UH Institutional Research)

2.A.d. Total Degrees Awarded: The total number of degrees awarded at all levels from July 1 to June 30 as reported to IPEDS. (Data source: UH Institutional Research)

2.A.e. Student Satisfaction Index: Percentage of students who rate their entire educational experience as good or excellent. Data are collected from the National Survey of Student Engagement (NSSE). The NSSE question reads: "How would you evaluate your entire educational experience at this institution?"

UH Student Success

2.B.a. FTIC Retention Rate (first year): The percentage of students classified as first-time full-time degree seeking undergraduates who enter in the fall semester and who are enrolled in the following fall semester. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.B.b. FTIC Graduation Rate (6 year): The percentage of students classified as first-time full-time degree seeking undergraduates who graduate within 6 years. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.B.c. Percentage of Graduate/Professional Students: The percentage of degree-seeking and non-degree seeking students enrolled at the graduate level during the fall semester. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.B.d. Freshman Acceptance Rate: The percentage of students who are accepted as first-time full-time degree-seeking freshmen during the fall semester subsequent to their submission of a completed application. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.B.e. Freshman Median SAT: The mid-point between the 25th and 75th percentiles of SAT scores (math plus reading) for first-time-, full-time, degree-seeking freshmen at UH. Data are reported to IPEDS. (Data source: UH Institutional Research)

2.B.f. Course Completion Rate: Of the attempted semester credit hours (SCH), the percentage of SCH completed at the end of the fall semester as reported to the Texas Legislative Budget Board. (Data source: UH Institutional Research)

Community Advancement

3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in One Year: The percentage of baccalaureate level graduates who enroll in graduate education or who are employed in Texas within one year of graduation. (Data source: THECB)

3.b. Research Awards with Community Emphasis: The number of research awards with a "Community Emphasis" focus, the determination of which is made by the principal investigator when submitting the proposal for funding. (Data source: UH Division of Research)

Athletic Competitiveness

4.a. University Athletics Overall Academic Progress Rate: A measure of the academic performance of student athletes devised and reported by the National Collegiate Athletics Association (NCAA). This standard measure is calculated and reported annually at the team, sport, gender, and university level for the purposes of determining the university's eligibility to offer athletic scholarships. (Data source: NCAA)

4.b. Total Team Sports Wins: The total number of wins earned by the university's athletic teams on an annual basis. (Data source: UH Athletics)

4.c. Conference Championships (Individual/Team): The total number of conference championships earned by the university's athletic teams and individual student athletes. (Data source: UH Athletics)

4.d. NCAA Post Season Qualifiers (Individual/Team): The total number of the university's athletic teams and individual student athletes that qualify for post season participation in a sport endorsed by the NCAA. (Data source: UH Athletics)

4.e. Average Attendance (Football/Men's Basketball): The average attendance at men's football and men's basketball games calculated on an annual basis. (Data source: UH Athletics)

Local and National Recognition

5.a. News Clips Mentioning the University of Houston: The number of online, television broadcast, or print news stories that mention the University of Houston (Data source: Vocus)

5.b. Monthly Visits to Web Sites (Page Views/Unique Visitors) of Publications with News Clips: The total number of pages and unique visitors to web sites for publications with

UH news clips. Data are compiled for the month in which the UH new clip was published. (Data source: Vocus)

5.c. Advertising Value of UH News Clips: The total market value of UH news and feature stories in national and local publications and television broadcasts. (Data source: Vocus)

Competitive Resources

6.a. Total State Appropriations per Student: The amount of state funds appropriated to the university per full-time equivalent student, as reported by the THECB.

6.b. Total Expenditures per FTE Student: The amount of funds expended by the university per full-time equivalent student, as reported by the THECB.

6.c. Endowment: The amount of funds held by endowments and foundations for the university as reported to the National Association of College and University Business Officers (NACUBO) in June of each year. (Data source: UH Office of Treasurer)

6.d. Total Annual Giving (Cash Basis): Cash totals include outright gifts, pledge payments (regardless of the date of the pledge) and irrevocable deferred gifts made directly to the university and through its support organizations. Unpaid pledge balances, whether or not the pledge was made during the current fiscal year, are not reflected in this report. (Data source: UH Advancement)

6.e. Total Annual Giving (New Commitments): Commitment totals include all outright gifts and private grants, new pledges, and deferred gifts received by the university and its support organizations during the fiscal year. Pledge payments, whether toward pledges in the current or a previous year, are excluded from these totals. (Data source: UH Advancement)

6.e. Alumni Giving Rate: The percentage of alumni who contribute financially to the university during a fiscal year. Data are reported to *U.S. News and World Report*. This measure is a two-year average. (Data source: UH Advancement)

UH System/University of Houston

Presentation to the House Appropriations Committee

February 16, 2015

Overview of the UH System

The University of Houston System includes four universities and four off-campus teaching centers serving the Houston metropolitan area and Gulf Coast region of Texas. We are the only system of universities providing comprehensive higher education services to one of the most important regions of the state: The Houston metropolitan area spans 10 counties and represents 24 percent of the state's population and 33 percent of its economy. Without question, the future of Houston and Texas depends upon the UH System's ability to provide the highly-skilled workforce and cutting edge research needed for economic prosperity. Our universities are fulfilling these expectations. Recent accomplishments include:

→ Record enrollment of 68,427 students

→ Record degrees awarded of 15,081

→ Record research awards of \$125 million

In addition, the UH System remains a model of diversity and a reflection of the region it serves. Our student body is 14% African-American, 15% Asian, 28% Hispanic and 31% white. Moreover, the UH System is the only higher education system in the country to have all of its component institutions designated as Hispanic Serving Institutions by the federal government. Most notably, the University of Houston is one of only six Tier One institutions in the nation to receive this designation.

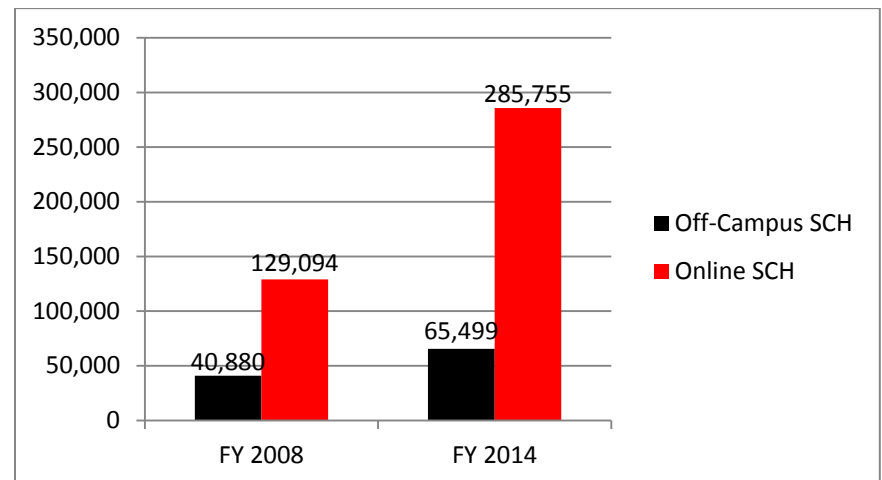
Transformational Change

Over the past several years, the UH System universities have experienced transformational change. Since FY 2008, system-wide enrollment has grown by over 10,000 students (21 percent). This growth has been fueled by the enrollment of freshmen and sophomores for the first time at UH-Clear Lake and UH-Victoria, the expansion of off-campus teaching centers that are strategically located in high-growth parts of the metropolitan area (Sugar Land, Katy, Northwest Houston, Pearland), and the rapid rise of online enrollment. Since FY08, off-campus SCH at the UH System has grown by 60 percent while online SCH has grown by 121 percent. By contrast, on-campus credit hours have grown by three percent. To accommodate this growth, the UH System Administration has included two important requests in its LAR:

- Tuition revenue bonds to construct a 60,000 square foot academic building in the West Houston/Katy region, one of the fastest growing parts of the metropolitan area. The UH System universities currently offer 32 degrees in high demand fields such as business, education and nursing in the region. The new building will allow us to expand.

- Exceptional item funding to develop the UH System Global Campus, through which we will make available to students throughout Texas the 99 programs currently available from the UHS universities online, as well as new programs we plan to develop.

