

Greg Bonnen
Chairman



Mary Gonzalez
Vice-Chair

**TEXAS HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS**

**AGENDA
SUBCOMMITTEE ON EDUCATION
CHAIRMAN WILSON**

WEDNESDAY, MARCH 3, 2021
9:00 AM
ROOM E1.030

- I. CALL TO ORDER**
- II. CHAIRMAN'S OPENING REMARKS**
- III. HIGHER EDUCATION COORDINATING BOARD**
 - Greg Owens, Analyst - Legislative Budget Board
 - Dr. Harrison Keller, Commissioner - Higher Education Coordinating Board
- IV. HIGHER EDUCATION FUND, AVAILABLE UNIVERSITY FUND, NATIONAL RESEARCH UNIVERSITY FUND, AND SUPPORT FOR MILITARY AND VETERAN'S EXEMPTIONS**
 - Michael Cooper, Analyst - Legislative Budget Board
- V. HIGHER EDUCATION GROUP INSURANCE CONTRIBUTIONS**
 - Andrew Overmyer, Analyst - Legislative Budget Board
- VI. GENERAL ACADEMIC INSTITUTIONS CONTINUED**
 - **TEXAS TECH UNIVERSITY SYSTEM, Tedd Mitchell M.D., Chancellor**
 - Texas Tech University - Dr. Lawrence Schovanec, President*
 - Angelo State University - Ronnie Hawkins Jr., President*

 - **UNIVERSITY OF HOUSTON SYSTEM, Dr. Renu Khator, Chancellor***
 - University of Houston - Dr. Renu Khator, President*
 - University of Houston - Clear Lake - Dr. Ira Blake, President*
 - University of Houston - Downtown - Dr. Antonio Tillis, Interim President*
 - University of Houston - Victoria - Dr. Robert Glenn, President*

 - **INDEPENDENT UNIVERSITIES**
 - Midwestern State University - Dr. Suzanne Shipley, President
 - Stephen F. Austin State University - Dr. Scott Gordon, President*
 - Texas Southern University – Kenneth Huewitt, Interim President
- VII. TEXAS STATE TECHNICAL COLLEGE SYSTEM**
 - Mike Reeser, Chancellor and Jonathon Hoekstra, CFO
- VIII. PUBLIC TESTIMONY AND ADJOURNMENT**

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

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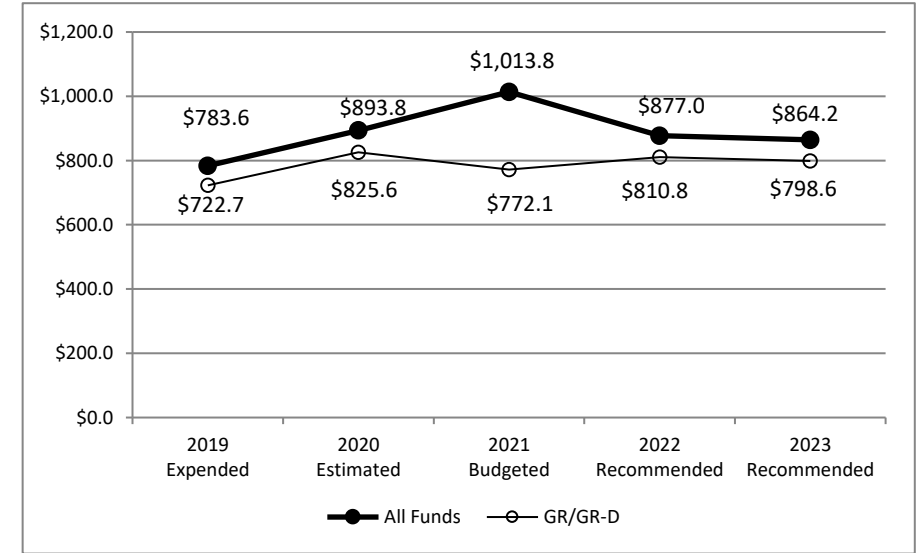
Harrison Keller, Commissioner of Higher Education

Greg Owens, LBB Analyst

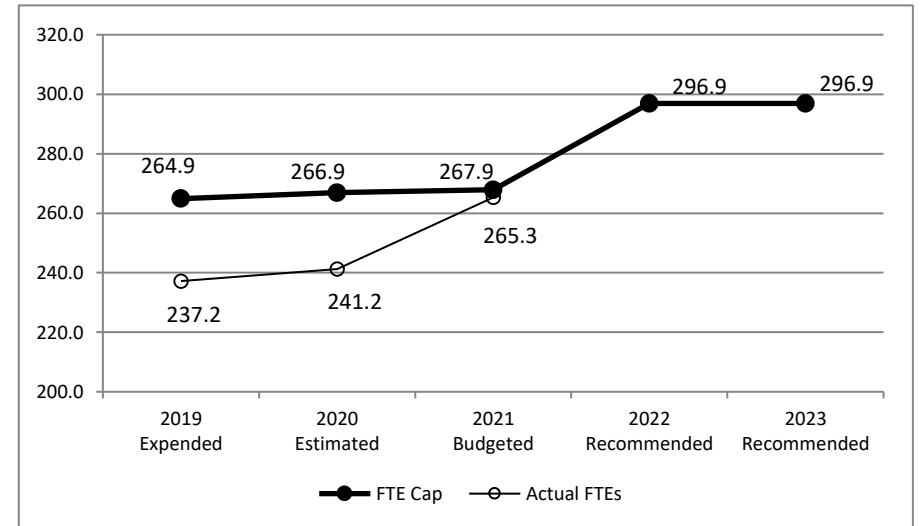
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,567,743,045	\$1,578,031,349	\$10,288,304	0.7%
GR Dedicated Funds	\$30,009,793	\$31,334,984	\$1,325,191	4.4%
<i>Total GR-Related Funds</i>	<i>\$1,597,752,838</i>	<i>\$1,609,366,333</i>	<i>\$11,613,495</i>	<i>0.7%</i>
Federal Funds	\$236,678,433	\$68,714,224	(\$167,964,209)	(71.0%)
Other	\$73,099,616	\$63,128,139	(\$9,971,477)	(13.6%)
All Funds	\$1,907,530,887	\$1,741,208,696	(\$166,322,191)	(8.7%)

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	265.3	296.9	31.6	11.9%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 68.1% of the agency's estimated total available funds for the 2022-23 biennium.

**Higher Education Coordinating Board
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Transfer of OnCourse Program from The University of Texas at Austin to THECB.	\$9.5	\$0.0	\$0.0	\$0.0	\$9.5	A.1.5
B)	Funding for new Upskilling and Reskilling Program.	\$3.0	\$0.0	\$0.0	\$0.0	\$3.0	A.1.4
C)	Agency deployment to CAPPs Financials in FY 2023.	\$0.5	\$0.0	\$0.0	\$0.0	\$0.5	A.1.1
D)	Reduction in formula distribution to Baylor College of Medicine Graduate Medical Education.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	D.1.2
E)	Five Percent Reduction Amounts-Variations between the agency's FY2022-23 requested amounts compared to 2020-21 Estimated/Budgeted amounts for GR and GR-D Funds.	(\$1.7)	\$2.2	\$0.0	\$0.0	\$0.5	C.1.2
F)	Governor 's Emergency Education Relief (GEER) Fund-Allocated to THECB in FY 2021.	\$0.0	\$0.0	(\$175.0)	\$0.0	(\$175.0)	C.1.1

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

G)	Adjustments in 2020-21 reflect a decrease in Earned Federal Funds offset by increase in loan repayments for the BOT Program.	(\$0.2)	\$0.0	\$0.0	\$0.0	(\$0.2)	A.1.1 and A.1.2
H)	Decrease in BOT collections.	\$0.0	(\$0.9)	\$0.0	\$0.0	(\$0.9)	A.1.2
I)	Increase in anticipated Perkins funds (Federal Funds) used to develop and enhance career and technical programs.	\$0.0	\$0.0	\$7.0	\$0.0	\$7.0	C.1.1
J)	Decrease in anticipated tobacco funds.	\$0.0	\$0.0	\$0.0	(\$8.3)	(\$8.3)	E.1.1 and E.1.2
K)	Decrease in appropriated receipts.	\$0.0	\$0.0	\$0.0	(\$2.4)	(\$2.4)	A.1.3
L)	Increase in anticipated Student Loan Funds (Other Funds) used for administration.	\$0.0	\$0.0	\$0.0	\$0.8	\$0.8	A.1.2

	TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$10.5	\$1.3	(\$168.0)	(\$9.9)	(\$166.1)	As Listed
	<i>SIGNIFICANT & OTHER Funding Increases</i>	\$13.0	\$2.2	\$7.0	\$0.8	\$23.0	As Listed
	<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$2.5)	(\$0.9)	(\$175.0)	(\$10.7)	(\$189.1)	As Listed

NOTE: Totals may not sum due to rounding.

**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 is funding from a tax on smokeless tobacco (Physician Education Loan Repayment Account), Federal Funds and Other Funds, which includes donations. The agency's 2022-23 requested amounts reflect \$74.5 million in reductions to GR-Related funds. Recommendations align with the agency's requested 2022-23 amounts, which incorporate the five percent reductions. In some cases, these reductions were maintained in the agency's requested amounts but in other cases the 2022-23 recommended amounts are higher or lower than the 2020-21 estimated budgeted amounts due the agency allocating reductions differently between the two bienniums. Supplemental Schedule 3a includes a comparison of the 2020-21 appropriated amounts, the 2020-21 estimated/budgeted levels, the HECB baseline requested 2022-23 amounts, and the 2022-23 recommended amounts for the agency. The supplemental schedule also includes a comparison of the agency's budget structure from the 86th Session to the 87th Session.

1. Budget Structure Changes

- **Agency Operations.** Ten of the agency's administrative strategies were consolidated into a new strategy, A.1.1 Agency Operations.
- **College Readiness and Success.** Five programs, including the Advise Texas Program and Developmental Education Program, were consolidated into Strategy A.1.3, College Readiness and Success.
- **Educational Loan Repayment Program.** Six educational loan repayment programs were consolidated into a new strategy, C.1.2, Education Loan Repayment.
- **Medical Education and Health Related Workforce Development Programs.** Six medical education and health related workforce development programs were consolidated into a new strategy, C.1.3, Medical education and Health Related Workforce Development Programs.

2. General Revenue increases

- **Upskilling and Reskilling Program.** Recommendations reflect \$3.0 million in Strategy A.1.4, Upskilling and Reskilling Program.
- **OnCourse Program.** Recommendations reflect the transfer of \$9.5 million in General Revenue and 29 FTEs from The University of Texas at Austin to the agency in Strategy A.1.5, OnCourse Program. The OnCourse Program provides educators, students, and parents access to extensive resources for college and career planning.

3. General Revenue Decreases

- **B-On-Time Program.** The B-On-Time Program has been phased out. The last expenditures were \$40,000 in the B-On-Time Program-Public, which supported students attending public institutions, and \$20,000 in the B-On-Time-Program-Private, which supported students attending private institutions in FY2020. The Texas B-On-Time Student Loan Account will be abolished on September 1, 2024. Information from the Comptroller's 2022-23 Biennial Revenue Estimate (BRE) indicates the current balance in the account is \$138 million.
- **Northeast Texas Initiative (NETnet).** The NETnet program has been phased out. The program was appropriated \$2.5 million in the 2020-21 biennium. The University of Texas Health Science Center at Tyler (UTHSCT) has served as the managing entity for the consortium since its inception, working under the guidance of the NETnet board. UTHSCT reports that in late 2019 the NETnet

Board, which is comprised of the community colleges districts which participated in the consortium, voted to dissolve the consortium based on a number of factors, primarily the colleges' ability to obtain broadband and distance learning resources on the private market at a more cost effective rate. At the NETnet Board's instruction, UTHSCT began decommissioning NETnet infrastructure, financed by the current biennial appropriation. UTHSCT apprised the THECB of this process, and informed the agency that NETnet funding would no longer be necessary due to the program's wind down.

- **Baylor College of Medicine Graduate Medical Education (D.1.2).** Recommendations reflect a decrease of \$0.6 million.

4. General Revenue Maintained at 2020-21 Estimated/Budgeted Levels

- **TEXAS Grants (B.1.1).** Recommended funding level is \$823.4 million, which maintains 2020-21 estimated/budgeted general revenue levels and would support approximately 82,500 students per year. In fiscal year 2021, the agency was allocated \$43.3 million in GEER funding to reimburse the agency for reductions to the program in the FY 2020-21 biennium. As a result of this allocation, the agency will support approximately 87,500 students in fiscal year 2021.
- **Tuition Equalization Grant Program (B.1.2).** Recommended funding level is \$169.7 million and would support approximately 24,900 students per year. In fiscal year 2021, the agency was allocated \$8.9 million in GEER funding to reimburse the agency for reductions to the program in the FY 2020-21 biennium. As a result of this allocation, the agency will support approximately 26,300 students in fiscal year 2021.
- **Texas Education Opportunity Grant Program-Community Colleges (B.1.3).** Recommended funding level is \$84.0 million and would support approximately 21,100 students per year. In fiscal year 2021, the agency was allocated \$4.4 million in GEER funding to reimburse the agency for reductions to the program in the FY 2020-21 biennium. As a result of this allocation, the agency will support approximately 23,600 students in fiscal year 2021.
- **Texas Educational Opportunity Grant Program-Public State and Technical Colleges (B.1.4).** Recommended funding level is \$7.1 million and support approximately 800 students per year. In fiscal year 2021, the agency was allocated \$0.4 million in GEER funding to reimburse the agency for reductions to the program in the FY 2020-21 biennium. As a result of this allocation, the agency will support approximately 860 students in fiscal year 2021.
- **Open Educational Resources (B.1.9).** Recommended funding level is \$0.5 million.
- **Texas Child Mental Health Care Consortium (C.1.4).** Recommended funding level is \$99.0 million. This program was exempt from the 5 percent reductions as part of the Behavioral Health Exemption.
- **Baylor College of Medicine Undergraduate Medical Education (D.1.1).** Recommended funding level is \$73.0 million.

5. General Revenue Increases Compared to 2020-21 Estimated/Budgeted Funding Levels

- **Professional Nursing Shortage Reduction Program (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funding level is \$18.9 million, an increase of \$0.3 million compared to 2020-21 funding levels. As part of the five percent reductions, the program was reduced \$1.0 million in FY 2020-21. This reduction was maintained in FY 2022-23. The increase was due to the agency transferring \$0.3 million in administrative funds in the 2020-21 biennium. The agency is allowed to transfer up to 5 percent of the appropriation for administration. This transfer is not reflected in the recommended funding level.