Figure 1. UH System Growth in Off-Campus and Online SCH



UH System/University of Houston

Presentation to the House Appropriations Committee

February 16, 2015

UH System Legislative Priorities

While the UH System is working hard to improve efficiency, increased support from the state is essential if our universities are to remain accessible, affordable, and capable of providing students with the quality educational experience that will prepare them for the 21st century workplace. To that end, we have identified the following legislative priorities:

- **Base Formula Funding**

As demands on our universities grow, it is imperative to provide adequate resources for basic educational services through the formulas. Increased base formula funding will enable the UHS universities to accommodate enrollment demand through course delivery; enhance program quality by recruiting and retaining exceptional faculty members; and enhance student success through academic support services.

- **Funding for Special Items and Exceptional Items**

Each year the Legislature funds numerous programs at the UH System universities that fall outside the scope of formula funding. These programs have a tremendous impact on our academic programs, research endeavors and the communities we serve. The UH System recommends continuation of special item funding and consideration of our requests for exceptional item funding.

- **Tuition Revenue Bonds**

Maintaining quality in our classrooms, laboratories, libraries and equipment is critical to achieving the UH System's goals of academic and research excellence. And as enrollment and the number of faculty at our institutions grow, so too does the need for expanded and better infrastructure. Tuition revenue bonds are vital for addressing these needs.

- **Higher Education Fund**

HEF funding is essential to Texas universities for the purposes of capital construction, improvements, repair and rehabilitation, and the acquisition of equipment. Given the growth at Texas universities, their need for expanded facilities, and increasing construction costs, the UH System recommends that the Legislature re-authorize HEF for the next ten years with a 50% increase (from \$262.5 million to \$393.8 million). This increment is consistent with increases for the past two ten-year allocation cycles.

- **Hazlewood Exemptions**

The UH System is dedicated to supporting veterans and their families by expanding opportunities for them to earn a college degree. The Hazlewood Act is a crucial part of this equation. In FY 2014, the UHS universities funded \$9.8 million in Hazlewood exemptions, of which \$6.9 million was borne by the universities themselves. Absent full state coverage, we must fund these exemptions through other resources, including tuition paid by other students. In future years, the amount universities must pay to cover Hazlewood exemptions will certainly increase given the recent court decision that expands eligibility. We recommend that the state appropriate resources to cover all Hazlewood exemptions.

UH System/University of Houston

Presentation to the House Appropriations Committee

February 16, 2015

University of Houston Tier One Accomplishments

The growth and achievements of the UH System over the past several years have been led by the remarkable accomplishments of the University of Houston. During the current biennium, UH has experienced:

→ Record enrollment of 40,914 students	→ Record scholarly citations of 56,578
→ Record research awards of \$119 million	→ Ranked among the top national universities by U.S. News & World Report
→ Record annual giving of \$127 million	→ Ranked 10 th nationally among public universities for royalty income

A more extensive list of the university's accomplishments in recent years has been included in Appendix I.

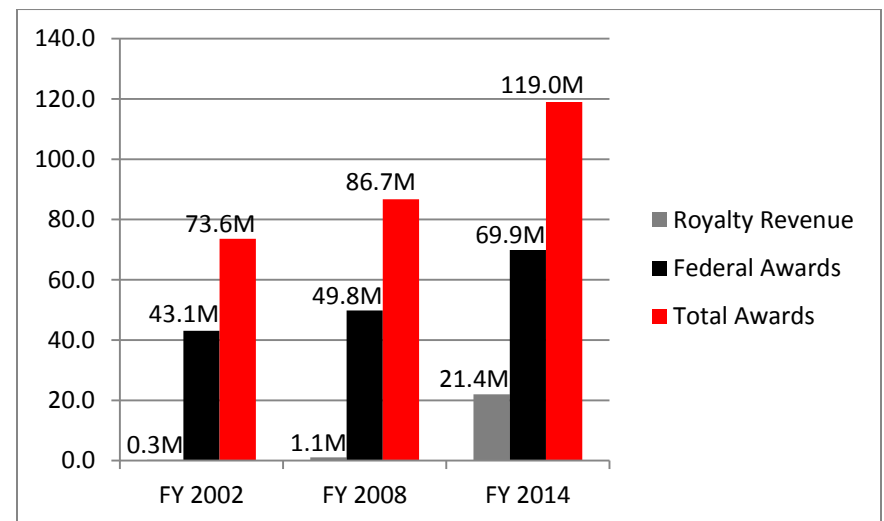
Legislative Priority: Tier One Resources

None of UH's Tier One accomplishments would have been possible without strong support from the state. Therefore, the University of Houston's top legislative priority for the session is to secure the resources needed to continue its progress as the state's third public Tier One research university. Over the past decade, the Texas Legislature has done a remarkable job of creating programs that are enabling UH to achieve this goal, including the Research Development Fund, the Texas Competitive Knowledge Fund, the Texas Research Incentive Program, and the National Research University Fund. In total, the University of Houston receives \$20.5 million from these funds, which we are using to develop the university's research infrastructure through investments in lab renovations, equipment purchases, and faculty recruitment and retention. The University of Houston encourages the Legislature to maintain and expand the state's appropriations to these funds, which we believe are producing a great return on investment. As Figure 2 demonstrates, twelve years ago, just before the creation of the Research Development Fund, total research awards at UH were \$74 million. Today they are \$119 million – an increase of 61%.

In the introduced version of House Bill 1, funding for the Research Development Fund and the Competitive Knowledge Fund have been redirected into the Texas Research Incentive Program. The University of Houston doesn't believe this is in the best interest of the state. As a

donor matching program, annual appropriations from TRIP can vary greatly, making it difficult to plan from year to year. From UH's perspective, maintaining the consistent funding of the Research Development Fund and the Competitive Knowledge Fund is essential to maximizing the research productivity of UH and the other qualifying institutions.

Figure 2. University of Houston Research Productivity



UH System/University of Houston

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Looking beyond research, Tier One funding from the state is strengthening the University of Houston in other important ways. Twelve years ago there were five national academy members at the University of Houston. Today there are 14, of which 10 have been recruited in the past five years. Membership in a national academy represents the highest level of achievement for a faculty member in the sciences, engineering and medicine. Finally, over the past five years, the number of times UH faculty scholarship has been cited in academic publications has more than doubled (from 23,000 to 57,000). Less acknowledged than research awards but equally important, citations are a strong indication of the quality of UH faculty work and its respect among peers.

Special and Exceptional Items

In addition to the Tier One funding programs, the University of Houston also uses special item appropriations to support our Tier One goals. Currently, the university has seven special items funded at \$13.2 million. They include four research clusters in the health sciences, energy, complex systems, and education & community advancement, as well as the Small Business Development Center, the Hobby School of Public Affairs, and the College of Pharmacy. Each of the four research clusters represents an area of strength for the university and aligns with regional and state economic needs. In addition to special item funding, the university has made requests for exceptional item funding for several projects essential to its mission (a summary has been included in Appendix II). Two of these requests merit special attention:

- Funding for the Hobby School of Public Affairs was appropriated for the first time during the 2013 legislative session to support the launch of the program. An additional \$4 million has been included in House Bill 1 to assist in these efforts. The University of Houston greatly appreciates this support. The increased size and complexity of government and other industries requires highly skilled individuals who are equipped not only to lead and manage, but to leverage technology, analyze complex data and arrive at effective solutions. The Hobby School will develop these policy experts for the benefit of Texas.
- The university's \$4 million appropriation for the College of Pharmacy was not included in House Bill 1. We encourage its return, plus our request for \$8.9 million in exceptional item funding. Currently, pharmacy programs funded through the general academic formula receive far fewer resources per student than programs funded through the health sciences formula, even though there is no difference among the programs. Nationally, they are accredited and ranked in the same ways. The requested resources will allow the UH College of Pharmacy to achieve parity with the health science center programs. Doing so is in the best interest of the state. These resources will enable the college to expand its professional program, which is a cost effective alternative to starting new programs at other universities.