6. General Revenue Increases Compared to 2020-21 Estimated/Budgeted Funding Levels-5% Reductions

- **Advise TX Program (A.1.3, College Readiness and Success).** Recommended funding level is \$3.9 million, an increase of \$0.1 million over 2020-21 funding levels.

- **Developmental Education (A.1.3, College Readiness and Success).** Recommended funding level is \$2.6 million, an increase of \$0.3 million over 2020-21 funding levels.
- **Texas College Work Study (B.1.5).** Recommended funding level is \$18.3 million, an increase of \$1.8 million over 2020-21 estimated/budgeted funding levels.
- **Educational Aide Program (B.1.7).** Recommended funding level is \$1.0 million, an increase of \$0.3 million over 2020-21 funding levels.
- **Texas Armed Services Scholarship Program (B.1.8).** Recommended funding level is \$6.7 million, an increase of \$0.5 million over 2020-21 funding levels.
- **Bilingual Education Program (B.1.10).** Recommended funding level is \$1.5 million, an increase of \$0.2 million over the 2020-21 funding levels.
- **Math and Science Scholar's Loan Repayment Program (C.1.2, Educational Loan Repayment).** Recommended funding level is \$2.5 million, an increase of \$1.9 million over 2020-21 funding levels.
- **Peace Officer Loan Repayment Program (C.1.2 Educational Loan Repayment).** Recommended funding level is \$4.1 million, an increase of \$0.1 million over the 2020-21 funding levels.
- **Physician Education Loan Repayment Program (C.1.2, Educational Loan Repayment).** Recommended funding level is \$29.5 million, an increase in General Revenue-Dedicated Funds (tax on smokeless tobacco) of \$2.2 million compared to 2020-21 levels.
- **Mental Health Loan Repayment Program (C.1.2, Educational Loan Repayment).** Recommended funding level is \$2.1 million, an increase of \$0.4 million compared to 2020-21 funding levels.
- **Nursing Faculty Loan Repayment Program (C.1.2, Educational Loan Repayment).** Recommended funding level is \$2.9 million, an increase of \$53,000, compared to FY 2020-21 funding levels.
- **Preceptorship Program (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funding level is \$2.8 million, an increase of \$0.1 million over the 2020-21 funding levels.

7. General Revenue Decreases Compared to 2020-21 Estimated/Budgeted Funding Levels-5% Reductions

- **Teach for Texas Loan Repayment Program (C.1.2, Educational Loan Repayment).** Recommended funding level is \$2.6 million, which is slightly lower (\$10,962), than FY estimated/budgeted 2020-21 levels.
- **Family Practice Residency Program (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funding level is \$9.5 million, a decrease of \$0.5 million, compared to FY 2020-21 levels. This program was not reduced in the 2020-21 biennium.
- **Graduate Medical Education Expansion (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funded level is \$150.5 million in All Funds, which is a decrease of \$2.6 million in General Revenue compared to 2020-21 levels. Recommendations include \$128.5 million in General Revenue and \$22.0 million in distributions of funds from the Permanent Fund Supporting Graduate Medical Education.
- **Trauma Care Program (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funding level is \$3.9 million, which is slightly lower (\$8,094) than 2020-21 levels.
- **Joint Admission Program (C.1.3, Medical Education and Health Related Workforce Development).** Recommended funding level is \$9.7 million, which is a decrease of \$0.5 million compared to 2020-21 levels. This program is appropriated funding in the first year of the biennia and UB in the second year.

- Texas Research Incentive Program (F.1.1).** Recommended funding level is \$33.3 million, which is a decrease of \$1.7 million compared to 2020-21 levels. The program was not reduced in the 2020-21 biennium. The current backlog of unmatched donations is \$247.1 million, as of January, 2021.

2016-17 Appropriations	2018-19 Appropriations	2020-21 Appropriations	2022-23 Recommendations
\$138.1 million	\$35.0 million	\$35.0 million	\$33.3 million

- Autism Program (F.1.2).** Recommended funding level is \$7.4 million. Because of timing of the 2020-21 reductions, the program was only reduced in FY 2021. This reduction, \$195,000, was carried forward in the 2022-23 recommended amounts, which mirror the agency's baseline request.

8. Information Resources: CAPPs and Data Center Services (DCS).

- Information Resources (A.1.1, Agency Operations).** The agency was placed on CAPPs Financials deployment schedule for FY 2023. Recommendations include an additional \$0.5 million in General Revenue for the deployment. Recommendations include an additional \$0.5 million to maintain current DCS obligations.

2. Governor's Emergency Education Relief Funding Overview

Need Based Financial Aid

On July 8, 2020, Governor Abbott announced that \$57 million from the Governor's Emergency Education Relief (GEER) fund would be used to offset reductions to agency's need-based financial aid programs. TEXAS Grant program (\$43.3 million), Tuition Equalization Grant Program (\$8.9 million), Texas Educational Opportunity Grant-Community Colleges (\$4.4 million) and Texas Educational Opportunity Grant-State and Technical Colleges programs (\$0.4 million). Based on information provided by the agency, the GEER funding will result in an additional 17,690 students across the four programs receiving awards.

On July 22, 2020, Governor Abbott announced \$118 million in additional federal funding for the following initiatives:

Emergency Educational Grants

\$46.5 million in funding for emergency educational grants for new and continuing students. The Coordinating Board disbursed these funds through the existing state grant financial aid infrastructure. The intent is to enable institutions of higher education to provide financial assistance quickly to pandemic-impacted undergraduate students and support them in remaining enrolled and on track to attaining their postsecondary credentials. This funding supported 40,646 students.

Reskilling/Upskilling Grant Program

\$46.5 million in funding to support displaced Texas workers who need to reskill or upskill to get back into the workforce and Texans who have previously stopped out of higher education institutions without completing a postsecondary credential. Priority will be placed on students pursuing credentials in high-demand fields. As of January, 2021, \$18.1 million has been distributed in the first round of the program. This funding supported 12,000 students across 49 institutions. The agency is finalizing the second round of grant funding.

Open Education Resource, Learning Analytics & Quality Improvement

\$10 million in funding to institutions through matching grants to enhance quality in online course offerings and reduce the costs of instructional materials for students. Institutions may receive grants to support faculty teams developing new or redesigning existing open educational resources (OER) and for implementation of data analytics tools to access in timely graduation and completion. The agency has awarded Texas State University a \$5,000 implementation Grant for an ENGL 1302 section. Texas State University will start with 20 students in the pilot program and then all (around 35 TA-led section) will adopt the OER (reaching about 70 students per term). Round 2 is currently underway and the agency has received 21 applications totaling \$387,223. The Round 3 application deadline is January 31st. The agency has also awarded Technical Assistance grants in the amount of \$812,200 to three institutions to provide assistance to OER awardees and support OER awareness and capacity building at institutions. These institutions includes Rice University (\$312,000), The University of Texas at Austin (\$250,000) and Dallas College (\$250,000).

Student Advising, Student Progress Dashboards and Data Modernization

\$15 million to institutions to modernize and improve state educational and workforce data infrastructure. The funding will include support for interactive advising tools for students. The agency reports that it has begun work on the Digital Learning Clearinghouse (DLTX) which will serve as a digital learning hub and will consist of three elements: 1) Clearinghouse-Online clearinghouse of effective online practices and curated resources for faculty, instructional support staff, and students, 2) Grant Program-Grants awarded to digital learning and teaching/student success centers, and stakeholders (faculty, students, and support staff) to populate online resources and 3) Community of practice-Facilitated network of digital learning innovators and student success leaders. The agency also reports that they will use GEER funding for a Data Modernization Initiative that will conclude at the end of January. The THECB Board will then consider staff's recommendations to approve contracts for up to \$6.5 million for staff augmentation and cloud technology experts.

3. Graduate Medical Education (GME) Expansion.

In the 2020-21 biennium, the 86th Legislature appropriated \$157.2 million in GME Expansion funding, which includes \$22.0 million in distributions from the Permanent Fund Supporting Graduate Medical Education. The program was reduced \$4.1 million in the 2020-21 as part of the five percent reductions process. Recommendations include \$150.5 million, which aligns with the agency's requested amounts. In order to meet the 1.1. to 1 ratio of first year residency positions for each Texas medical school graduate, 2,108 positions would need to be established in fiscal year 2022 and 2,159 positions in fiscal year 2023 based on information provided by the Higher Education Coordinating Board. The Higher Education Coordinating Board estimates that a total funding level of \$199.1 million would be necessary to meet the 1.1. to 1 ratio. The increased funding level would support the estimated 50 medical school graduates per year from The University of Texas at Austin Dell Medical School, the estimated 55 medical school graduates from The University of Texas Rio Grande Valley School of Medicine, and the estimated 160 medical school graduates from Incarnate Word. The University of North Texas Health Science Center/TCU partnership, which enrolled 60 students in July 2019, will have medical school graduates in FY 2023. Two other institutions that will not impact the 1.1.to 1 ratio projections for FY 2022-23 but could in the following biennium, are the University of Houston, which enrolled 30 students in July, 2020 and Sam Houston State University, who enrolled 75 students in the fall of 2020.

Higher Education Coordinating Board's Budget Structure and Funding

	HIGHER EDUCATION COORDINATING BOARD	2020-21 Appropriated	2020-21 Est/Bud	Difference of 2020-21 Est/Bud to Appropriated	2022-23 Base Request by HECB	2022-23 Recommended	Difference of Recommended to 2020-21 Est/Bud	Explanation
	Goal A, Higher Education Support							
A.1.1	Agency Operations	\$39.9	\$42.1	\$2.2	\$41.4	\$41.8	(\$0.3)	
	Financial Aid Services (A.1.3)	\$1.5	\$1.4	(\$0.1)	\$1.4	\$1.4	\$0.0	
	Academic Quality and Workforce (A.1.4)	\$3.9	\$3.9	\$0.0	\$3.6	\$3.6	(\$0.3)	
	Strategic Planning and Funding (A.1.5)	\$5.5	\$6.2	\$0.7	\$5.8	\$5.8	(\$0.4)	
	Innovation and Policy Development (A.1.6)	\$0.6	\$0.5	(\$0.1)	\$0.5	\$0.5	\$0.0	
	Oversight For-Profit Institutions (A.1.7)	\$0.5	\$0.3	(\$0.2)	\$0.4	\$0.4	\$0.1	
	Fields of Study (A.1.8)	\$0.2	\$0.2	\$0.0	\$0.2	\$0.2	\$0.0	
	Central Administration (B.1.1)	\$10.8	\$12.5	\$1.7	\$12.8	\$12.8	\$0.3	
	Information Resources (B.1.2)	\$12.4	\$12.5	\$0.1	\$13.3	\$13.7	\$1.2	Recommendations reflect an increase of \$0.5 million in General Revenue and \$0.2 million in Student Loan Funds (Other Funds) for increased costs associated with Data Center Services and an increase of \$0.5 million in General Revenue associated with the deployment of CAPPs Financials in FY 2023.
	Facilities Support (B.1.3)	\$3.8	\$3.8	\$0.0	\$2.6	\$2.6	(\$1.2)	Recommendations reflect a decrease of \$0.3 million in General Revenue and \$1.0 million in Other Funds associated with the capital complex move.
	Compliance Monitoring (B.1.4)	\$0.7	\$0.8	\$0.1	\$0.8	\$0.8	\$0.0	
	Texas Regional Alignment Networks (D.1.6)	\$0.1	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0	Funding for this program is reflected in the 2020-21 Est/Budgeted amounts in Strategic Planning and Funding (A.1.5).
A.1.2	Student Loan Programs	\$15.0	\$13.3	(\$1.7)	\$13.3	\$13.3	\$0.0	
A.1.3	College Readiness and Success	\$10.4	\$13.3	\$2.9	\$11.9	\$11.9	(\$1.4)	Recommendations reflect an anticipated decrease of \$2.3 million in donations (Other Funds) offset by a \$0.9 million increase in General Revenue due to the agency identifying additional savings in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
	College Readiness and Success (A.1.1)	\$3.8	\$5.6	\$1.8	\$5.4	\$5.4	(\$0.2)	
	Advise TX (D.1.1)	\$4.0	\$5.5	\$1.5	\$3.9	\$3.9	(\$1.6)	

Higher Education Coordinating Board's Budget Structure and Funding

	HIGHER EDUCATION COORDINATING BOARD	2020-21 Appropriated	2020-21 Est/Bud	Difference of 2020-21 Est/Bud to Appropriated	2022-23 Base Request by HECB	2022-23 Recommended	Difference of Recommended to 2020-21 Est/Bud	Explanation
	Developmental Education Programs (D.1.2)	\$2.7	\$2.3	(\$0.4)	\$2.6	\$2.6	\$0.3	
	Student Completion Models (D.1.3)	\$0.3	\$0.0	(\$0.3)	\$0.0	\$0.0	\$0.0	Funding for this program is reflected in 2020-21 Est/Budgeted amounts in College Readiness (A.1.1).
	GENTX and P-16 Professional Development (D.1.4)	\$0.1	\$0.0	(\$0.1)	\$0.0	\$0.0	\$0.0	Funding for this program is reflected in 2020-21 Est/Budgeted amounts in College Readiness (A.1.1).
	GRADTX (D.1.5)	\$0.3	\$0.0	(\$0.3)	\$0.0	\$0.0	\$0.0	Funding for this program is reflected in 2020-21 Est/Budgeted amounts in College Readiness (A.1.1).
A.1.4	Upskilling Reskilling Programs	\$0.0	\$0.0	\$0.0	\$0.0	\$3.0	\$3.0	Recommendations reflect \$3.0 million for the Upskilling/Reskilling Program.
A.1.5	OnCourse Program	\$0.0	\$0.0	\$0.0	\$9.5	\$9.5	\$9.5	Recommendations reflect the transfer of the OnCourse Program from The University of Texas at Austin to the agency.
	Goal B, Affordability and Debt							
B.1.1	TEXAS Grants	\$866.4	\$823.4	(\$43.0)	\$823.4	\$823.4	\$0.0	Recommendations maintain 2020-21 Estimated/Budgeted General Revenue funding levels and would support approximately 82,500 students per year. The Texas Grant Program was allocated \$43.3 million in GEER funds in FY 2021. These funds are reflected in Strategy C.1.1 Career and Technical Colleges.
B.1.2	Tuition Equalization Grants	\$178.6	\$169.7	(\$8.9)	\$169.7	\$169.7	\$0.0	Recommendations maintain 2020-21 estimated/budgeted General Revenue funding levels and would support approximately 24,900 students per year. The Tuition Equalization Grant Program was allocated \$8.9 million in GEER funds in FY 2021. These funds are reflected in Strategy C.1.1 Career and Technical Colleges.
B.1.3	Texas Educational Opportunity Grants (TEOG)-Public Community Colleges	\$88.5	\$84.0	(\$4.5)	\$84.0	\$84.0	\$0.0	Recommendations maintain 2020-21 Estimated/Budgeted General Revenue funding levels and would support approximately 21,100 students per year. The program was allocated \$4.4 million in GEER funds in FY 2021. These funds are reflected in Strategy C.1.1 Career and Technical Colleges.
B.1.4	Texas Educational Opportunity Grants (TEOG)-Public State and Technical Colleges	\$7.5	\$7.1	(\$0.4)	\$7.1	\$7.1	\$0.0	Recommendations maintain 2020-21 Estimated/Budgeted General Revenue funding levels and would support approximately 800 students per year. The program was allocated \$0.4 million in GEER funds in FY 2021. These funds are reflected in Strategy C.1.1 Career and Technical Colleges.

Higher Education Coordinating Board's Budget Structure and Funding

	HIGHER EDUCATION COORDINATING BOARD	2020-21 Appropriated	2020-21 Est/Bud	Difference of 2020-21 Est/Bud to Appropriated	2022-23 Base Request by HECB	2022-23 Recommended	Difference of Recommended to 2020-21 Est/Bud	Explanation
B.1.5*	Texas College Work Study	\$18.8	\$16.5	(\$2.3)	\$18.3	\$18.3	\$1.8	
B.1.6	License Plate Scholarship Program	\$0.5	\$0.5	\$0.0	\$0.5	\$0.5	\$0.0	
B.1.7*	Educational Aide Program	\$1.0	\$0.7	(\$0.3)	\$1.0	\$1.0	\$0.3	
B.1.8*	Texas Armed Services Scholarships Program	\$6.8	\$6.2	(\$0.6)	\$6.7	\$6.7	\$0.5	
B.1.9*	Open Educational Resources	\$0.5	\$0.5	\$0.0	\$0.5	\$0.5	\$0.0	
B.1.10*	Bilingual Education Program	\$1.5	\$1.3	(\$0.2)	\$1.5	\$1.5	\$0.2	
B.1.11	B-On-Time (BOT) Program- Public-General Revenue-Dedicated	\$1.0	\$0.0	(\$1.0)	\$0.0	\$0.0	\$0.0	The B-On-Time Program has been phased out. The agency reported \$40,000 being expended in FY 2020.
B.1.12	B-On-Time (BOT) Program-Private-General Revenue	\$0.2	\$0.0	(\$0.2)	\$0.0	\$0.0	\$0.0	The B-On-Time Program has been phased out. The agency reported \$25,000 being expended in FY 2020.
	Goal C: Industry and Workforce Support							
C.1.1	Career/Technical Education Programs	\$54.9	\$236.7	\$181.8	\$68.7	\$68.7	(\$168.0)	This strategy is supported by federal funds. In FY 2021, the agency was allocated \$175 million in GEER funds from the Governor's Office.
C.1.2	Educational Loan Repayment	\$44.9	\$39.0	(\$5.9)	\$43.7	\$43.7	\$4.7	Recommendations reflect a \$4.7 million increase due to the agency identifying additional savings in the 2020-21 biennium for the majority of programs in this strategy. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
	Teach for Texas Loan Repayment Program (E.1.2)	\$2.7	\$2.6	(\$0.1)	\$2.6	\$2.6	\$0.0	
	Math and Science Scholar's Loan Repayment Program (E.1.3*)	\$2.6	\$0.6	(\$2.0)	\$2.5	\$2.5	\$1.9	
	Peace Officer Loan Repayment Program (E.1.7*)	\$4.2	\$4.0	(\$0.2)	\$4.1	\$4.1	\$0.1	
	Physician Education Loan Repayment Program (F.1.7*) (General Revenue-Dedicated Funds).	\$30.3	\$27.2	(\$3.1)	\$29.5	\$29.5	\$2.3	
	Mental Health Loan Repayment Program (F.1.8*)	\$2.1	\$1.7	(\$0.4)	\$2.1	\$2.1	\$0.4	
	Nursing Faculty Loan Repayment Program (F.1.10*)	\$3.0	\$2.9	(\$0.1)	\$2.9	\$2.9	\$0.1	

Higher Education Coordinating Board's Budget Structure and Funding

	HIGHER EDUCATION COORDINATING BOARD	2020-21 Appropriated	2020-21 Est/Bud	Difference of 2020-21 Est/Bud to Appropriated	2022-23 Base Request by HECB	2022-23 Recommended	Difference of Recommended to 2020-21 Est/Bud	Explanation
C.1.3	Medical Education and Health Related Workforce Development.	\$204.4	\$198.6	(\$5.8)	\$195.3	\$195.3	(\$3.3)	
	Family Practice Residency Program (F.1.1)	\$10.0	\$10.0	\$0.0	\$9.5	\$9.5	(\$0.5)	This program was not reduced in the 2020-21 biennium.
	Preceptorship Program (F.1.2*)	\$3.0	\$2.8	(\$0.2)	\$2.8	\$2.8	\$0.0	
	GME Expansion (F.1.3)-General Revenue	\$135.2	\$131.1	(\$4.1)	\$128.5	\$128.5	(\$2.6)	This program is supported by General Revenue and allocations from the Permanent Fund Supporting Graduate Medical Education (Other Funds).
	GME Expansion (F.1.3)-Other Funds	\$22.0	\$22.0	\$0.0	\$22.0	\$22.0	\$0.0	
	Trauma Care Program (F.1.4)	\$4.1	\$3.9	(\$0.2)	\$3.9	\$3.9	\$0.0	
	Joint Admission Medical Program (F.1.5)	\$10.2	\$10.2	\$0.0	\$9.7	\$9.7	(\$0.5)	The program was not reduced in the 2020-21 biennium because funding for the program had already been allocated.
	Professional Nursing Shortage Reduction Program (F.1.6)	\$19.9	\$18.6	(\$1.3)	\$18.9	\$18.9	\$0.3	The difference of \$0.3 million is due to administrative funds being transferred to Strategic Planning and Funding (A.1.5) in FY 2020-21.
C.1.4	Texas Child Mental Health Care Consortium	\$99.0	\$99.0	\$0.0	\$99.0	\$99.0	\$0.0	The Texas Child Mental Health Care program was exempt from the 5 percent reduction as part of the behavioral health exemption.
C.1.5	Northeast Texas Initiative (E.1.4).	\$2.5	\$2.4	(\$0.1)	\$0.0	\$0.0	(\$2.4)	The Northeast Texas Initiative Program has been phased out.
	TSIA Enhancement and Success (D.1.7)	\$0.3	\$0.0	(\$0.3)	\$0.0	\$0.0	\$0.0	The agency was appropriated \$300,000 in FY 2020-21 to added a new online system to enable students to post and receive test scores. The vendor waived the fee so the agency was not able to apply the full amount to the 5 percent reduction in 2020-21.
	Goal D Baylor College of Medicine							
D.1.1	Baylor College of Medicine-Undergraduate Medical Education	\$73.0	\$73.0	\$0.0	\$73.0	\$73.0	\$0.0	Recommendations maintain 2020-21 funding levels. The strategy was exempt from the five percent reductions in FY 2020-21.
D.1.2	Baylor College of Medicine-Graduate Medical Education	\$17.2	\$16.7	(\$0.5)	\$16.7	\$16.0	(\$0.7)	Funding amounts for Baylor College of Medicine Undergraduate Graduate Medical Education are tied to Health Related Institutions formula. The strategy was reduced \$0.5 million in FY 2020-21 as part of the 5 percent reductions.

Higher Education Coordinating Board's Budget Structure and Funding

	HIGHER EDUCATION COORDINATING BOARD	2020-21 Appropriated	2020-21 Est/Bud	Difference of 2020-21 Est/Bud to Appropriated	2022-23 Base Request by HECB	2022-23 Recommended	Difference of Recommended to 2020-21 Est/Bud	Explanation
D.1.2	Baylor College of Medicine-Graduate Medical Education	\$17.2	\$16.7	(\$0.5)	\$16.7	\$16.0	(\$0.7)	Funding amounts for Baylor College of Medicine Undergraduate Graduate Medical Education are tied to Health Related Institutions formula. The strategy was reduced \$0.5 million in FY 2020-21 as part of the 5 percent reductions.
D.1.3	Baylor College of Medicine Permanent Endowment Fund	\$2.9	\$2.9	\$0.0	\$2.9	\$2.9	\$0.0	
D.1.4	Baylor College of Medicine Permanent Health Fund	\$3.8	\$3.8	\$0.0	\$3.8	\$3.8	\$0.0	
	Goal E Tobacco Settlement Funds to Institutions							
E.1.1	Tobacco Earnings-Permanent Fund for Minority Health Research and Education	\$2.1	\$5.4	\$3.3	\$2.1	\$2.1	(\$3.3)	The agency reports that requested amounts align with anticipated revenue. The estimated/budgeted amounts include unexpended balances from the previous biennium.
E.1.2	Tobacco Earnings-Permanent Fund for Higher Education Nursing, Allied Health, and Other Health-Related Programs	\$3.8	\$8.8	\$5.0	\$3.8	\$3.8	(\$5.0)	The agency reports that requested amounts align with anticipated revenue. The estimated/budgeted amounts include unexpended balances from the previous biennium.
	Goal F Research							
F.1.1	Texas Research Incentive Program	\$35.0	\$35.0	\$0.0	\$33.3	\$33.3	(\$1.7)	The program was not reduced in the 2020-21 biennium. The current backlog of unmatched donations is \$247.1 million, as of January, 2021.
F.1.2	Autism Program	\$7.8	\$7.6	(\$0.2)	\$7.4	\$7.4	(\$0.2)	
	Total Compared to 2020-21 Est/Budgeted Amounts**						(\$166.3)	

NOTES:

*The agency identified additional reductions in these programs in the 2020-21 biennium. Recommendations align with agency's requested 2022-23 amounts which do not maintain these reductions for the 2022-23 biennium.

**Strategy numbering aligns with LBE.

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

Modification of Existing Riders

2. **Capital Budget.** Rider modified to reflect requested funding for Data Center Services and Cybersecurity.
5. **Student Loan Program.** Rider modified to clarify that all funds, including loan repayments, are appropriated to support the program.
7. **Texas Success Initiative** Rider modified to conform to statute.
17. **Appropriations Transfers.** Rider modified to give flexibility to institutions in transferring funds between financial aid and work study allocations received from the agency.
27. **Professional Nursing Shortage Reduction Program.** Rider modified to align with current administration of program. Rider modified to reference new strategy where program is housed, C.1.3, Medical Education and Health Related Workforce Development
29. **Teach for Texas Loan Repayment Program.** Rider modified to reference new strategy where program is housed, C.1.2, Educational Loan Repayment.
30. **Physician Education Loan Repayment Program.** Rider modified to reference new strategy where program is housed, C.1.2, Educational Loan Repayment.
31. **Developmental Education.** Rider modified to clarify use of funds and to extend reporting requirement from January to February so report can be considered at January THECB Board meeting. Rider modified to reference new strategy where program is housed, A.1.3, College Readiness and Success.
36. **Full-Time Equivalents Funded by Private Grants.** Rider modified to include new federal grant programs.
37. **Graduate Medical Education Expansion.** Rider modified to reference new strategy where program is housed, C.1.3, Medical Education and Health Related Workforce Development.
38. **Nursing Faculty Loan Repayment Assistance Program.** Rider modified to reference new strategy where program is housed, C.1.2, Educational Loan Repayment.
40. **Educational Aide Program.** Rider modified to remove reference to discontinued federal grant program.
43. **Permanent Fund Supporting Graduate Medical Education.** Rider modified to reference new strategy, C.1.3, Medical Education and Health Related Workforce Development
44. **Trauma Fellowships.** Rider modified to reference new strategy, C.1.3, Medical Education and Health Related Workforce Development
45. **Math and Science Scholar's Loan Repayment Program.** Rider modified to reference new strategy where program is housed, C.1.2, Educational Loan Repayment.
47. **Program to Encourage Certification to Teach Bilingual Education, English as a Second Language or Spanish.** Rider modified to allow the agency to reallocate unused funds if an institution is unable to expend its initial allotment.
49. **Texas Child Mental Health Care Consortium.** Rider modified to remove reference to being a contingency for Senate Bill 11.

New Riders

50. **Texas OnCourse Program.** New rider related to the OnCourse Program. The rider includes intra-biennium unexpended balance authority.
51. **Upskilling and Reskilling Program Capacity Grants.** New rider related to the Upskilling and Reskilling Program. The rider includes intra-biennium unexpended balance authority.
52. **Informational Listing of Appropriated Funds: College Readiness and Success.** New rider that provides an information listing of programs that are contained in strategy.
53. **Informational Listing of Appropriated Funds: Educational Loan Repayment Program.** New rider that provides an information listing of the six programs that are contained in the strategy C.1.2, Educational Loan Repayment Program. The rider includes intra-biennium unexpended balance authority
54. **Informational Listing of Appropriated Funds: Medical Education and Health Related Workforce Development.** New rider that provides an information listing of the six programs that are contained in the strategy C.1.3, Medical Education and Health Related Workforce Development. The rider includes intra-biennium unexpended balance authority

Deleted Riders

12. **Strategic Plan for Teacher Certification.** The rider references a strategic plan published in 2002 that ended in 2015.
34. **B-On-Time Program-Public.** The B-On-Time Program has been phased out.
41. **Mathways Project.** The transfer agreement between the The University of Texas at Austin and the agency has expired.
42. **Family Practice Residency Program.** Unexpended balance authority for program is now contained in Rider 54, Information Listing of Appropriated Funds: Medical Education and Health Related Workforce Development.
44. **B-On-Time Program-Private.** The B-On-Time Program has been phased out.
53. **Fields of Study.** Funding for program is included in Strategy A.1.1, Agency Operations.
54. **Northeast Texas Initiative.** Program has been phased out.
56. **Mental Health Loan Repayment Program.** Unexpended balance authority is included in Rider 53, Information Listing of Appropriated Funds: Educational Loan Repayment Programs.
57. **Preceptorship Program.** Unexpended balance authority for program is now contained in Rider 54, Information Listing of Appropriated Funds: Medical Education and Health Related Workforce Development.
59. **TSIA Enhancement.** The project has been completed.
60. **Contingency for SB 16.** Senate Bill 16 was enacted. Unexpended balance authority for program is now contained in Rider 53, Information Listing of Appropriated Funds: Educational Loan Repayment Programs.