Tuition Revenue Bonds

Given the extraordinary growth of the University of Houston's student population and research enterprise, it is critical to provide the facilities and other infrastructure needed to support this growth if we are to maintain the momentum achieved over the past decade. To that end, the university has requested tuition revenue bond funding for two major projects – the Health & Biomedical Sciences Building 2 and the UH Sugar Land Academic Building:

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- The Health & Biomedical Sciences Building 2 will provide state-of-the-art infrastructure to support students, faculty, and research activities in the university's health sciences programs. The new building will include a primary care clinic, nursing and physical therapy programs, the College of Pharmacy, and the Center for Drug Discovery/Research. Along with the College of Optometry and the university's first health and biomedical sciences building, the new building will complete a set of adjacent facilities designed to support the university's board-approved health science center.
- The UH Sugar Land Academic Building is part of a major UH effort to expand the programs in the rapidly growing Sugar Land/Fort Bend County area through active partnerships with the community, which has already contributed \$20 million to existing academic endeavors. UH plans to add 22 new programs in Business, Education, and Technology at Sugar Land, and for the College of Technology to serve as an anchor college at the campus. The additional space provided by this new building is crucial to the expansion of degree and workforce programs in the region.

Student Success

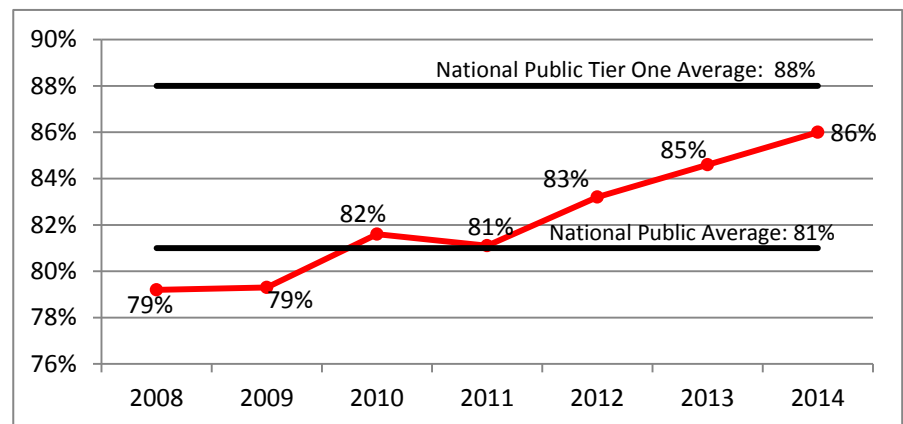
In addition to research and scholarship, student success is an important characteristic of a Tier One university. One of the greatest challenges facing the State of Texas and the University of Houston is ensuring that students, once they enroll, complete their bachelor's degree as quickly as possible and become productive members of the workforce. UH has made important strides on this front during the current biennium:

→ Record bachelor's degrees awarded of 6,437	→ Record average freshman SAT of 1143	→ 32 freshman National Merit Scholars
→ Record freshman first-year retention rate of 86%	→ Record freshman six-year graduation rate of 48%	→ 96% of freshmen attending full-time

The university is especially proud of the improvements made in the first-year retention rate of freshmen. As Figure 3 demonstrates, since 2008 the university's freshman retention rate has increased from 79 percent to 86 percent, surpassing the national average for all public universities (81 percent) and approaching the average for public Tier One universities (88 percent). Though the university's six-year graduation rate remains a work in progress, consistent improvements in student retention will produce higher graduation rates in future years.

To further improve student persistence and graduation, this fall the University of Houston launched UH in 4, through which incoming undergraduates are guaranteed a flat tuition rate for four years as long as they earn 30 credit hours per year. Of the university's fall 2014

Figure 3. UH First-Year Freshman Retention Rate



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freshman class, over 1,800 students signed up for UH in 4 (46 percent). After one semester, they are outperforming their non-UH in 4 counterparts, which speaks to the promise of this new program:

	UH in 4 Freshmen	Non-UH in 4 Freshmen
Average Fall 2014 SCH <u>Attempted</u>	15.3	14.2
Average Fall 2014 SCH <u>Completed</u>	14.3	12.7
Average Fall 2014 GPA	3.04	2.88

Conclusion – Fiscal Responsibility and Affordability

The University of Houston realizes that we have very ambitious goals that cannot be funded by the state and students alone. We must be an equal partner in developing the resources that move the university forward. To that end, over the past several years the university has taken serious steps to eliminate non-essential services, consolidate departments, reduce expenses, and, in general, has made it a practice to reallocate resources to pursue institutional priorities in order to limit increases in tuition. As the following table demonstrates, the University of Houston has been recognized nationally for its affordability and return on investment for students. In future years we will continue working hard to ensure the value and affordability of a UH degree.

→ Top 2% of 4-year institutions for low tuition, student loan default and student borrowing	White House 2014 College Scorecard
→ Ranked 16 th in graduating students with the least amount of debt	U.S. News
→ Top 15% return on investment for public universities	PayScale
→ Best Value College	Princeton Review
→ Top 50 Most Affordable Colleges with Best Returns	Affordable Schools
→ Ranked 4 th in College with the Best Bang for the Buck	Polycymic

Appendix I. National Recognition for the University of Houston

Organization	Recognition	Year
Carnegie Foundation	Very High Research University Status (Tier One)	2011
Top American Research Universities (TARU)	Top 50 ranking for endowment, doctorates and national academy members Top 60 ranking for annual giving and post-docs	2012
Chronicle of Higher Education	Best Colleges to Work For	2012
Princeton Review	Best Value College	2012
Princeton Review	Best 377 Colleges for Undergraduates	2013
Time Higher Education	Among top 100 universities internationally for producing Fortune Global 500 CEOs.	2013
U.S. News & World Report	Top 200 national universities	2014
U.S. News & World Report	Ranked 16 th for students graduating with least amount debt	2014
White House College Scorecard	Top 2% among public universities for low tuition, student loan default rates, and student loan borrowing rates.	2014
Association for University Technology Managers	Ranked 10 th nationally among public universities for royalty revenue. Ranked 1 st among public universities without a medical school.	2014
National Science Foundation	Awarded \$3.3 million ADVANCE Grant to increase female faculty in STEM fields.	2014

Appendix II. Summary of Exceptional Item and Tuition Revenue Bond Requests

UNIVERSITY OF HOUSTON Exceptional Items (in Priority Order)

1. Hobby School of Public Affairs: (Biennial Request: \$4,000,000): The University of Houston requests start-up funding to support the development of a new Hobby School of Public Affairs (HSPA) that will leverage the City of Houston's diverse population, its status as an economic leader in the global economy, and its ability to serve as a laboratory for policy innovation.
2. Tier One Initiative – Intelligent Oil Fields: (Biennial Request: \$4,000,000): The University of Houston seeks exceptional item funding to expand its energy portfolio in the area of intelligent exploration and production of hydrocarbons with the aim of increasing the ultimate recoverable reserves (i.e. intelligent oil fields). Recent developments in smart materials, sensors and devices along with advances in micro and nanotechnology, data storage, analytics and large-scale computing provide the basis for the design of intelligent oil and gas fields.
3. College of Pharmacy Equity Funding: (Biennial Request: \$8,928,000): Currently, Pharmacy programs funded through the formula for General Academic Institutions (GAI) receive fewer resources on a per student basis than Pharmacy programs funded through the formula for Health-Related Institutions (HRI). Funding for this exceptional item would provide the UH College of Pharmacy with the resources needed to fully close this gap.
4. Tier-One Initiative – Health Science Center Expansion: (Biennial Request: \$6,000,000): Over the past two years, the University of Houston has consolidated its health-related programs into a Health Science Center (HSC) approved by the UH System Board of Regents in January 2013. As a next step in the development of its HSC, UH is developing new programs in nursing, adding a doctoral program in Physical Therapy, and a Primary Care Clinic in partnership with a Federally Qualified Health Clinic (FQHC). Start-up funding is requested to provide support needed to launch and develop these programs.
5. Small Business Development Center: (Biennial Request: \$980,000): The UH SBDC proposes to maximize new job creation through the creation of a High Growth Stage 2 Business Team. The SBDC will expand services to include a specialty team focusing on Stage 2 businesses who typically employ 10-99 employees, have annual revenue of \$500k TO \$50 million, provide substantial products and services outside the company's geographical location, and have a growth commitment.