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

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Restoration of Base Funding. The exceptional item would restore reductions to 34 of the agency's programs. These programs include TEXAS Grants (\$43 million), Tuition Equalization Grants (TEG) (\$8.9 million), GME Expansion (\$6.7 million) and TEOG-Community Colleges (\$4.4 million).	\$74,460,791	\$74,460,791	0.0	No	No	\$74,460,701
2)	Student Financial Aid. The exceptional item would provide additional funding for the agency's four need based financial aid programs, TEXAS Grants, TEG, TEOG-Community College Program and the TEOG-State and Technical Colleges Program. The agency requests that this funding be housed in a new strategy to allow them flexibility in allocating this funding.	\$110,000,000	\$110,000,000	0.0	No	No	\$110,000,000
3)	GradTX. The exceptional item would allow the agency to scale GradTX engagements across the state. GradTX is a THECB sponsored program designed to identify and recruit individuals who have left higher education after earning a substantial number of college credits (90+ hours at four-year institutions and 45+ hours at two-year institutions) without completing a degree. The program provides targeted academic and financial aid support, transcript review software, and outreach and communication to help these adults complete a degree.	\$4,000,000	\$4,000,000	0.0	No	No	\$4,000,000
4)	Agency Application Portfolio Modernization Project. The exceptional item would support the completion of the agency's Legacy Application Modernization Project. The agency's application portfolio is currently composed of disparate and outdated applications that are costly to maintain, ineffective for users and pose greater risks to IT security.	\$4,000,000	\$4,000,000	0.0	Yes	No	\$4,000,000

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

		2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
		GR & GR-D	All Funds	FTEs			
5)	<p>Capitol Complex Move. The agency is scheduled to relocate from the current leased office space to a new Capitol Complex building in the summer of 2022. The exceptional item would cover costs associated with the relocation and the purchase of equipment, such as interior computer cabling, hallway lights, emergency signage and badge readers for secure areas. The costs associated with this exceptional item are in FY 2023 only. The agency identified \$1.3 million in savings in lease costs in FY 2023 associated with the Capitol Complex move.</p>	\$1,202,252	\$1,202,252	0.0	No	No	\$0

Rider Revisions Requested by Agency but not Included in Recommendations

Professional Nursing Shortage Reduction Program. The agency requests to eliminate the reporting requirement included in Rider #27.

Advise TX. The agency requests to change the reporting deadline in Rider #46 from October 1st to January 1st.

Texas Child Mental Health Care Consortium. The agency requests to clarify language in Rider #49, that the Consortium, and not the Higher Education Coordinating Board, directs the transfers.

TOTAL Items Not Included in Recommendations	\$193,663,043	\$193,663,043	\$0	\$192,460,701
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**Higher Education Coordinating Board
Appendices - House**

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**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
AGENCY OPERATIONS A.1.1	\$42,064,381	\$41,783,817	(\$280,564)	(0.7%)	
STUDENT LOAN PROGRAMS A.1.2	\$13,263,291	\$13,277,442	\$14,151	0.1%	
COLLEGE READINESS AND SUCCESS A.1.3	\$13,329,893	\$11,894,036	(\$1,435,857)	(10.8%)	Recommendations reflect an anticipated decrease of \$2.3 million in donations (Other Funds) offset by a \$0.9 million increase in General Revenue due to the agency identifying additional savings in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
UPSKILLING/RESKILLING PROGRAM A.1.4	\$0	\$3,000,000	\$3,000,000	100.0%	Recommendations include \$3,000,000 in General Revenue for Upskilling/Reskilling Program.
TEXAS ONCOURSE PROGRAM A.1.5	\$0	\$9,470,125	\$9,470,125	100.0%	Recommendations reflect the transfer of the Texas OnCourse Program from The University of Texas at Austin to the Higher Education Coordinating Board.
Total, Goal A, HIGHER EDUCATION SUPPORT	\$68,657,565	\$79,425,420	\$10,767,855	15.7%	
TEXAS GRANT PROGRAM B.1.1	\$823,419,733	\$823,419,734	\$1	0.0%	
TUITION EQUALIZATION GRANTS B.1.2	\$169,679,779	\$169,679,780	\$1	0.0%	
TEOG PUB COMMUNITY COLLEGES B.1.3	\$84,049,262	\$84,049,262	\$0	0.0%	
TEOG PUB STATE/TECHNICAL COLLEGES B.1.4	\$7,143,415	\$7,143,416	\$1	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.5	\$16,539,237	\$18,339,046	\$1,799,809	10.9%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
LICENSE PLATE SCHOLARSHIPS B.1.6	\$505,165	\$494,800	(\$10,365)	(2.1%)	
EDUCATIONAL AIDE PROGRAM B.1.7	\$710,000	\$963,232	\$253,232	35.7%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.8	\$6,161,000	\$6,670,000	\$509,000	8.3%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
OPEN EDUCATIONAL RESOURCES B.1.9	\$462,049	\$462,049	\$0	0.0%	

**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
BILINGUAL EDUCATION PROGRAM B.1.10	\$1,300,000	\$1,462,500	\$162,500	12.5%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.11	\$40,000	\$0	(\$40,000)	(100.0%)	The B-On-Time Program has been phased out.
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.12	\$25,000	\$0	(\$25,000)	(100.0%)	The B-On-Time Program has been phased out.
Total, Goal 2, AFFORDABILITY AND ACCESS	\$1,110,034,640	\$1,112,683,819	\$2,649,179	0.2%	
CAREER/TECHNICAL EDUCATION PROGRAMS C.1.1	\$236,678,433	\$68,714,224	(\$167,964,209)	(71.0%)	Recommendations reflect \$175.0 million in GEER funding the agency received in FY 2020-21 offset by an anticipated increase of \$7.0 million in federal Perkins funds in FY 2022-23.
EDUCATIONAL LOAN REPAYMENT C.1.2	\$39,036,728	\$43,778,126	\$4,741,398	12.1%	The agency identified additional savings in the programs contained in this strategy in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions. The additional savings were primary in the Physician Education Loan Repayment Program, \$2.3 million in General Revenue Dedicated Funds, Math and Science Scholar's Loan Repayment Program, \$1.9 million in General Revenue Funds and the Mental Health Loan Repayment Program, \$0.4 million, in General Revenue.
MED ED. AND HLTH REL. WORKFORCE DEV C.1.3	\$198,646,682	\$195,341,248	(\$3,305,434)	(1.7%)	Recommendations align with the agency's 2022-23 requested amounts, which incorporate greater reductions to the GME Expansion Program (\$2.6 million), Joint Admission Medical Program (\$0.5 million), and the Family Practice Residency Program (\$0.5 million). The JAMP Program and Family Practice Residency Program were not reduced in the 2020-21 biennium.
CHILD MENTAL HEALTH CARE CONSORTIUM C.1.4	\$99,000,000	\$99,000,000	\$0	0.0%	The Texas Child Mental Health Care Consortium was exempt from the 5 percent reductions.
NORTHEAST TEXAS INITIATIVE C.1.5	\$2,375,000	\$0	(\$2,375,000)	(100.0%)	Recommendations reflect a phase out of the program.
Total, Goal 3, INDUSTRY AND WORKFORCE SUPPORT	\$575,736,843	\$406,833,598	(\$168,903,245)	(29.3%)	
BAYLOR COLLEGE OF MEDICINE - UGME D.1.1	\$72,999,289	\$72,999,289	\$0	0.0%	Recommendations maintain 2020-21 funding levels.
BAYLOR COLLEGE OF MEDICINE - GME D.1.2	\$16,673,246	\$16,027,462	(\$645,784)	(3.9%)	Recommendations reflect an decrease of \$0.6 million in General Revenue. The recommended funding amount is tied to the Health Related Institutions Formula.

**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
BAYLOR COLL MED PERM ENDOWMENT FUND D.1.3	\$2,850,728	\$2,850,000	(\$728)	(0.0%)	
BAYLOR COLL MED PERM HEALTH FUND D.1.4	\$3,828,684	\$3,828,386	(\$298)	(0.0%)	
Total, Goal D, BAYLOR COLLEGE OF MEDICINE	\$96,351,947	\$95,705,137	(\$646,810)	(0.7%)	
EARNINGS - MINORITY HEALTH E.1.1	\$5,389,997	\$2,133,102	(\$3,256,895)	(60.4%)	Recommendations align with the historical tobacco settlement receipts received from the Treasury.
EARNINGS - NURSING/ALLIED HEALTH E.1.2	\$8,754,895	\$3,767,620	(\$4,987,275)	(57.0%)	Recommendations align with the historical tobacco settlement receipts received from the Treasury.
Total, Goal E, TOBACCO FUNDS	\$14,144,892	\$5,900,722	(\$8,244,170)	(58.3%)	
TEXAS RESEARCH INCENTIVE PROGRAM F.1.1	\$35,000,000	\$33,250,000	(\$1,750,000)	(5.0%)	The program was not reduced in the 2020-21 biennium.
AUTISM PROGRAM F.1.2	\$7,605,000	\$7,410,000	(\$195,000)	(2.6%)	The program was not reduced in FY 2020. The reduction in FY 2021 was carried forward in FY 2022 and FY 2023.
Total, Goal F, RESEARCH AND INNOVATION	\$42,605,000	\$40,660,000	(\$1,945,000)	(4.6%)	
Grand Total, All Strategies	\$1,907,530,887	\$1,741,208,696	(\$166,322,191)	(8.7%)	

**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- GENERAL REVENUE FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
AGENCY OPERATIONS A.1.1	\$26,419,087	\$26,485,528	\$66,441	0.3%	
STUDENT LOAN PROGRAMS A.1.2	\$1,000,000	\$1,000,000	\$0	0.0%	
COLLEGE READINESS AND SUCCESS A.1.3	\$8,759,831	\$9,625,536	\$865,705	9.9%	The agency identified additional savings in the programs contained in this strategy in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
UPSKILLING/RESKILLING PROGRAM A.1.4	\$0	\$3,000,000	\$3,000,000	100.0%	Recommendations include \$3,000,000 in General Revenue for Upskilling/Reskilling Program.
TEXAS ONCOURSE PROGRAM A.1.5	\$0	\$9,470,125	\$9,470,125	100.0%	Recommendations reflect the transfer of the Texas OnCourse Program from The University of Texas at Austin to the Higher Education Coordinating Board.
Total, Goal A, HIGHER EDUCATION SUPPORT	\$36,178,918	\$49,581,189	\$13,402,271	37.0%	
TEXAS GRANT PROGRAM B.1.1	\$823,409,733	\$823,409,734	\$1	0.0%	
TUITION EQUALIZATION GRANTS B.1.2	\$169,679,779	\$169,679,780	\$1	0.0%	
TEOG PUB COMMUNITY COLLEGES B.1.3	\$84,049,262	\$84,049,262	\$0	0.0%	
TEOG PUB STATE/TECHNICAL COLLEGES B.1.4	\$7,143,415	\$7,143,416	\$1	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.5	\$16,539,237	\$18,339,046	\$1,799,809	10.9%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
LICENSE PLATE SCHOLARSHIPS B.1.6	\$0	\$0	\$0	0.0%	
EDUCATIONAL AIDE PROGRAM B.1.7	\$710,000	\$963,232	\$253,232	35.7%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.8	\$6,161,000	\$6,670,000	\$509,000	8.3%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
OPEN EDUCATIONAL RESOURCES B.1.9	\$462,049	\$462,049	\$0	0.0%	
BILINGUAL EDUCATION PROGRAM B.1.10	\$1,300,000	\$1,462,500	\$162,500	12.5%	The agency identified additional savings in this program in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.11	\$0	\$0	\$0	0.0%	The B-On-Time Program has been phased out.

**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- GENERAL REVENUE FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.1.2	\$25,000	\$0	(\$25,000)	(100.0%)	The B-On-Time Program has been phased out.
Total, Goal 2, AFFORDABILITY AND ACCESS	\$1,109,479,475	\$1,112,179,019	\$2,699,544	0.2%	
CAREER/TECHNICAL EDUCATION PROGRAMS C.1.1	\$0	\$0	\$0	0.0%	
EDUCATIONAL LOAN REPAYMENT C.1.2	\$11,785,435	\$14,243,142	\$2,457,707	20.9%	The agency identified additional savings in the programs contained in this strategy in the 2020-21 biennium. Recommendations align with the agency's requested 2022-23 amounts, which do not maintain these reductions. The additional savings were primary in the Math and Science Scholar's Loan Repayment Program, \$1.9 million, and the Mental Health Loan Repayment Program, \$0.4 million.
MED ED. AND HLTH REL. WORKFORCE DEV C.1.3	\$176,646,682	\$173,341,248	(\$3,305,434)	(1.9%)	Recommendations align with the agency's 2022-23 requested amounts, which incorporate greater reductions to the GME Expansion Program (\$2.6 million), Joint Admission Medical Program (\$0.5 million), and the Family Practice Residency Program (\$0.5 million). The JAMP Program and Family Practice Residency Program were not reduced in the 2020-21 biennium.
CHILD MENTAL HEALTH CARE CONSORTIUM C.1.4	\$99,000,000	\$99,000,000	\$0	0.0%	The Texas Child Mental Health Care Consortium was exempt from the 5 percent reductions.
NORTHEAST TEXAS INITIATIVE 3.1.5	\$2,375,000	\$0	(\$2,375,000)	(100.0%)	Recommendations reflect a phase out of the program.
Total, Goal 3, INDUSTRY AND WORKFORCE SUPPORT	\$289,807,117	\$286,584,390	(\$3,222,727)	(1.1%)	
BAYLOR COLLEGE OF MEDICINE - UGME D.1.1	\$72,999,289	\$72,999,289	\$0	0.0%	Recommendations maintain 2020-21 funding levels.
BAYLOR COLLEGE OF MEDICINE - GME D.1.2	\$16,673,246	\$16,027,462	(\$645,784)	(3.9%)	Recommendations reflect an decrease of \$0.6 million in General Revenue. The recommended funding amount is tied to the Health Related Institutions Formula.
BAYLOR COLL MED PERM ENDOWMENT FUND D.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND D.1.4	\$0	\$0	\$0	0.0%	
Total, Goal D, BAYLOR COLLEGE OF MEDICINE	\$89,672,535	\$89,026,751	(\$645,784)	(0.7%)	
EARNINGS - MINORITY HEALTH E.1.1	\$0	\$0	\$0	0.0%	
EARNINGS - NURSING/ALLIED HEALTH E.1.2	\$0	\$0	\$0	0.0%	
Total, Goal E, TOBACCO FUNDS	\$0	\$0	\$0	0.0%	

**Higher Education Coordinating Board
Funding Changes and Recommendations by Strategy - House -- GENERAL REVENUE FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
TEXAS RESEARCH INCENTIVE PROGRAM F.1.1	\$35,000,000	\$33,250,000	(\$1,750,000)	(5.0%)	The program was not reduced in the 2020-21 biennium.
AUTISM PROGRAM F.1.2	\$7,605,000	\$7,410,000	(\$195,000)	(2.6%)	The program was not reduced in FY 2020. The reduction in FY 2021 was carried forward in FY 2022 and FY 2023.
Total, Goal F, RESEARCH AND INNOVATION	\$42,605,000	\$40,660,000	(\$1,945,000)	(4.6%)	
Grand Total, All Strategies	\$1,567,743,045	\$1,578,031,349	\$10,288,304	0.7%	

**Higher Education Coordinating Board
Summary of Federal Funds - House
(Dollar amounts in Millions)**

Program	Est 2020	Bud 2021	Rec 2022	Rec 2023	2020-21 Base	2022-23 Rec	2022-23 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Vocational Education Basic Grants to States	\$27.6	\$34.1	\$34.1	\$34.6	\$61.7	\$68.7	100.0%	\$7.0	11.4%
COVID19 Education Stabilization Fund	\$0.0	\$175.0	\$0.0	\$0.0	\$175.0	\$0.0	0.0%	(\$175.0)	(100.0%)
TOTAL:	\$27.6	\$209.1	\$34.1	\$34.6	\$236.7	\$68.7	100.0%	(\$168.0)	(71.0%)

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

Full-Time-Equivalent Positions	Expended 2019	Estimated 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	264.9	266.9	267.9	296.9	296.9
Actual/Budgeted	237.2	241.2	265.3	NA	NA

Schedule of Exempt Positions (Cap)

Commissioner of Higher Education	\$212,135	\$299,813	\$299,813	\$299,813	\$299,813
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Notes:

- a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels
- b) The agency typically experiences attrition throughout the year. The variances in fiscal year 2019 and 2020 were directly related to attrition.
- c) Recommendations reflect an increase of 29 FTEs per year due to the transfer of the OnCourse Program from The University of Texas at Austin to the agency.
- d) The Commissioner of Higher Education received an authorized salary increase from \$212,135 to \$299,813 in the 86th Legislative Session, 2019.

Texas Higher Education Coordinating Board

House Bill 1, as Introduced

Presentation to the House Appropriations Subcommittee on Article III

Harrison Keller, Ph.D., Commissioner of Higher Education

March 3, 2021

Higher Education Enrollment

Enrollment by Sector

	Fall 2015	Fall 2019	Fall 2020	% Change 2019 to 2020
Public Two-Year Colleges	708,402	754,711	687,911	-8.85
Public Universities	619,175	657,985	667,046	1.38
Health-Related Institutions (all types)	26,363	29,735	30,528	2.67
Independent Colleges and Universities	125,440	125,918	125,373	-0.43
Total	1,479,380	1,568,349	1,510,858	-3.67

Enrollment in Texas higher education **declined 3.7%** between 2019 and 2020.

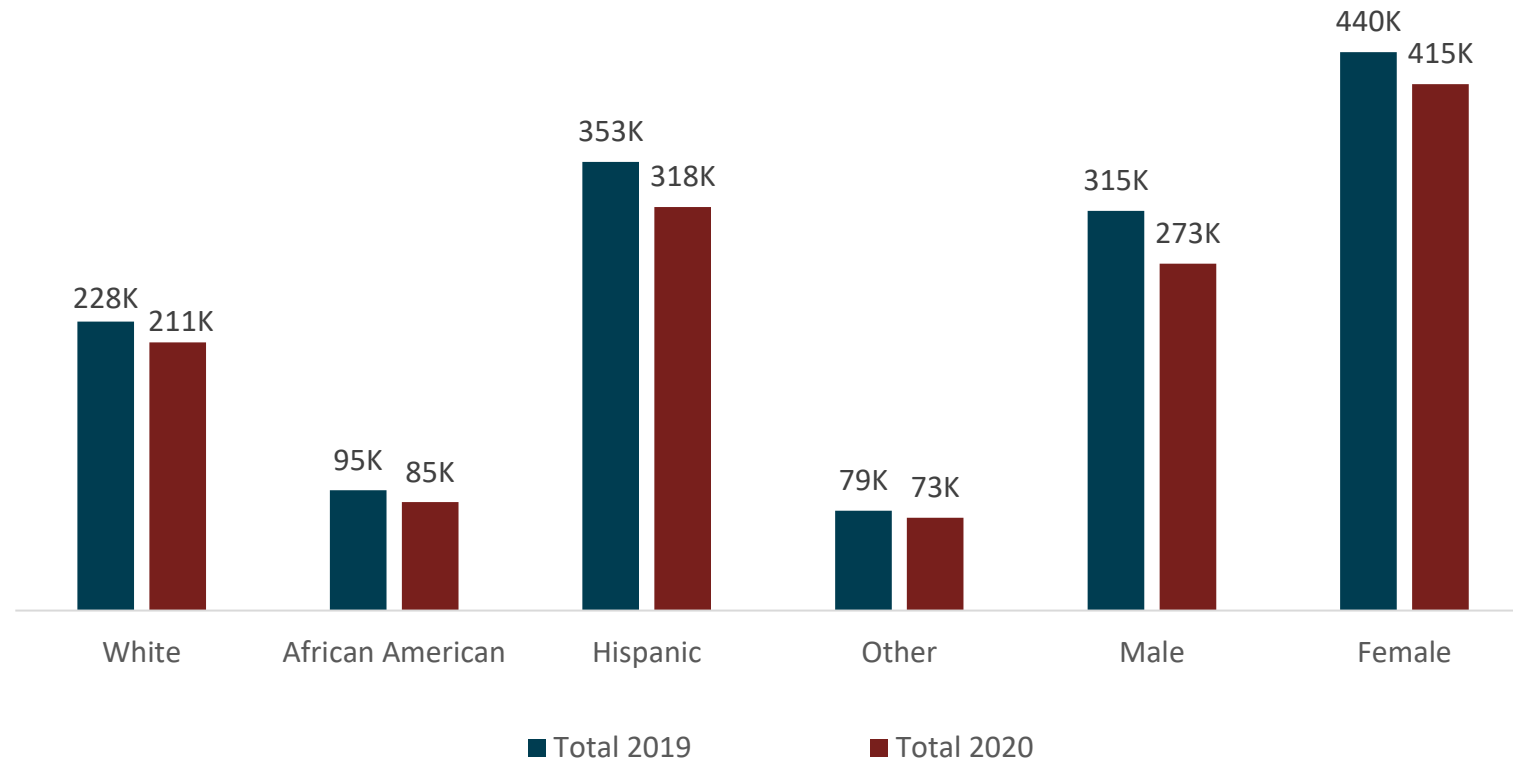
Community colleges experienced the largest drop in enrollment from the previous year.

Higher Education Enrollment

continued

Enrollment by Race & Gender

Two-Year Institutions
2019-2020

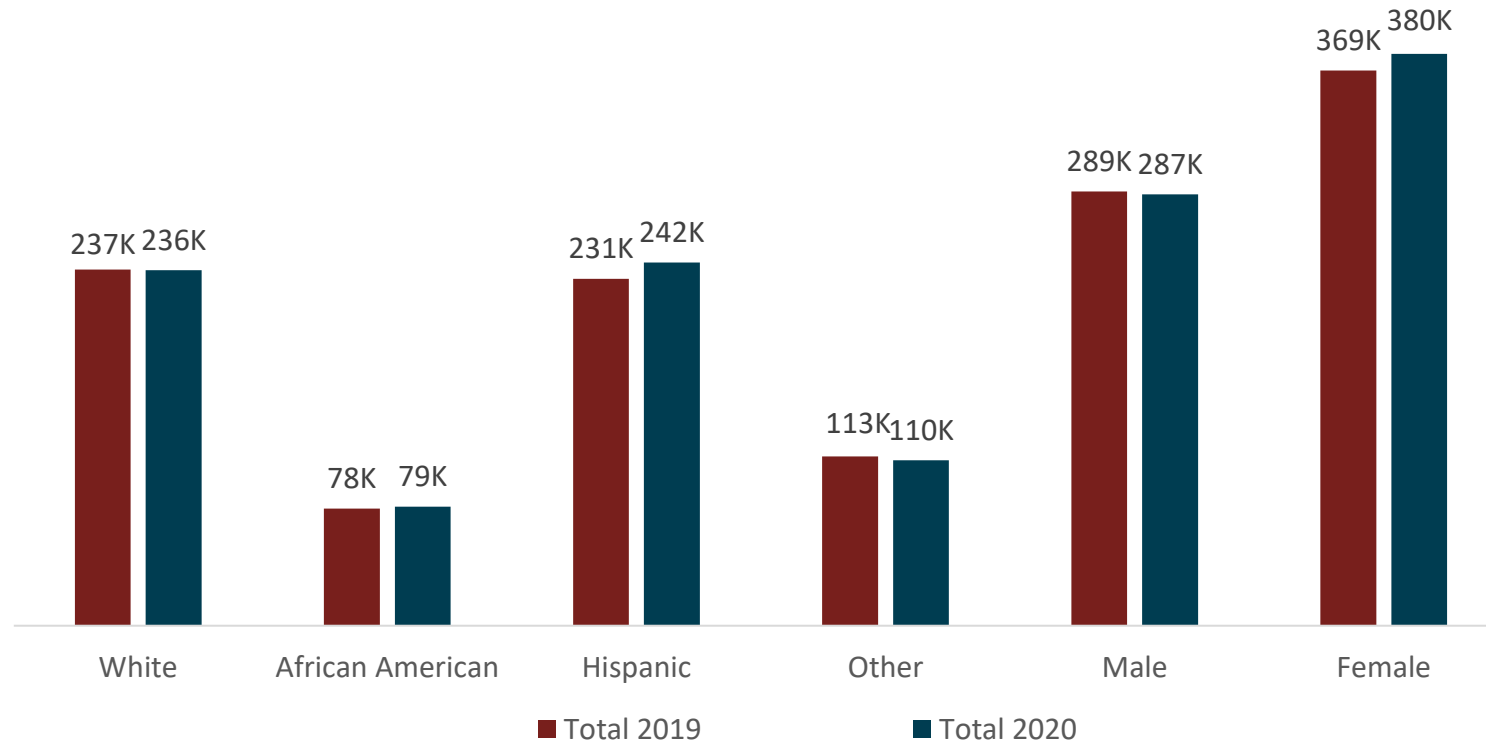


Higher Education Enrollment

continued

Enrollment by Race & Gender

Four-Year Institutions
2019-2020



Degree Completion

Statewide Degrees Awarded by Year

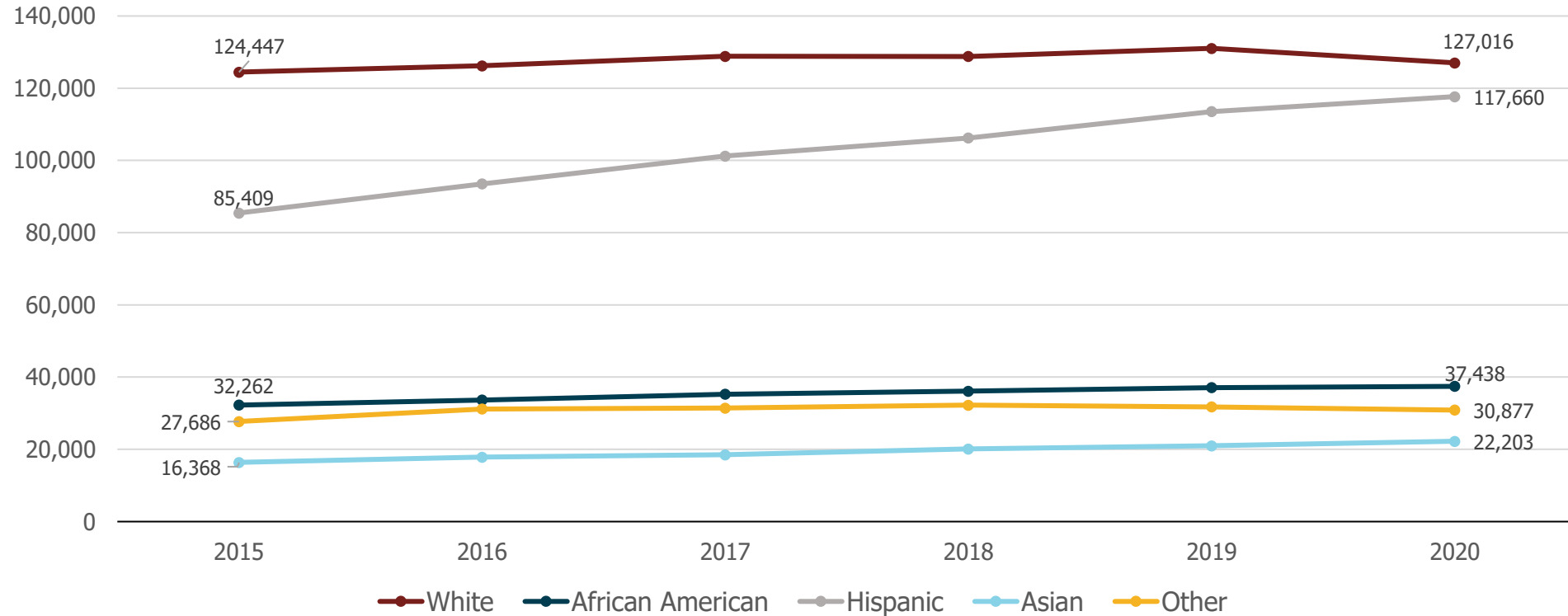
Degree Type	2015	2019	2020	% Change 2015 to 2020
Certificate	35,830	41,416	36,774	2.6%
Associate	72,877	89,896	92,054	26.3%
Bachelor	118,768	138,556	141,947	19.5%
Master's	47,648	52,932	52,548	10.2%
Total	275,123	322,800	323,323	17.5%