UNIVERSITY OF HOUSTON Tuition Revenue Bonds (in Priority Order)

1. Health and Biomedical Sciences Center 2 (\$165,000,000): This building will provide state-of-the-art infrastructure to support students, faculty, and research activities in the university's health sciences programs. The new center will include a primary care clinic, nursing and physical therapy programs, the College of Pharmacy, the Center for Drug Discovery/Research, and the Division of Research. The programming and design of the project began in May 2014. Anticipated completion will be in November 2016.
2. UH Sugar Land Academic Building (\$91,350,000): Through this project, the University of Houston will construct a new academic building (150,000 square feet) at the Sugar Land campus. This new building is part of a major UH effort to expand the programs in this rapidly growing area through active partnerships with the Sugar Land/Fort Bend County community, which has already contributed \$20 million to existing academic endeavors.

UH plans to add 22 new programs in Business, Education, and Technology at Sugar Land, and for the College of Technology to serve as an anchor college at the campus. The additional space provided by this new building is crucial to the expansion of degree and workforce programs at Sugar Land.

UH SYSTEM ADMINISTRATION Exceptional Items (in Priority Order)

1. UH System Global Campus (Biennial Request: \$4,000,000): Through the UH System Global Campus, the UHS universities will make available to students throughout Texas and the world the 99 programs currently available from the UHS universities online. Funds would be used to hire the instructional designers, marketing professionals, and admissions officers needed to launch the program, develop and operate the web-based interface, provide service to students, and establish four new programs per year. Funding would be needed only until the UHS Global Campus is financially viable.
2. Timely College Completion Initiative – Guided Pathways to Success (Biennial Request: \$1,572,410): Through Guided Pathways to Success (GPS), the UH System universities are partnering with regional community colleges to launch strategies that improve student retention and graduation, reduce time to degree, and minimize excess credit hour accumulation. Essential components of the GPS strategy include creating undergraduate degree maps, ensuring informed student choices and majors, requiring that prerequisite courses be taken in a recommended sequence, intrusive on-time advising, and requiring at least 30 credit hours of study over an academic year.
3. NASA Aerospace Scholars & Technology Outreach Programs (Biennial Request: \$636,000): Through the Aerospace Scholars Program, public school and community college students participate in an internship and other educational activities at the Johnson Space Center designed to increase their interest in pursuing academic study and careers in STEM disciplines. Through the Technology Outreach Program, NASA technology and expertise in the sciences and engineering are used to help launch and grow small businesses. Exceptional item funding is requested to expand both programs.

UH SYSTEM ADMINISTRATION Tuition Revenue Bonds

UH System at Cinco Ranch Building and Land Purchase (\$58,540,000)

Through this project, the University of Houston System would purchase land and construct a new academic building (60,000 square feet) in the West Houston/Katy region. This project is part of a major UHS effort to expand academic programs to address the workforce needs in the region. Currently, students in West Houston and the Katy area have the opportunity to complete over 20 undergraduate degrees and over 12 graduate degrees in high-demand fields in business, education, and nursing. The UH System partners closely with growing area community colleges that provide freshman and sophomore level coursework prior to transferring into one of the undergraduate degree programs offered at the Cinco Ranch campus. The additional space provided by this new building is crucial to the expansion of degree programs that are needed to serve the rapidly growing population of West Houston/Katy.

University of Houston-Clear Lake Progress Card

	Annual Performance			Increase/Decrease ¹	
	Base Year (2007-08)	2013-2014	2014-2015	From Last Year	From Base Year
1. Nationally Competitive University					
1.a. Total Research Expenditures	\$851,000	\$1,199,000	\$925,000	-\$274,000	\$74,000
1.b. Federal Research Expenditures	\$159,000	\$875,000	\$760,000	-\$115,000	\$601,000
1.c. Total Sponsored Program Expenditures	\$2,518,000	\$3,920,000	\$3,787,000	-\$133,000	\$1,269,000
1.d. Number of Specialized Accredited Programs	21	21	21	0	0
1.e. Master's Degrees Awarded	997	1,073	1,110	37	113
1.f. Total Sponsored Program Awards	\$5,253,323	\$2,829,130	\$6,736,320	\$3,907,190	\$1,482,997
2.A. UH System: Student Success					
2.A.a. Total Enrollment (Headcount)	7,522	8,166	8,668	502	1146
2.A.b. Transfer Retention Rate (First Year)	82.5%	84.7%	85.2%	0.5%	2.7%
2.A.c. Transfer Graduation Rate (4 Years)	73.5%	74.2%	75.0%	0.8%	1.5%
2.A.d. Total Degrees Awarded	2,131	2,332	2,336	4	205
2.A.e. Student Satisfaction Index	82%	91%	89%	-2%	7%
2.B. UHCL Student Success					
2.B.a. Hispanic Transfer Retention Rate (First Year)	87%	88%	81%	-6.6%	-5.9%
2.B.b. Hispanic Transfer Graduation Rate (4 Years)	80%	74%	80%	6.1%	0.0%
2.B.c. Total Degrees Awarded	2,131	2,350	2,313	-37	182
2.B.d. Bachelor's Degrees Awarded	1,154	1,251	1,203	-48	49
2.B.e. Total Semester Credit Hours	63,035	70,662	77,087	6,425	14,052
2.B.f. Percent of Graduating Students Responding "Yes" to "Would you recommend UHCL to friends and family?"	89% (ugrd) 92% (grad) 90% (overall)	93% (ugrd) 88% (grad) 90% (overall)	95% (ugrd) 87% (grad) 91% (overall)	2% (ugrd) -1% (grad) 1% (overall)	6% (ugrd) -5% (grad) 1% (overall)
2.B.g. Certification Rate of Teacher Education Graduates	92.8%	100.0%	96.0%	-4.00%	3.20%
2.B.h. Course Completion Rates	93%	94%	93%	-1%	0%
3. Community Advancement					
3.a. % Baccalaureate Graduates Enrolled in Graduate Courses/Employed in TX within 1 Yr	84%	81%	82%	2%	-2%
3.b. Number of Courses with Community Engagement Activity	245	302	277	-25	32
3.c. Number of Community Partnerships	80	343	371	28	291
4. Competitive Resources					
4.a. Total State Appropriations per FTE Student	\$6,276	\$5,358	\$5,508	\$150	-\$768
4.b. Total Expenditures per FTE Student	\$13,717	\$16,069	\$15,974	-\$95	\$2,257
4.c. Endowment	\$18,891,454	\$26,307,932	\$28,609,044	\$2,301,112	\$9,717,590
4.d. Total Annual Giving (Cash Basis)	\$614,000	\$1,197,275	\$1,263,511	\$66,236	\$649,511

Notes:

1. Cells with no shading are for measures with no change in performance or de minimis reductions (1% or less), as well as measures that are largely descriptive in nature rather than performance-based (e.g., state appropriations per student).

Progress Card Definitions

Nationally Competitive University

1.a. Total Research Expenditures: Total research funds from all sources expended during a fiscal year and reported to the National Science Foundation (NSF). (Data source: UHCL Office of Sponsored Programs)

1.b. Federal Research Expenditures: Research funds from federal sources expended during a fiscal year and reported to the NSF. (Data source: UHCL Office of Sponsored Programs)

1.c. Total Sponsored Program Expenditures: Total research and non-research funds from all sources expended during a fiscal year, including public service, curriculum development and non-research training. (Data source: UHCL Office of Sponsored Programs)

1.d. Number of Specialized Accredited Programs: The official number of specialized and accredited programs at the university. Includes accreditations such as: Commission on Accreditation of Health Management Education (CAHME), Accreditation Board for Engineering and Technology (ABET), and National Council for Accreditation of Teacher Education (NCATE). Data are validated with each school every spring for accuracy and accreditation updates. (Data source: UHCL deans offices)

1.e. Master's Degrees Awarded: The number of master's level degrees awarded annually. Data are reported to IPEDS. (Data source: UHCL Institutional Research)

1.f. Total Sponsored Program Awards: Total research and non-research funds from all sources awarded during a fiscal year, including public service, curriculum development and non-research training. (Data source: UHCL Office of Sponsored Programs)

UH System Student Success

2.A.a. Total Enrollment: The total number of students enrolled during the fall semester at all levels, including full and part time enrollees. Data are reported to IPEDS. (Data source: UHCL Institutional Research)

2.A.b. Transfer Retention Rate (first year): The percentage of transfer students returning for enrollment for a second consecutive year. Transfer students are those who transfer to UHCL with at least 60 hours of completed

coursework. (Data source: UHCL Institutional Research)

2.A.c. Transfer Graduation Rate (4 year): The percentage of transfer students who graduate within four years. Transfer students are those who transfer to UHCL with at least 60 hours of completed coursework. (Data source: UHCL Institutional Research)

2.A.d. Total Degrees Awarded: The total number of degrees awarded at all levels from July 1 to June 30 as reported to IPEDS. (Data source: UHCL Institutional Research)

2.A.e. Student Satisfaction Index: Percentage of students who rate their entire educational experience as good or excellent. Data are collected from the National Survey of Student Engagement (NSSE). The NSSE question reads: "How would you evaluate your entire educational experience at this institution?"