Degree Completion

continued

Degrees Awarded by Race & Ethnicity

Fall 2015-2020 degrees awarded including graduate and undergraduate



Student Debt

Average Student Indebtedness at Graduation by Degree

Institution Type	Degree Type	2010	2015	2019	% Change 2015 to 2019
Public Two-Year Colleges	Certificate	\$12,696	\$14,868	\$14,204	-4%
Public Two-Year Colleges	Associate	\$14,833	\$17,153	\$15,991	-7%
Public Four-Year Universities	Bachelor's	\$27,510	\$28,441	\$25,687	-10%

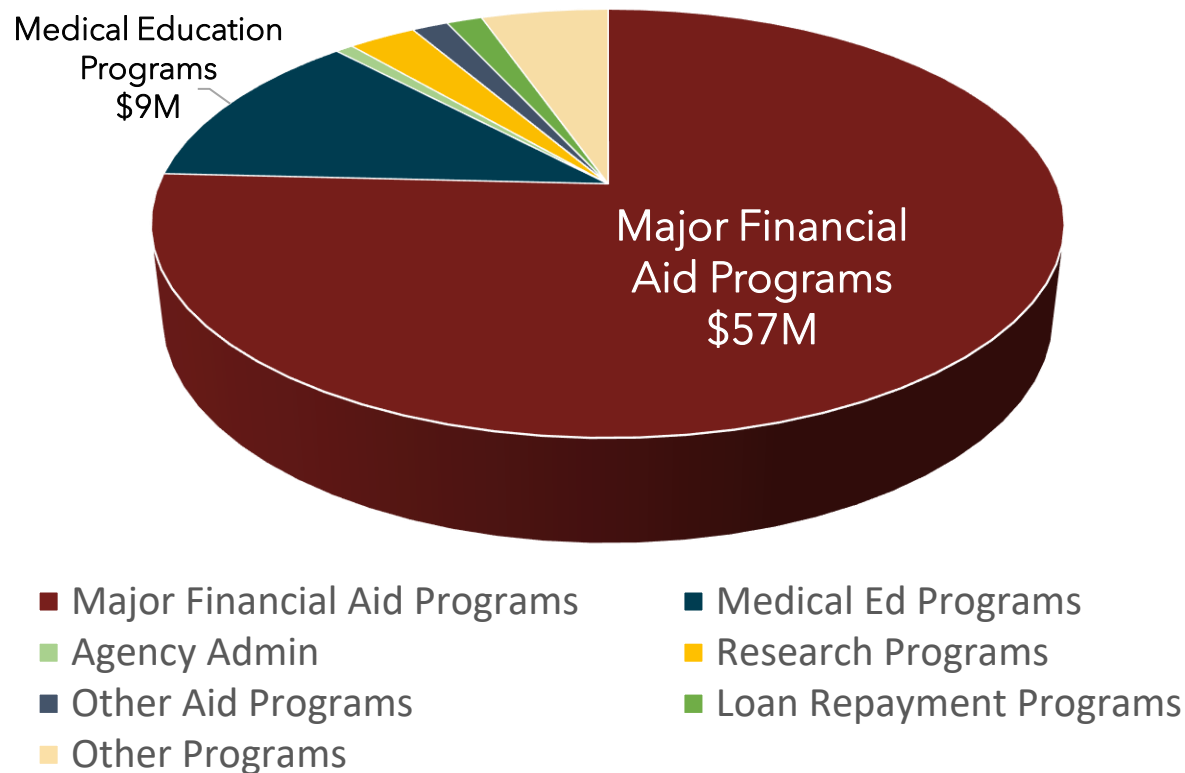
Exceptional Item Requests

The Coordinating Board requests the following
Exceptional Items in its FY22-23 Legislative
Appropriations Request:

- Restoration of Base Funding: \$74.5M
- Student Financial Aid: \$110M
- GradTX - Reskilling & Upskilling: \$4M
- Data Security & Accessibility: \$4M
- Capitol Complex Move: \$1.2M

Exceptional Item Requests

Breakdown of FY2022-23 Base Funding Reductions



Restoration of Base Funding

This item restores base funding amounts for FY22-23 to FY20-21 appropriated levels. Because most agency funding is in trustee programs, reduction in FY22-23 base funding will substantially impact major programs and operations of critical importance to students and families, institutions of higher education, and our state economy.

Exceptional Item Request: \$74.5M

Exceptional Item Requests

continued

Student Financial Aid

As a new strategy within the agency's existing Affordability and Debt Goal, this funding would allow the Coordinating Board to **direct additional aid to students** within each higher education sector through existing need-based grant programs, using real-time student enrollment and financial need data to ensure Texas maintains the proportion of students in need supported by these programs.

Exceptional Item Request: \$110M

Percent of Eligible New Students Receiving a Grant

	FY18 -19		FY20 - 21	
	Projected	Actual	Projected	Actual*
TEXAS Grants	70%	59%	70%	-
TEOG - Community Colleges	19%	18%	19%	-
TEOG - State/ Technical	13%	16%	13%	-
TEG	55%	51%	58%	-

* Data not available at this time.

** Because the TEG program does not differentiate between initial-year and continuing grants, these amounts include both.

Exceptional Item Requests

continued

GradTX: Reskilling & Upskilling

An estimated **4 million** Texans have some college credit but have not earned a degree that could help them improve their earning potential. The Coordinating Board has relaunched its GradTX initiative as a pilot program in the Greater Houston region to specifically **target and support working adults** with some college credit but no credential.

This request will allow the agency to begin scaling GradTX engagement efforts across the state, to re-engage adult learners and support them in completing credentials of value and contributing to the state's economic recovery.

Exceptional Item Request: \$4M

Some College/No Degree Attainment in Texas

Central Texas	552,658
Gulf Coast	1 million
High Plains	146,522
Metroplex	1.1 million
Northwest	98,268
South Texas	748,846
Southeast	138,140
West Texas	104,590
Upper East	154,259
Upper Rio Grande	150,728

Exceptional Item Requests

continued

Data Security & Accessibility

This funding will support the two most critical IT goals of the agency: to **reduce risk** to Coordinating Board data and systems from deliberate or unintentional misuse, and to **increase the value of Coordinating Board IT assets** to agency staff and external partners.

The requested funding would initiate the agency's move to the cloud following industry best practices, which will greatly enhance the value of Coordinating Board data and IT assets, and support the completion of the agency's Legacy Application Portfolio Modernization Project, which will reduce maintenance costs while increasing IT security and user effectiveness.

Exceptional Item Request: \$4M

Capitol Complex Move

The Coordinating Board is scheduled to relocate from its current leased office space to a new Capitol Complex office building in Summer 2022.

While the Texas Facilities Commission will cover basic costs associated with interior build-out of the office space, this funding is needed for moving expenses associated with the relocation and the purchase of equipment, such as interior computer cabling, hallway lights and emergency signage, and badge readers for secure areas, necessary for agency operations and the safety and security of staff, stakeholders, and visitors.

Exceptional Item Request: \$1.2M

GEER-funded Initiatives

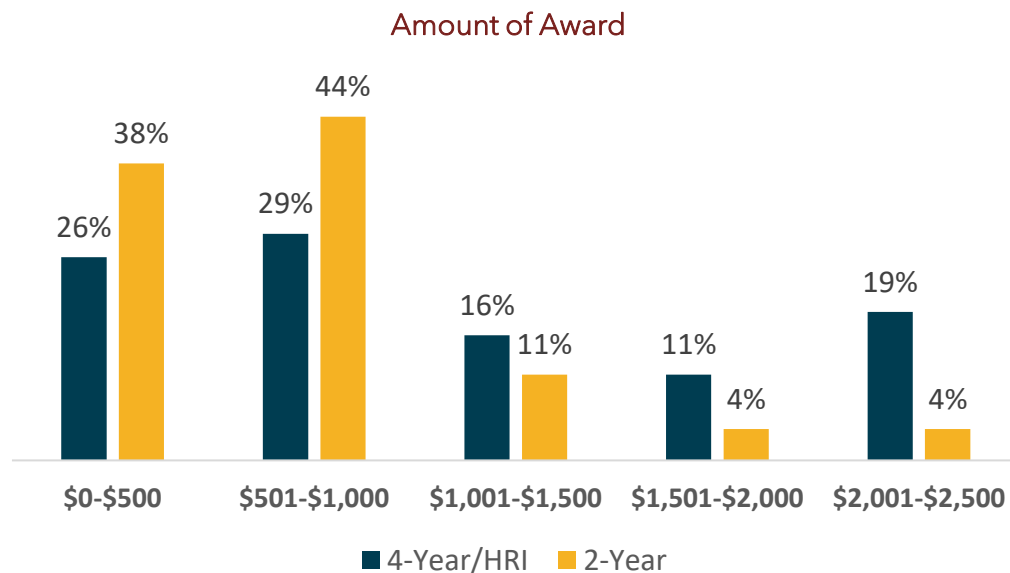
In July 2020, Gov. Greg Abbott and legislative leadership directed **\$175 million** in federal Governor's Emergency Education Relief (GEER) Funds to the THECB.

- \$57M to maintain State Financial Aid Programs
- \$46.5M for Emergency Educational Aid
- \$46.5M for Reskilling and Upskilling Grants
- \$10M for Online Learning Support
- \$15M for Data Infrastructure Modernization

GEER-funded Initiatives

Emergency Educational Aid

During the fall 2020 semester, 95 public institutions of higher education used GEER funds to provide **Emergency Educational Grants** to more than **40,800** students.



State Financial Aid Programs

GEER funding supported more than **21,000 Texas students** across the state's public and private colleges and universities for the Fall 2020 and Spring 2021 semesters.

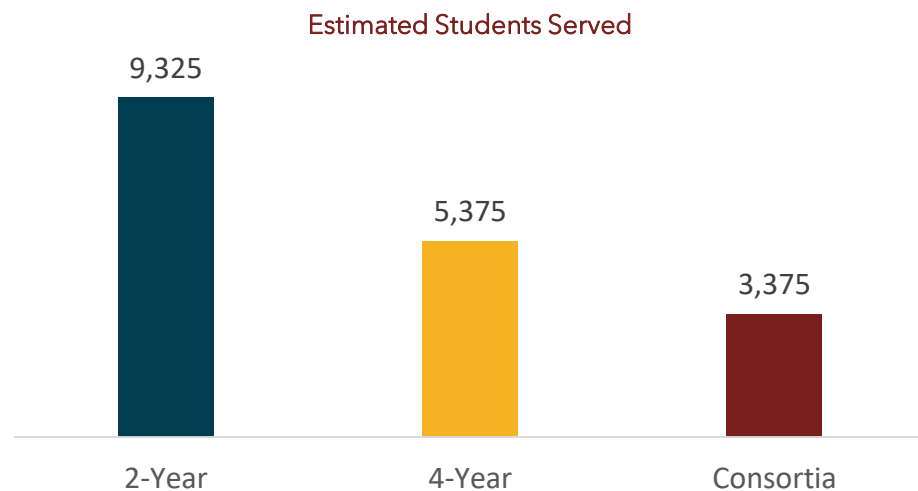
Financial Aid Program	% Funds Allocated	Students Served	Average Award
TEXAS Grant	99%	13,726	\$3,116
TEOG	97%	2,766	\$1,681
TEG	99%	4,900	\$1,814

GEER-funded Initiatives

continued

Reskilling and Upskilling Grants

In December 2020, the Coordinating Board announced the first round of grants totaling **\$18.1M** and serving an estimated **12,000 students**. A second round of grants in February 2021 is expected to total **\$9.3M** and serve an estimated **6,000 students**.



Online Learning Support

The Coordinating Board awarded **\$812,000** in technical assistance grants to support applicants and awardees. Implementation and development grants have been distributed to institutions in three rounds, totaling nearly **\$1M**.

Grant Type	Total Awards
Technical Assistance Grants	\$812,000
Implementation Grants	\$201,441
Development Grants	\$780,599

GEER-funded Initiatives

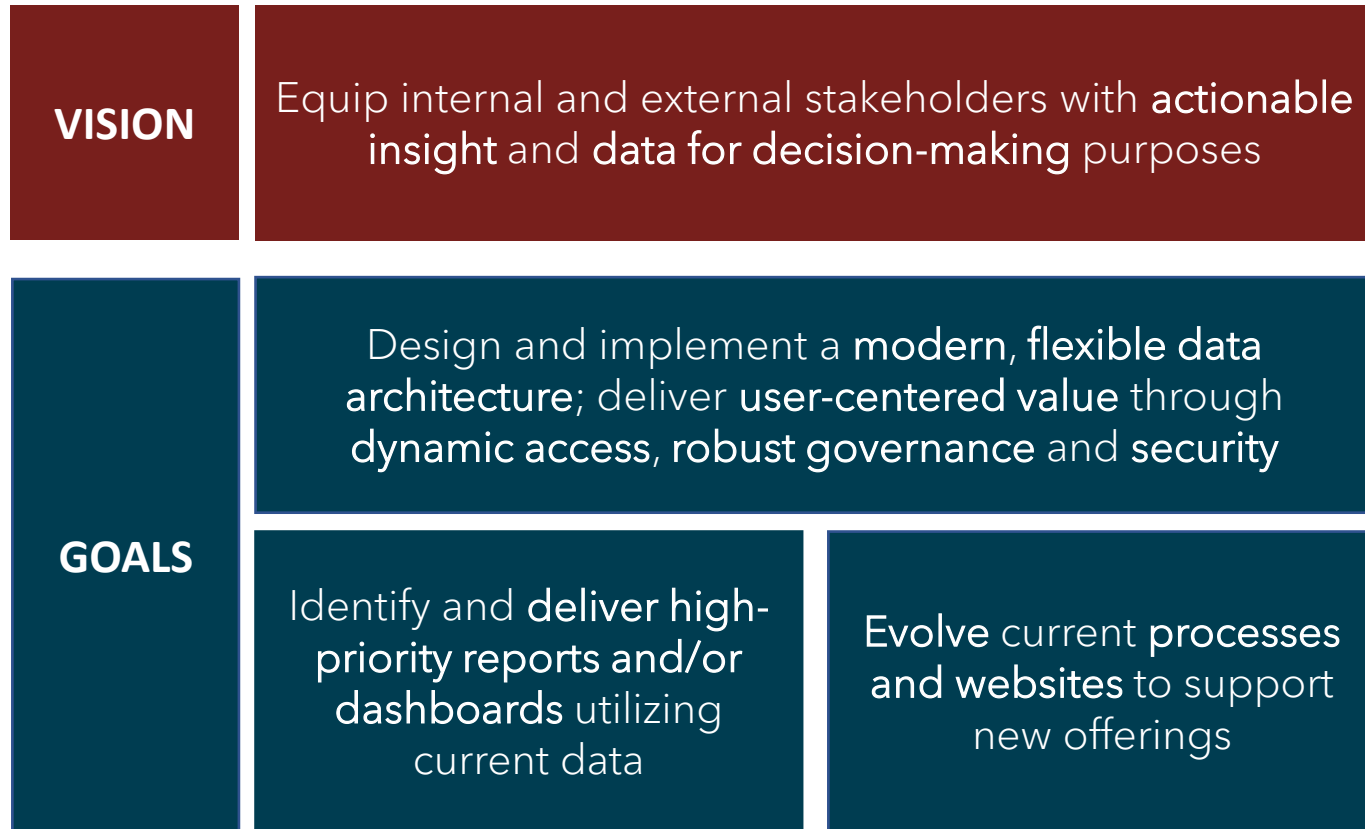
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Data Infrastructure Modernization

The Coordinating Board is the steward of the state's education and workforce data and is working closely with the Texas Education Agency (TEA) and the Texas Workforce Commission (TWC) on a comprehensive data modernization initiative.

The agency is developing and implementing a new data architecture that will take advantage of powerful new tools and allow "deep dive" analyses on education and workforce data.

This initiative will make data more useful and accessible for students, families, institutions, and policymakers.



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

Page III-69
Michael Cooper, LBB Analyst

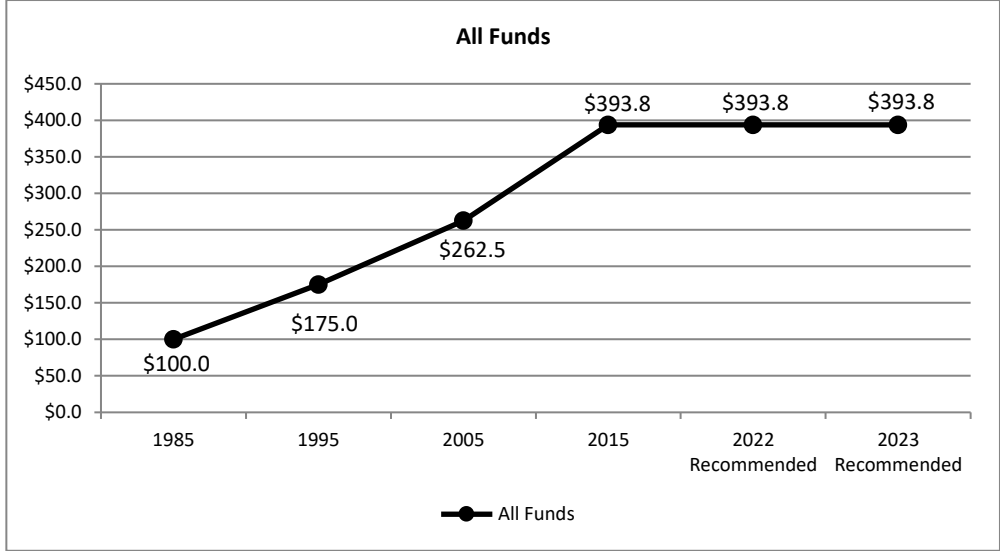
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$787,500,000	\$787,500,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$787,500,000</i>	<i>\$787,500,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$787,500,000	\$787,500,000	\$0	0.0%

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Higher Education Fund (HEF) is authorized in the Texas Constitution, Article VII, Section 17. The HEF provides funding for institutions of higher education that are ineligible for the Available University Fund Support. HEF appropriations are used for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, refunding bonds and issued notes, and other permanent improvements for eligible institutions. The Texas Constitution requires that the Texas Legislature determine the HEF appropriation allocation every 10 years, and to review the allocation at the end of the fifth year of each allocation period.

Historical Funding Levels (Millions)



**Higher Education Fund
Selected Fiscal and Policy Issues - House**

1. **Allocation amounts for fiscal years 2020-25.** Recommendations for Higher Education Fund (HEF) funding are maintained at \$393.8 million in General Revenue per fiscal year. The Texas Constitution, Article VII, Section 17, requires the Texas Legislature to determine the HEF appropriation allocation every 10 years, and to review the allocation at the end of the fifth year of the ten-year allocation. Education Code Section 62.022 requires the Texas Higher Education Coordinating Board (THECB) to conduct a study of the effectiveness of HEF, and present recommendations to the LBB and to the Texas Legislature. Based on the recommendation provided by the THECB, Senate Bill 709, Eighty-sixth Legislature, 2019, was enacted, which maintained the HEF allocation of \$393.8 million for fiscal years 2020-25. Senate Bill 709, Eighty-sixth Legislature, 2019, also enacted adjustments to allocation amounts to eligible institutions based on THECB's five year study. See item 2 below.

2. **THECB HEF Reallocation Study.** As mandated by Texas Education Code 62.022, THECB, with full participation of all HEF eligible institutions, conducted a five-year review of the HEF allocation methodology, and presented recommendations to the LBB and the Texas Legislature. Per Texas Education Code 62.021, HEF allocation methodology utilizes a three-factor approach, combined with a 2.2 percent set-aside for Texas State Technical Colleges (TSTCs). Senate Bill 709, Eighty-sixth Legislature, 2019, enacted the following changes to the HEF funding methodology. After the set-aside for TSTCs, the remaining 97.8 percent of the HEF is allocated as follows:
 - Institutional Complexity: 50 percent is allocated based on the institutions' fiscal year 2018-19 Formula Appropriations.
 - Space Deficit: 25 percent is allocated based on unadjusted Space Deficit using the Fall 2017 Space Model projections.
 - Facilities Condition: 25 percent is allocated using institutions' Fall 2017 Educational and General Campus Condition Index Values.

The changes to the HEF funding methodology resulted in a reallocation of available funds to each eligible institution, as displayed in page 3. These reallocation amounts are enacted in Senate Bill 709, Eighty-sixth Legislature, 2019, and Texas Education Code 62.021 for fiscal years 2020-25. These reallocations do not put payment of HEF-pledged bonds in jeopardy.

Higher Education Fund

(in millions)

Institution	Previous Allocation FY 2016-20	Allocation FY 2020-25	Change from Prior Allocation	Percent Change	Institution	Previous Allocation FY 2016-20	Allocation FY 2020-25	Change from Prior Allocation	Percent Change
University of Houston	\$52.8	\$54.5	\$1.7	3%	Stephen F. Austin State University	\$11.6	\$11.3	(\$0.4)	-3%
University of Houston – Clear Lake	\$8.0	\$7.7	(\$0.3)	-3%	Midwestern State University	\$5.1	\$4.9	(\$0.1)	-3%
University of Houston – Downtown	\$11.8	\$10.8	(\$0.9)	-8%	Texas Southern University	\$11.7	\$11.7	\$0.1	1%
University of Houston – Victoria	\$4.3	\$3.5	(\$0.7)	-17%	Texas Woman’s University	\$14.8	\$14.6	(\$0.3)	-2%
Total, University of Houston System	\$76.8	\$76.6	(\$0.2)	0%	Total, Independent Universities	\$43.2	\$42.5	(\$0.7)	-2%
Lamar University	\$14.1	\$13.1	(\$1.0)	-7%	Texas A&M University – Corpus Christi	\$11.1	\$11.5	\$0.3	3%
Lamar Institute of Technology	\$2.6	\$2.6	(\$0.0)	-1%	Texas A&M International University	\$6.7	\$7.5	\$0.8	11%
Lamar State College – Orange	\$1.7	\$1.5	(\$0.2)	-12%	Texas A&M University – Kingsville	\$9.0	\$8.9	(\$0.1)	-1%
Lamar State College – Port Arthur	\$2.2	\$2.2	\$0.1	3%	Texas A&M University – Commerce	\$10.8	\$11.1	\$0.3	3%
Sul Ross State University	\$2.1	\$2.2	\$0.0	1%	Texas A&M University – Texarkana	\$1.8	\$2.1	\$0.2	12%
Sul Ross State University Rio Grande College	\$0.4	\$0.5	\$0.1	15%	West Texas A&M University	\$7.2	\$7.4	\$0.3	4%
Sam Houston State University	\$17.3	\$18.2	\$0.9	5%	Total, Texas A&M University System	\$39.4	\$41.0	\$1.6	4%
Texas State University	\$37.2	\$37.6	\$0.4	1%	Texas Tech University	\$49.2	\$49.9	\$0.6	1%
Total, Texas State University System	\$77.6	\$77.9	\$0.3	0%	Texas Tech University Health Sciences Center	\$23.4	\$21.7	(\$1.7)	-7%
University of North Texas	\$37.6	\$37.3	(\$0.2)	-1%	Texas Tech University Health Sciences Center – El Paso	\$6.2	\$5.6	(\$0.7)	-11%
University of North Texas Health Sciences Center	\$17.1	\$15.1	(\$2.0)	-12%	Angelo State University	\$5.3	\$6.8	\$1.5	28%
University of North Texas at Dallas	\$2.1	\$3.4	\$1.2	59%	Total, Texas Tech University System	\$84.2	\$83.9	(\$0.3)	0%
Total, University of North Texas System	\$56.8	\$55.8	(\$0.9)	-2%	Total, Texas State Technical College System	\$8.7	\$8.7	\$0.0	0%

**Higher Education Fund
Appendices - House**

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A	Funding Changes and Recommendations by Strategy	5
B	Summary of Federal Funds	*
C	FTE Highlights	*

* Appendix is not included - no significant information to report

**Higher Education Fund
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
HIGHER EDUCATION FUND A.1.1	\$787,500,000	\$787,500,000	\$0	0.0%	Recommendations maintain General Revenue appropriations for fiscal years 2022-23 due to enactment of Senate Bill 1191, 84th Legislature, which set the annual HEF appropriation at \$393.8 million for fiscal years 2016-25. The Texas Constitution, Article VII, Section 17, requires the Texas Legislature to determine the HEF appropriation allocation every 10 years and to review the allocation at the end of the fifth year of the ten-year allocation. Based on recommendations from a methodology study released by the Texas Higher Education Coordinating Board in 2018, the annual HEF appropriation of \$393.8 million was maintained for fiscal years 2020-25.
Total, Goal A, HIGHER EDUCATION FUND	\$787,500,000	\$787,500,000	\$0	0.0%	
Grand Total, All Strategies	\$787,500,000	\$787,500,000	\$0	0.0%	

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

Page III-71

Michael Cooper, LBB Analyst

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial 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	\$2,568,413,600	\$2,496,555,352	(\$71,858,248)	(2.8%)
All Funds	\$2,568,413,600	\$2,496,555,352	(\$71,858,248)	(2.8%)

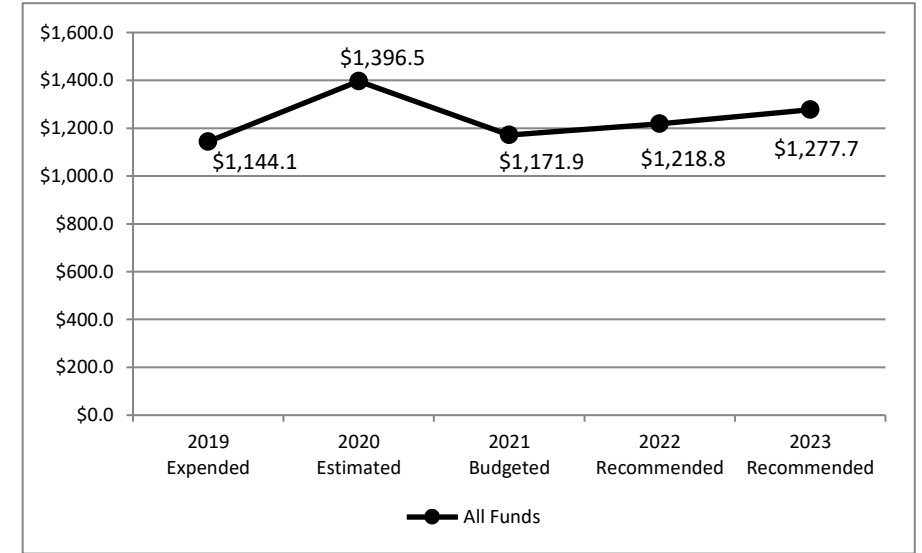
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Available University Fund (AUF) is authorized in the Texas Constitution, Article VII, Section 18. The AUF provides funding for most institutions and agencies in The University of Texas (UT) System and the Texas A&M University (TAMU) System. AUF appropriations are used for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, refunding bonds or issued notes, and other permanent improvements for eligible institutions. Also, AUF funding provides for the support and maintenance of certain institutions and the administration of the UT and TAMU systems.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



**Available University Fund
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A)	Decrease in total appropriations for the 2022-23 biennium due to the addition of a special distribution in fiscal year 2020, which increased the total above the appropriated amount for the 2020-21 biennium.					
	\$0.0	\$0.0	\$0.0	(\$183.7)	(\$183.7)	A.1
B)	Increase in estimated appropriations based on anticipated growth in the Permanent University Fund, excluding the special distribution from fiscal year 2020.					
	\$0.0	\$0.0	\$0.0	\$111.8	\$111.8	A.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)						
	\$0.0	\$0.0	\$0.0	(\$71.9)	(\$71.9)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>						
	\$0.0	\$0.0	\$0.0	\$111.8	\$111.8	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>						
	\$0.0	\$0.0	\$0.0	(\$183.7)	(\$183.7)	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Estimated Appropriations for the Available University Fund for the 2022-23 biennium.** Recommendations include a \$71.9 million decrease in estimated appropriations from the Available University Fund (AUF) for the 2022-23 biennium. The estimated AUF appropriations for the 2022-23 biennium total \$2.5 billion and would be allocated, pursuant to the Texas Constitution, Article VII, Section 11 Requirements, as follows:
 - \$1.7 billion to the University of Texas (UT) System, and
 - \$828.4 million to the Texas A&M University (TAMU) System.

2. **Basis for the Estimated AUF Appropriations.** The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of 20 institutions and 6 agencies of the UT and TAMU systems. The PUF includes 2.1 million acres of land grants. Annual distributions are made from the PUF to the AUF as approved by the UT System's Board of Regents in accordance with the Texas Constitution requirements and Board of Regents' policy. The AUF also consists of surface income from PUF lands and interest income on AUF balances held in the state treasury.