UHCL Student Success

2.B.a. Hispanic Transfer Retention Rate (first year): The percentage of full-time, degree-seeking, undergraduate transfer Hispanic students who enter in the fall semester with at least 60 accepted semester credit hours and are still enrolled after one academic year. (Data source: UHCL Institutional Research)

2.B.b. Hispanic Transfer Graduation Rate (4 year): The percent of full-time, degree-seeking, undergraduate transfer Hispanic students who earn a baccalaureate degree within four academic years. (Data source: UHCL Institutional Research)

2.B.c. Total Degrees Awarded: The total number of degrees awarded at all levels annually. Data are reported to IPEDS. (Data source: UHCL Institutional Research)

2.B.d. Bachelor's Degrees Awarded: The number of bachelor's level degrees awarded annually. Data are reported to IPEDS. (Data source: UHCL Institutional Research)

2.B.e. Total Semester Credit Hours: The total semester credit hours during the fall semester at all levels. Data are reported to IPEDS. (Data source: UHCL Institutional Research)

2.B.f. Percent of Graduating Students Responding "Yes" to "Would You Recommend

UHCL to Friends and Family": The percent of students responding "Yes" versus "No" to the Graduating Student Survey question: Would you recommend UHCL to friends and family? Percent responses are disaggregated by undergraduate, graduate and total. (Data source: Graduating Student Survey)

2.B.g. Certification Rate of Teacher Education Graduates: The certification rate of teacher education graduates as reported to the Legislative Budget Board. (Data source: UHCL Institutional Research)

2.B.h. Course Completion Rate: Of the attempted semester credit hours (SCH), the percentage of SCH completed at the end of the fall semester as reported to the Texas Legislative Budget Board. (Data source: UHCL Institutional Research)

Community Advancement

3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in One Year: The percentage of baccalaureate level graduates who enroll in graduate education or who are employed in Texas within one year of graduation. (Data source: Texas Higher Education Coordinating Board)

3.b. Number of Courses with Community Engagement Activity: Community engagement activities have been defined as practicum courses and are based on fiscal year data. (Data source: UHCL Institutional Research)

3.c. Number of Community Partnerships: The number of partnerships maintained by the university with one or more community-based organizations, entities, or corporations for the purposes of instruction, research, or service. (Data source: UHCL Office of Planning & Assessment)

Competitive Resources

4.a. Total State Appropriations Per FTE Student: The amount of state funds appropriated to the university per full-time equivalent student, as reported by the THECB.

4.b. Total Expenditures per FTE Student: The amount of funds expended by the university per full-time equivalent student, as reported by the THECB.

4.c. Endowment: The amount of funds held by endowments and foundations for the university as reported to the National Association of College and University Business Officers (NACUBO) in June of each year. (Data source: UHS Office of Treasurer)

4.d. Total Annual Giving (Cash Basis): Cash totals include outright gifts, pledge payments (regardless of the date of the pledge) and irrevocable deferred gifts made directly to the university and through its support organizations. Unpaid pledge balances, whether or not the pledge was made during the current fiscal year, are not reflected in this report. (Data source: UHS Advancement)

UNIVERSITY OF HOUSTON-CLEAR LAKE

House Appropriations – Article III Committee

Presentation by Dr. William A. Staples, President University of Houston-Clear Lake

February 16, 2015

Operations Support for Downward Expansion

During the 82nd Legislature in 2011, the University of Houston-Clear Lake received authority to offer lower division courses to freshmen and sophomore students. In fall 2014, UH-Clear Lake made the transition from an upper-level to a four-year university with the enrollment of approximately 400 freshmen and sophomore students. The freshman class profile included an average SAT score of 1062 and a high school grade point average of 3.47 on a 4.0 scale. From fall 2014 to spring 2015, the freshman retention rate was 89%.

Universities across the state that have expanded from upper-level to four-year prior to UHCL have found it necessary to seek additional state operating funds to provide the full array of core courses required for lower division students. Additional funds are needed until such time that enrollment grows to a size that formula funding and tuition will sustain the operation of a four-year university. Operations support for downward expansion for UHCL is projected to be necessary until enrollment of first-time in college students (FTIC) of 1500 full-time equivalents (FTE) is reached. The increased enrollment, formula funding, tuition and retention of these students to the junior and senior levels will provide the financial stability required to continue to advance these lower division programs and meet the needs of these students on a long-term basis.

Tuition Revenue Bonds/Capital Construction Funding

STEM and Classroom Building

With the enrollment of approximately 400 freshmen and sophomore students in fall 2014, UHCL needs to provide adequate and up-to-date facilities for the curriculum requirements for these new students. Specifically, these needs would include:

- teaching laboratories for the natural and life science classes required for freshmen and sophomore students;
- faculty offices for instructors charged with conducting this curriculum;
- additional space to support research and academic excellence in the STEM fields, which includes the professional development of teachers as well as increasing the number of new science and math educators;
- and large classrooms to accommodate larger lower-division courses.

UHCL currently has an array of STEM majors at both the undergraduate and graduate levels. Three of the most frequent majors selected by incoming freshmen include biology, computer engineering and computer science.

Health Sciences and Classroom Building

The UHCL Pearland Campus, a partnership with the city of Pearland, Texas, has realized a 46.2% headcount growth since opening in fall 2010. To accommodate this growth, the UHCL Pearland Campus needs to construct a 60,000 square foot facility for classrooms, special laboratories for health-related programs, lower-level chemistry and biology labs, faculty and staff offices and student-requested support spaces such as study rooms and a bookstore.

This new facility supports the continuing significant growth in student enrollment at the Pearland Campus, the addition of the RN-to-BS Nursing program – the first significant cooperative partnering program at the Pearland Campus with local community colleges, the ability to address increasing demand for associate applied health degrees through collaborative agreements with community colleges, and the ability to extend freshman and sophomore offerings to Pearland in fall 2018.

Center for Autism and Developmental Disabilities

Established in March 2008, the UHCL Center for Autism and Developmental Disabilities (CADD) is staffed by faculty and students in the Applied Behavior Analysis, School Psychology and Family Therapy graduate programs. CADD's goals are to support research on autism and developmental disabilities, train current and future professionals to serve as leaders in the fields of psychology and education, and provide services to children and their families through partnerships with area school districts and community organizations.

Current CADD activities include school-based consultation for teachers of children with autism and developmental disabilities, clinic-based intensive behavior therapy for children with autism ages 3 to 8, clinic-based language therapy and parent training for adults with autism, and comprehensive diagnostic assessments for children suspected of having a disability. More than 200 families are currently waiting for services through CADD.

CADD currently partners with a number of public and private agencies and foundations to provide services, including the Texas Department of Assistive and Rehabilitative Services and the Mental Health Mental Retardation Authority of Harris County.

Requested funds will provide CADD with the much-needed infrastructure to attract additional funding from national agencies such as National Institutes of Health and the Department of Education and expand vital services to an increased number of individuals afflicted with autism and other developmental disabilities. We particularly want to expand the reach of our programs to underserved rural areas of Texas through the use of telepractice and to adults with autism, who are highly underserved in our state.

Houston Partnership for Environmental Studies

The Environmental Institute of Houston (EIH) is a partnership among University of Houston-Clear Lake, University of Houston, agencies, businesses and environmental organizations. EIH supports research, professional development for teachers and broad-based participatory efforts for environmental issue resolution.

The focus of current research is to empower communities and organizations with technical tools to increase resiliency to disasters (e.g., chemical spills, storms and drought), while minimizing losses to critical ecosystem services including water quality treatment, fisheries and flood mitigation. EIH research and technical services provided to the agencies and citizens of Texas directly meets the goals of many federal and state environmental regulatory programs and policies (e.g., the Galveston Bay Plan, Texas Coastal Zone Management and Clean Water Act). EIH has an established reputation of scientific credibility and objectivity in the resolution of environmental issues.

The additional funding requested by EIH will be used to modernize and expand our community outreach and research functions. Specifically,

- funds will be used to establish and certify an environmental laboratory that would support local, regional and state governments, agencies and organizations engaged in environmental monitoring, research, conservation and public health protection;
- funds will also be used to modernize both field and laboratory Geographic Information System (GIS) programs and technology at EIH to effectively partner with and support local, regional and state natural resource agencies and to support university academic and continuing adult technical education programs;
- and state funding provided to EIH will be used to competitively leverage resources to meet external research grant match requirements in order to obtain additional external funding to support students engaged in various research and outreach programs. EIH has been very successful in securing additional federal funding through careful use of its existing resources with a greater than 4 to 1 return on federal grants obtained versus state base funding.

University of Houston-Downtown Progress Card

	Annual Performance			Increase/Decrease ¹	
	Base Year (2007-2008)	2013-14	2014-15	From Last Year	From Base Year
1. Nationally Competitive University					
1.a. Total Research Expenditures	\$175,000	\$1,376,322	\$2,324,542	\$948,220	\$2,149,542
1.b. Federal Research Expenditures	\$123,000	\$1,189,385	\$1,800,416	\$611,032	\$1,677,416
1.c. Competitive Grants Obtained as an Hispanic Serving Institution (HSI)	\$77,432	\$3,940,648	\$4,177,696	\$237,048	\$4,100,264
2.A. UH System: Student Success					
2.A.a. Total Enrollment (Headcount)	11,793	13,757	14,438	681	2,645
2.A.b. Transfer Retention Rate (First Year)	75.56%	73.73%	76.97%	3.24%	1.41%
2.A.c. Transfer Graduation Rate (4 Year)	64.10%	58.35%	59.44%	1.09%	-4.66%
2.A.d. Total Degrees Awarded	1,982	2,435	2,462	27	480
2.A.e. Student Satisfaction (Exiting Seniors) ²	84.44%	85.97%	85.97%	0.00%	1.53%
2.B. UHD Student Success					
2.B.a. FTIC Retention Rate (1 Year)	56.00%	63.09%	65.74%	2.65%	9.74%
2.B.b. FTIC Graduation Rate (6 Year) ³	15.42% (134)	14.08% (117)	19.17% (134)	5.09%	3.75%
2.B.c. Number of Degrees Awarded in Key Fields	127	175	218	43	91
2.B.d. Pass Rate on Certification Exam - Education	94%	92%	92%	0%	-2%
2.B.e. Course Completion Rate	93%	93%	94%	0%	1%
3. Community Advancement					
3.a. Percent of Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in 1 Year	82%	80%	81%	1%	-1%
3.b. Number of Courses with Community Engagement Activities Offered Annually	111	486	576	90	465
4. Access					
4.a. Percent of Students Receiving Pell Grant	36.5%	52.6%	51.7%	-0.9%	15.2%
4.b. Number of Community College Transfer Students	4,479	5,398	5,866	468	1,387
4.c. Number of Minority Students Enrolled	7,232	9,022	9,569	547	2,337
4.d. Percent of Semester Credit Hours Taught Online	5.6%	20.6%	23.8%	3.1%	18.2%
5. Competitive Resources/Operational Effectiveness					
5.a. Total State Appropriations per FTE Student	\$3,718	\$3,514	\$3,350	-\$164	-\$368
5.b. Total Expenditures per FTE Student	\$9,472	\$12,960	\$13,384	\$424	\$3,912
5.c. Endowment	\$34,094,020	\$37,339,078	\$42,856,168	\$5,517,090	\$8,762,148
5.d. Total Annual Giving (Cash Basis)	\$2,548,000	\$2,123,910	\$1,916,689	-\$207,221	-\$631,311

Notes

1. Cells with no shading are for measures with no change in performance or de minimis reductions (1% or less), as well as measures that are largely descriptive in nature rather than performance-based (e.g., state appropriations per student).
2. The NSSE Student Satisfaction Survey is not administered every year. It will next be administered in 2016.
3. Number of graduates from each cohort are in parentheses. Cohorts for each year are as follows: 2007-2008: 869, 2013-2014: 831, 2014-2015: 699

Progress Card Definitions

Nationally Competitive University

1.a. Total Research Expenditures: Total research funds from all sources expended during a fiscal year and reported to the National Science Foundation (NSF). (Data source: UHD General Accounting)

1.b. Federal Research Expenditures: Research funds from federal sources expended during a fiscal year and reported to the NSF. (Data source: UHD General Accounting)

1.c. Competitive Grants Obtained as an Hispanic Serving Institutions (HSI) Limited grant set-aside funds established by federal law for HSIs to strengthen and develop institutional programs and research opportunities for students. (Data source: UHD Sponsored Programs)

UH System Student Success

2.A.a Total Enrollment: The total number of students enrolled during the fall semester at all levels, including full and part-time enrollees. Data are reported to IPEDS. (Data source: UHD Institutional Research)

2.A.b. Transfer Retention Rate (first year): The percentage of transfer students returning for enrollment for a second consecutive year. Transfer students are those who transfer to UHD with at least 60 hours of completed coursework and enroll full-time in their first fall semester. (Data source: UHD Institutional Research)

2.A.c. Transfer Graduation Rate (4 year): The percentage of transfer students who graduate within four years. Transfer students are those who transfer to UHD with at least 60 hours of completed coursework and enroll full-time in their first fall semester. (Data source: UHD Institutional Research)

2.A.d. Total Degrees Awarded: The total number of degrees awarded at all levels from July 1 to June 30 as reported to IPEDS. (Data source: UHD Institutional Research)

2.A.e. Student Satisfaction Index: Percentage of students who rate their entire educational experience as good or excellent. Data are collected from the National Survey of Student Engagement (NSSE). The NSSE question reads: "How would you evaluate your entire education experience at this institution?" (Data source: UHD Institutional Effectiveness)

UHD Student Success

2.B.a. FTIC Retention Rate (1 yr): The percentage of students classified as first-time, full-time degree seeking undergraduates who enter in the fall semester and who are enrolled in the following fall semester. Data are reported to IPEDS. (Data source: UHD Institutional Research)

2.B.b. FTIC Graduation Rate (6 yr): The percentage of students classified as first-time, full-time degree seeking undergraduates who graduate within 6 years. Data are reported to IPEDS. (Data source: UHD Institutional Research)

2.B.c. Number of Degrees Awarded in Key Fields: The total number of degrees awarded in biology and biological sciences, computer science, engineering, math, and the physical sciences by fiscal year. (Data source: UHD Institutional Research)

2.B.d. Pass Rate on Certification Exam – Education: The percent of tests passed by candidates who have finished all educator preparation program requirements for coursework; training; and internship, student teaching, clinical teaching, or practicum by the end of that academic year. (Data source: Accountability System for Educator Preparation)

2.B.e. Course Completion Rate: Of the attempted semester credit hours (SCH), the percentage of SCH completed at the end of the fall semester as reported to the Texas Legislative Budget Board (LBB). (Data source: UHD Institutional Research)

Community Advancement

3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in One Year: The percentage of baccalaureate level graduates who enroll in graduate education or who are employed in Texas within one year of graduation. (Data source: Texas Higher Education Coordinating Board)

3.b. Number of Courses with Community Engagement Activities Offered Annually: Community engagement activities include service-learning, reality-based learning, community collaboration, campus partnerships, experiential learning (outside the classroom), field studies, class/student attendance or participation in local, regional, or professional meetings, internships and other activities. The count of courses is based on a fiscal year. (Data source: UHD Institutional Research)

Access

4.a. Percent of Students Receiving Pell Grant: The Pell Grant is a federal program providing need-based grants to low-income undergraduate and certain post baccalaureate students to promote access to postsecondary education. (Data source: UHD Institutional Research)

4.b. Number of Community College Transfer Students Enrolled: The number of students enrolled in the fall semester who attempted 30 or more semester credit hours in a Texas public community college during the past six years. Data are reported to the Legislative Budget Board. (Data source: UHD Institutional Research)

4.c. Number of Minority Students Enrolled: The number of Hispanic, African-American, and Native-American students enrolled. Historically, these groups have been underrepresented in higher education. Data are reported to the LBB. (Data source: UHD Institutional Research)

4.d. Percentage of Semester Credit Hours Taught Online: Percentage of total attempted Semester Credit hours in a fall semester that are taught in an online format. (Data source: UHD Institutional Research)

Competitive Resources

5.a. Total State Appropriations per FTE Student: The amount of state funds appropriated to the university per full-time equivalent (FTE) student, as reported by the THECB.

5.b. Total Expenditures per FTE Student: The total amount of funds expended by the university per full-time equivalent student, as reported by the THECB.

5.c. Endowment: The amount of funds held by endowments and foundations for the university as reported to the National Association of College and University Business Officers (NACUBO) in June of each year. (Data source: UHS Office of Treasurer)

5.d. Total Annual Giving (Cash Basis): Cash totals include outright gifts, pledge payments (regardless of the date of the pledge) and irrevocable deferred gifts made directly to the university and through its support organizations. Unpaid pledge balances, whether or not the pledge was made during the current fiscal year, are not reflected in this report. (Data source: UHS Advancement)

University of Houston-Victoria Progress Card

Annual Performance				Increase/Decrease ¹	
1. Nationally Competitive University	Base Year (2007-08)	2013-14	2014-15	From Last Year	From Base Year
1.a. Total Research Expenditures	\$1,282,901	\$688,983	\$990,192	\$301,209	-\$292,708
1.b. Percentage of Graduates in Critical Fields (Nursing/Education/STEM/ACC)	54.3%	44.6%	46.9%	2.3%	-7.4%
1.c. Ratio of Accredited to Potentially Accredited Programs	1/5	3/5	3/5	0	2
2.A. UH System: Student Success					
2.A.a. Total Enrollment	2,784	4,491	4,407	-84	1,623
2.A.b. Transfer Retention Rate (one year)	79.6%	68%	70.3%	2.1%	-9.3%
2.A.c. Transfer Graduation Rate (four year)	77.9%	65.3%	69.4%	4.1%	-8.5%
2.A.d. Total Degrees Awarded	620	1,188	1,045	-143	425
2.A.e. Student Satisfaction (Freshmen/Exiting Seniors) ²	91%/87%	88%/89%	88%/89%	0%/0%	-3%/2%
2.B. UHV: Student Success					
2.B.a. FTIC Retention Rate (First Year) ³	54.0%	49.2%	55.2%	6.0%	1.2%
2.B.b. Pass Rate on Certification Exams - Education	89.3%	90.0%	95.0%	5.0%	5.7%
2.B.c. Pass Rate on Certification Exams - Nursing ⁴	78%	97%	96%	-1%	18%
2.B.d. Underrepresented Group Graduation Rates	65.2%	56.5%	68.2%	11.7%	3.0%
2.B.e. Course Completion Rates	92%	92%	92%	0%	0%
3. Community Advancement					
3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in 1 Year	89.0%	83.2%	86.7%	3.5%	-2.3%
3.b. Number of Courses with Community Engagement Activities Offered Annually	94	211	124	-87	30
3.c. Small Business Development Center Contributions (Capital Raised)	\$8.6M	\$17.8M	\$15.7M	-\$2.1M	\$7.1M
4. Access and Outreach					
4.a. Enrollment of Under-represented Students	899	2,038	2,124	86	1,225
4.b. % of First Generation College Graduates	35.2%	56.0%	54.6%	-1.4%	19.4%
4.c. Online and Distance Education (courses offered/students enrolled)	171/4,205	259/6,665	272/6,649	13/-16	101/2,444
5. Athletics Competitiveness					
5.a. Total Team Sports Wins	61	68	78	10	17
5.b. Total Season Attendance	12,000	11,430	11,100	-330	-900
6. Competitive Resources					
6.a. Total State Appropriations per FTE Student	\$7,939	\$5,784	\$5,990	\$206	-\$1,949
6.b. Total Expenditures per FTE Student	\$16,444	\$13,547	\$14,500	\$953	-\$1,944
6.c. Endowment	\$16,575,003	\$15,879,327	\$18,069,293	\$2,189,966	\$1,494,290
6.d. Total Annual Giving (Cash Basis)	\$682,000	\$1,411,208	\$1,558,193	\$146,985	\$876,193

Notes:

1. Cells with no shading are for measures with no change in performance or de minimis reductions (1% or less), as well as measures that are largely descriptive in nature rather than performance-based (e.g., state appropriations per student).
2. Base year data for this measure are from FY 2011. Also, the NSSE Student Satisfaction Survey is not administered every year. It will next be administered in 2014.
3. Base year data for this measure are from FY 2011.
4. Base year data for this measure are from FY 2010.

Progress Card Definitions

Nationally Competitive University

1.a. Total Research Expenditures: Total research funds from all sources expended during a fiscal year and reported to the National Science Foundation (NSF). (Data source: UHS Division of Research)

1.b. Percentage of Graduates in Critical Fields (Nursing/Education/STEM/ACC): Percentage of all UHV graduates that complete degrees in the fields of nursing, education, science, technology, and math (STEM), and accounting reported to the Texas Higher Education Coordinating Board (THECB). (Data source: UHV Institutional Research)

1.c. Ratio of Accredited to Potentially Accredited Programs: The number of UHV programs with national accreditation relative to the number of UHV programs with the potential for national accreditation. (Data source: UHV Institutional Research)

UH System Student Success

2.A.a. Total Enrollment: The total number of students enrolled during the fall semester at all levels, including full and part time enrollees. Data are reported to IPEDS. (Data source: UHV Institutional Research)

2.A.b. Transfer Retention Rate (first year): The percentage of transfer students returning for enrollment for a second consecutive year. Transfer students are those who transfer to UHV with at least 60 hours of completed coursework. (Data source: UHV Institutional Research)

2.A.c. Transfer Graduation Rate (4 year): The percentage of transfer students who graduate within four years. Transfer students are those who transfer to UHV with at least 60 hours of completed coursework. (Data source: UHV Institutional Research)

2.A.d. Total Degrees Awarded: The total number of degrees awarded at all levels from July 1 to June 30 as reported to IPEDS. (Data source: UHV Institutional Research)

2.A.e. Student Satisfaction Index: Percentage of students who rate their entire educational experience as good or excellent. Data are collected from the National Survey of Student Engagement (NSSE). The NSSE question reads: "How would you evaluate your entire educational experience at this institution?"

UHV Student Success

2.B.a. FTIC Retention Rate (first year): The percentage of students classified as first-time full-time degree seeking undergraduates who enter in the fall semester and who are enrolled in the following fall semester. Data are reported to IPEDS. (Data source: UHV Institutional Research)

2.B.b. Pass Rate on Certification Exams-Education: The percentage of UHV students passing the exam for teacher certification. (Data source: UHV Institutional Research)

2.B.c. Pass Rate on Certification Exams-Nursing: The percentage of UHV students passing the exam for nursing certification. (Data source: UHV Institutional Research)

2.B.d. Underrepresented Group Graduation Rates: The percentage of full-time undergraduate transfer students (African-American, Hispanic, Native American) who graduate within four years. (Data source: UHV Institutional Research)

2.B.e. Course Completion Rate: Of the attempted semester credit hours (SCH), the percentage of SCH completed at the end of the fall semester as reported to the Texas Legislative Budget Board. (Data source: UHV Institutional Research)

Community Advancement

3.a. % Baccalaureate Graduates Enrolled in Graduate Courses or Employed in Texas in One Year: The percentage of baccalaureate level graduates who enroll in graduate education or who are employed in Texas within one year of graduation. (Data source: Texas Higher Education Coordinating Board)

3.b. Number of Courses with Community Engagement Activities Offered Annually: Community engagement activities have been defined as practicum courses and are based on fiscal year data. (Data source: UHV Institutional Research)

3.c. Small Business Development Center Contributions (Capital Raised): Amount of capital raised through the Small Business Development Center for business and job creation, retention, and expansion, as reported to the Small Business Administration. (Data

source: UHV Small Business Development Center)

Access and Outreach

4.a. Enrollment of Underrepresented Students: Enrollment of African-American, Hispanic, and Native American students in the fall semester as reported to the THECB. (Data source: UHV Institutional Research)

4.b. First Generation College Graduates: Percentage of graduating baccalaureate students whose parents did not graduate from college. Parents are defined only as birth parents, adoptive parents, or legal guardians. Data are reported to the LBB. (Data source: UHV Institutional Research)

4.c. Online and Distance Education (Course Offered/Students Enrolled): Online courses offered and enrollment for the fall semester as reported to the THECB. (Data source: UHV Institutional Research)

Athletic Competitiveness

5.a. Total Team Sports Wins: The total number of wins earned by the university's athletic teams on an annual basis. Sports are baseball, softball, men's and women's Soccer, and men's and women's golf. (Data source: NAIA)

5.b. Season Attendance: The average attendance at UHV athletic events calculated on an annual basis. (Data source: UHV Athletics)

Competitive Resources

6.a. Total State Appropriations per FTE Student: The amount of state funds appropriated to the university per full time equivalent student, as reported by the THECB.

6.b. Total Expenditure per FTE Student: The amount of funds expended by the university per full-time equivalent student, as reported by the THECB.

6.c. Endowment: The amount of funds held by endowments and foundations for the university as reported to the National Association of College and University Business Officers (NACUBO) in June of each year. (Data source: UHS Office of Treasurer)

6.d. Total Annual Giving (Cash Basis): Cash totals include outright gifts, pledge payments (regardless of the date of the pledge) and irrevocable deferred gifts made directly to the university and through its support organizations. Unpaid pledge balances, whether or not the pledge was made during the current fiscal year, are not reflected in this report. (Data source: UHS Advancement)

Resolution No. 2015- 17 R

A resolution recognizing the essential role of the University of Houston-Victoria (UHV) in the Texas Coastal Bend and supporting UHV's request of \$166 million in Tuition Revenue Bonds (TRBs) during the 2015 Texas Legislative Session, and declaring an effective date.

Whereas the City of Victoria supports higher education as a means to enhancing quality of life, increasing economic well-being, and engaging its citizens;

Whereas only 20.2 percent of Coastal South Texas residents older than age 24 hold a bachelor's degree or higher, and UHV is key to increasing this educational attainment rate;

Whereas UHV's goal of achieving 6,000 face-to-face students on the Victoria campus within the next 10 years will play a major role in the economic development of the Texas Coastal Bend, adding full-time jobs, and funneling money into the economy;

Whereas UHV offers access and affordability to many students who would not otherwise attend college, supporting the Texas Higher Education Coordinating Board's *Closing the Gaps* initiative to increase higher education participation and success throughout the state;

Whereas in fall 2010, UHV added freshmen and sophomores and received \$25 million toward downward expansion from the state, but no funding tied to construction;

Whereas TRBs for UHV would bring equity in relation to other universities such as TAMU-Corpus Christi, TAMU-International, TAMU-Texarkana, UT-Permian Basin, and UT-Tyler that have undergone downward expansion and received generous TRB authorization; and

Whereas UHV needs funding to provide adequate academic programs, resources, and facilities as student enrollment increases;

Now therefore, be it resolved by the City Council of the City of Victoria, Texas:

1. The City of Victoria supports the University of Houston-Victoria and its Tuition Revenue Bond request so that it may expand and become a regional comprehensive university that will better serve the needs of all citizens.
2. This resolution shall become effective immediately upon adoption.

Passed, this the 3rd day of February, 2015

Ayes: 7

Nays: 0

Abstentions: 0

Approved and adopted, this the 3rd day of February, 2015



A handwritten signature in black ink, appearing to read "Paul Polasek".

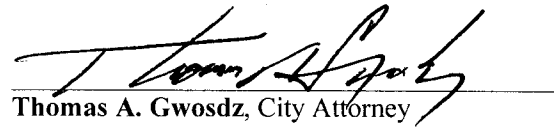
Paul Polasek, Mayor of the
City of Victoria

Attest:


Scarlet Swoboda, City Secretary

Distribution: Legal

Approved as to Legal Form:


Thomas A. Gwosdz, City Attorney

Copies Sent: **February 5, 2015**

**HOUSE APPROPRIATIONS COMMITTEE PRESENTATION
FEBRUARY 16, 2015
AUSTIN, TEXAS**

I. Thank You!

II. **What is the University of Houston-Victoria?**

A. UHV began as a non-traditional institution serving place-bound students, mostly working adults who commuted from home to take course in the evening and who had little time left for campus activities.

B. About 15 years ago, the university began a **deliberate transformation into what could then have been called a university of the future**. This model had three primary characteristics that made it very different from a university of the past.

1. Using the UHS teaching-center concept and working in concert with other UH System institutions,
 - a. **We took the education to where the students were,** rather than vice versa.
 - b. **We extended degree programs beyond Victoria.**
2. We relied on the latest technology, in an effort to make coursework even more accessible.
 - a. **Using interactive television and Web-based instruction.**
 - b. Even now, **more than 80 percent of our students take at least one online course each semester,** probably the highest percentage in the state.
 - c. UHV is a **recognized leader in the effective delivery of online instruction.**
3. We collaborated with other System universities and with community colleges to leverage resources and realize efficiencies.
 - a. System universities **designed a lead-degree approach to avoid duplication of programs.**
 - b. Together we **created a course-sharing process transparent to students, so that a course taught in one institution could count automatically in the program** of a student pursuing a degree at another System institution.

- C. As our next step, we sought and received legislative authority to expand downward to include freshmen and sophomores, starting in fall 2010. ***We appreciate the special item support for that expansion.***
1. Each year we have grown on **campus with enrollment increases.**
 2. In five years, we have served more than **1,300 freshmen and sophomores.**
 3. We continue to **seek resources to support downward expansion and service to our region through education and economic development.**

III. Where are we now?

- A. Our requests, as you see in our LAR, are for resources to assist us as we become a Destination University in Victoria that continues to be part for the University of Houston System.
- B. We have received limited funds for downward expansion and are **requesting continued funding and additional funds comparable to other institutions that have similarly expanded in the past several years.**
- C. We **continue to work with community colleges in our region** (VC, WCCC, CBCC, HCC) and others through **cooperative agreements** that include **2+2 programs, joint admissions and dual enrollment, reverse credit, shared resources such as classrooms and libraries** and other ways **to serve an underserved region of Texas.**

IV. Who do We Serve?

- A. We continue to reach out to an underserved population that is economically disadvantaged, largely minority and who without UHV, would likely continue to struggle to achieve modest educational goals.
- B. Our fall enrollment was 4,479, a number that has grown each year, especially in undergraduate programs. **We also serve more than half our students through our outreach programs throughout our immediate region and in Southwest Houston, drawing students from throughout the state, nation and internationally.**
- C. In the 11-county region called the Crossroads, the following statistics bring out our need in the region:
1. 49.7 percent are minorities
 2. 18 percent of families are economically disadvantaged (at poverty level)

3. 20 percent ages 24 and older have a higher education degree compared to 26 percent statewide.
4. Our student population is typically 44 percent minority, 24 percent first-generation college students, 67 percent economically disadvantaged.

D. In addition to direct educational programs, we also are a major player in economic development in our region through our SBDC and our new Economic Development Center on campus. (It will work to bring our region together for economic development.)

V. What are Our Needs

- A. Chancellor Khator has addressed many of the System and university needs.
- B. Our only source for becoming a destination university in the Coastal Bend is with Legislative appropriations.
- C. **Facilities** through TRBs and HEAF resources (we have two academic/administrative buildings with a third to open this spring, about 150,000 gross square feet).
- D. **Land acquisition** through TRBs and HEAF. (We are located on 19 acres adjacent to Victoria College).
- E. **Our request is for \$166 million for buildings and land acquisition to be comparable to other institutions that have become destination universities in the near past (UPB, A&M-Corpus Christi, A&M-Laredo, UT-Tyler)**
- F. Additional **faculty and academic programs** as we continue to move forward with our mission of becoming a destination university. (\$3 million per year to add new programs).
- G. Auxiliary facilities, which are not state funded, including a student center (our students just voted overwhelmingly to assess themselves a student center fee to build the first phase of a facility), recreational sports, housing (we are developing a P3 partnership to add a 390-bed residential facility by June 2016), and athletic facilities (working with others to add facilities that would allow expansion of athletics and facilities), private sector and student fees, etc.
- H. Our special item funding is critical and much appreciated, and we are requesting a modest increase.

VI. Wrap Up, Appreciation and Close.