The slight decrease in AUF appropriations for the 2022-23 biennium is largely a result of a special PUF distribution included in fiscal year 2020. For fiscal years 2017-19, the UT Board approved a distribution amount equated to 5.00% of the average net asset value of PUF investments. For fiscal year 2020, the UT board approved a special distribution, which raised the recommended AUF distribution for fiscal year 2020 from \$1.2 billion to \$1.4 billion. The budgeted AUF distribution for fiscal year 2021 did not include the added special distribution, and was increased to 5.50% of the average net asset value of PUF investments.

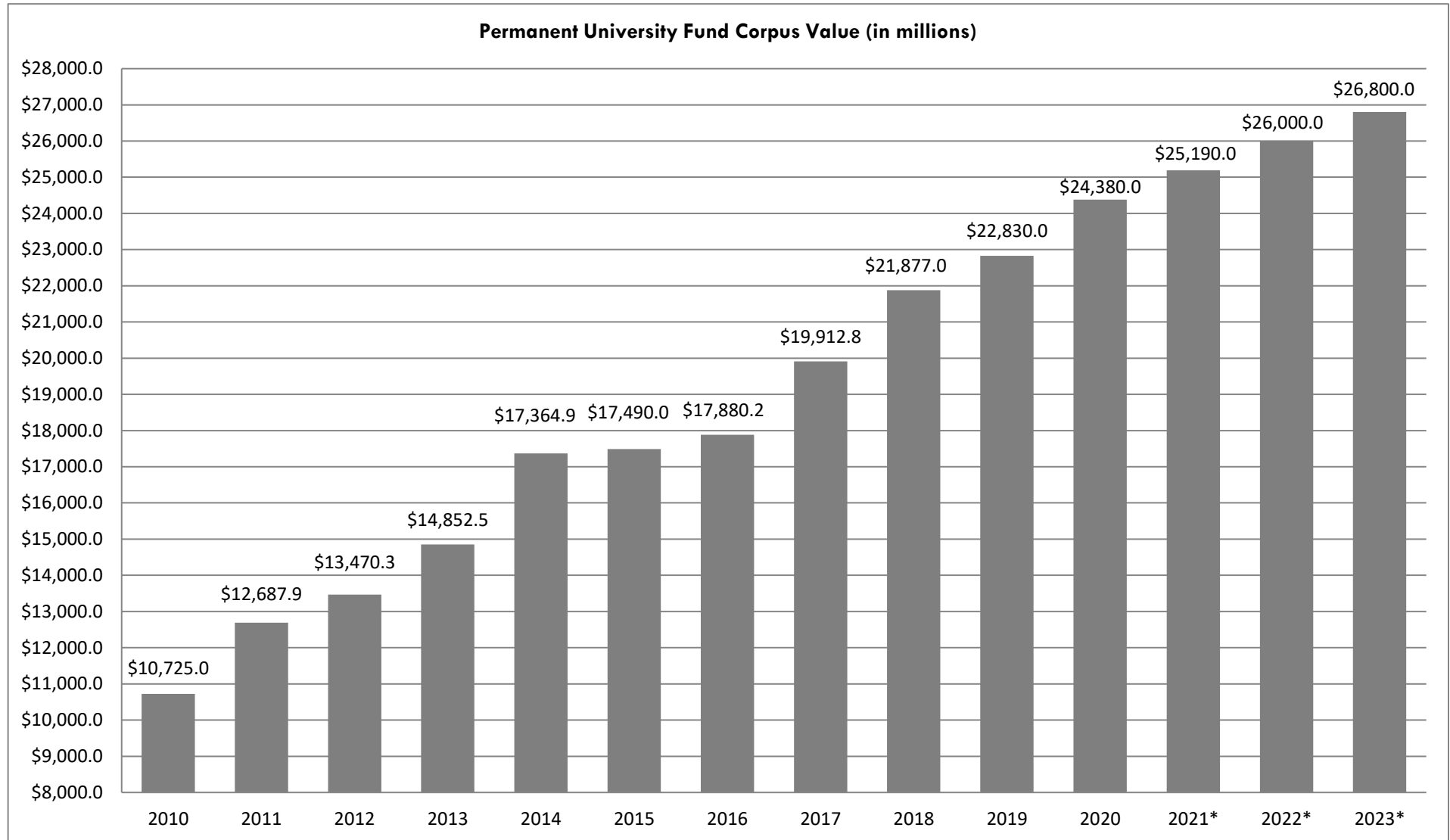
When compared to the recommended amounts for the 2020-21 biennium, the AUF appropriation for the 2022-23 biennium indicates an increase in funding by \$111.8 million. This increase is primarily due to anticipated growth in the value of the PUF (the trailing 12-quarter average of net assets) against which the Board of Regents' approved annual distribution percentage is applied. For fiscal years 2022 and 2023, the annual PUF distribution amounts are projected to increase from the fiscal year 2021 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65%. The 2022-23 PUF distributions will not exceed the maximum 7% of the average fair market value of the PUF in any fiscal year, as mandated by the Texas Constitution. The total net assets value of the PUF on August 31, 2020 was \$24.4 billion (see page 4 for historical values).

3. **Bonds Backed by the PUF.** The Texas Constitution authorizes the governing boards of the UT and TAMU systems to issue PUF-backed bonds and notes (PUF bonds) to finance capital expenditures. Debt service payments on PUF bonds are paid from each respective system's AUF appropriations. On August 31, 2020, the UT System had outstanding PUF bonds and notes of \$3.2 million and the TAMU System's outstanding PUF bonds totaled \$1.4 million. This outstanding debt is approximately 22.4 percent of the PUF's book value, which is below the constitutional limit of 30 percent.

**Available University Fund
Performance of the Permanent University Fund (FY 2010-23)**

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2010	\$ 10,725.0	10.9%
2011	\$ 12,687.9	18.3%
2012	\$ 13,470.3	6.2%
2013	\$ 14,852.5	10.3%
2014	\$ 17,364.9	16.9%
2015	\$ 17,490.0	0.7%
2016	\$ 17,880.2	2.2%
2017	\$ 19,912.8	11.4%
2018	\$ 21,877.0	9.9%
2019	\$ 22,830.0	4.4%
2020	\$ 24,380.0	6.8%
2021*	\$ 25,190.0	3.3%
2022*	\$ 26,000.0	3.2%
2023*	\$ 26,800.0	3.1%

Note: *FY21-23 data is estimated.
Sources: University of Texas Investment Management Company and UT System Office of Finance



**Available University Fund
Rider Highlights - House**

New Riders

2. New rider appropriates any unexpended balances of the AUF to the AUF recipients on the first day of the following fiscal year.

**Available University Fund
Items Not Included in Recommendations - House**

	2022-23 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
	GR & GR-D	All Funds	FTEs			

Rider Revision Requests Not Included

A)	UT system requests deletion of the citation in Rider 3 for Article VII, Section 18(f) of the Texas Constitution due to its redundancy.					
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**Available University Fund
Appendices - House**

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* Appendix is not included - no significant information to report

**Available University Fund
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
TEXAS A&M UNIV SYSTEM ALLOCATION A.1.2	\$849,413,600	\$828,431,784	(\$20,981,816)	(2.5%)	The slight difference between the percentage increase for the Texas A&M University (TAMU) System and the University of Texas (UT) System strategies is attributable to the inclusion of the Available University Fund (AUF) interest income values in the UT System strategy. The TAMU System strategy does not include any interest income.
THE UNIV OF TEXAS SYSTEM ALLOCATION A.1.3	\$1,719,000,000	\$1,668,123,568	(\$50,876,432)	(3.0%)	<p>The Permanent University Fund (PUF) is a state endowment fund that contributes to the support of 20 institutions and 6 agencies of the UT and TAMU systems. The PUF includes 2.1 million acres of land grants. Annual distributions are made from the PUF to the AUF as approved by the UT System's Board of Regents in accordance with Texas Constitution requirements and Board of Regent's policy. The AUF also consists of surface income from PUF lands and interest income on AUF balances held in the state treasury.</p> <p>The estimated \$71.9 million decrease in AUF appropriations for the 2022-23 biennium is primarily due to a special distribution implemented in fiscal year 2020 which increased the AUF distribution by \$200 million. When compared to the recommended amounts for the 2020-21 biennium, the AUF appropriation for the 2022-23 biennium indicates an increase in funding by \$111.8 million. This increase is primarily due to anticipated growth in the value of the PUF (the trailing 12-quarter average of net assets) against which the Board of Regents' approved annual distribution percentage is applied. For fiscal years 2022 and 2023, the annual PUF distribution amounts are projected to increase from the fiscal year 2021 amount by a rate equal to the Consumer Price Index (CPI) plus 2.65%. The total net assets value of the PUF on August 31, 2020 was \$24.4 billion(see page 4 for historical values).</p>
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$2,568,413,600	\$2,496,555,352	(\$71,858,248)	(2.8%)	
Grand Total, All Strategies	\$2,568,413,600	\$2,496,555,352	(\$71,858,248)	(2.8%)	

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

Page III-74
Michael Cooper, LBB Analyst

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial 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	\$49,411,188	\$50,511,981	\$1,100,793	2.2%
All Funds	\$49,411,188	\$50,511,981	\$1,100,793	2.2%

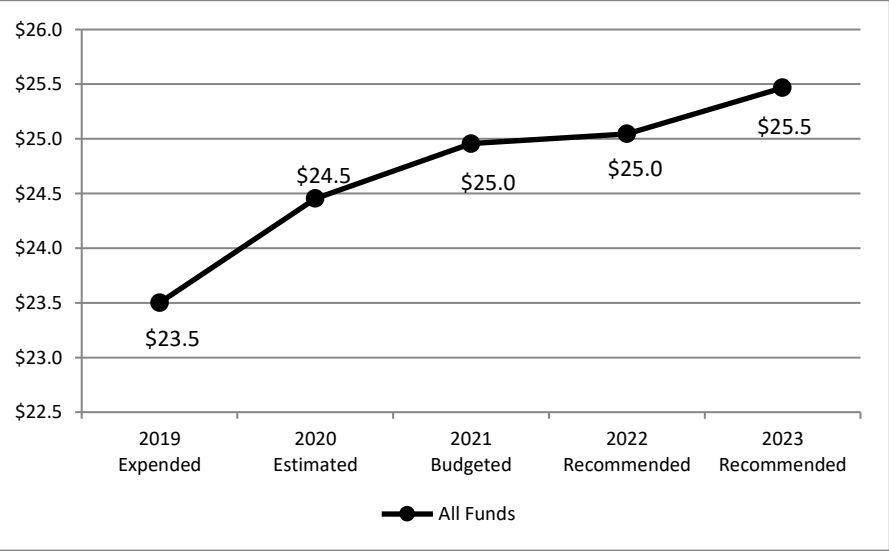
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The National Research University Fund (NRUF) is authorized in the Texas Constitution, Article VII, Section 20. The NRUF provides funding for General Academic Institutions (GAIs) that are eligible emerging research universities as determined by the Texas Higher Education Coordinating Board. NRUF appropriations may only be used by eligible GAIs for the support and maintenance of educational and general activities that promote increased research capacity.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



**Available National Research University Fund
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Increase in estimated available appropriations because of changes in Texas Treasury Safekeeping Trust Company assumptions and policies regarding projected market returns and distribution rate.	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Basis for the Estimated Available Appropriations from NRUF.** The Texas Comptroller, through the Texas Treasury Safekeeping Trust Company (TTSTC), determines the amount of Available National Research University Fund (NRUF) appropriations for each fiscal year pursuant to Texas Education Code, Section 62.148 requirements. The total amount appropriated from NRUF for any state fiscal year may not exceed an amount equal to 4.5 percent of the average value of the NRUF corpus for the previous three fiscal years. For fiscal year 2020, TTSTC determined the available NRUF appropriation amount based on a 3.5 percent rate. The total value of NRUF on August 31, 2020 was \$736.3 million (see page 5 for historical values).
2. **Distribution of Available NRUF Appropriations.** The distribution of available NRUF appropriations and the university eligibility requirements are set forth in the Texas Constitution, Article VII, Section 20 and Texas Education Code, Subchapter G. Of the total available NRUF appropriations, each eligible institution receives a fiscal year distribution amount equal to the sum of:
 - one-seventh of the total available; and
 - an equal share of any amount remaining after distributions are calculated, not to exceed one-fourth of the remaining amount.

However, if more than four institutions are eligible to receive NRUF appropriations, then each eligible institution is entitled to receive an equal share of the total available.

Currently, the University of Houston, Texas Tech University, and the University of Texas at Dallas (UT Dallas) are eligible to receive NRUF appropriations for the 2020-21 and 2022-23 biennia. As stated in Texas Education Code 62.145, in order to become eligible, institutions must satisfy the following conditions for two state fiscal years:

- Must be (1) designated as an emerging research university and (2) expend at least \$45 million in restricted research funds; and
- Must satisfy four of six optional criteria which indicate the institution's academic excellence (e.g., demonstrate that students and faculty are of high academic achievement, demonstrate commitment to high-quality graduate education).

Texas Education Code Sec. 62.146(b) requires The Texas Higher Education Coordinating Board to annually verify and certify information about the criteria used for determining the eligibility of higher education institutions to receive distributions from the NRUF. Of the remaining emerging research universities, The University of Texas at Arlington (UT Arlington), in fiscal year 2021, and The University of Texas at San Antonio (UT San Antonio) and the University of Texas at El Paso (UT El Paso), during the 2022-23 biennium, may also become eligible to receive NRUF appropriations, according to the Texas Higher Education Coordinating Board (THECB) NRUF Eligibility Report, released in April 2020.

- UT Arlington met the two mandatory criteria for NRUF funding in fiscal years 2018 and 2019, as well as four of the six optional criteria in fiscal year 2019, and thus met eligibility requirements for fiscal year 2019. Based on the LAR released by UT Arlington and a notice from the Texas Comptroller, UT Arlington also met all criteria in fiscal year 2020, the second consecutive fiscal year, and will be eligible for an NRUF distribution in fiscal year 2021.
- UT San Antonio reached \$44.1 million in restricted research expenditures and three of the optional criteria in fiscal year 2019. Should the institution reach \$45 million and satisfy a fourth optional criteria in the following years, they will be eligible for NRUF funding as early as fiscal year 2022.
- UT El Paso met the two mandatory criteria and three optional criteria for NRUF funding in fiscal years 2018 and 2019. Should the institution satisfy a fourth optional in the following years, they will be eligible for funding as early as fiscal year 2022.

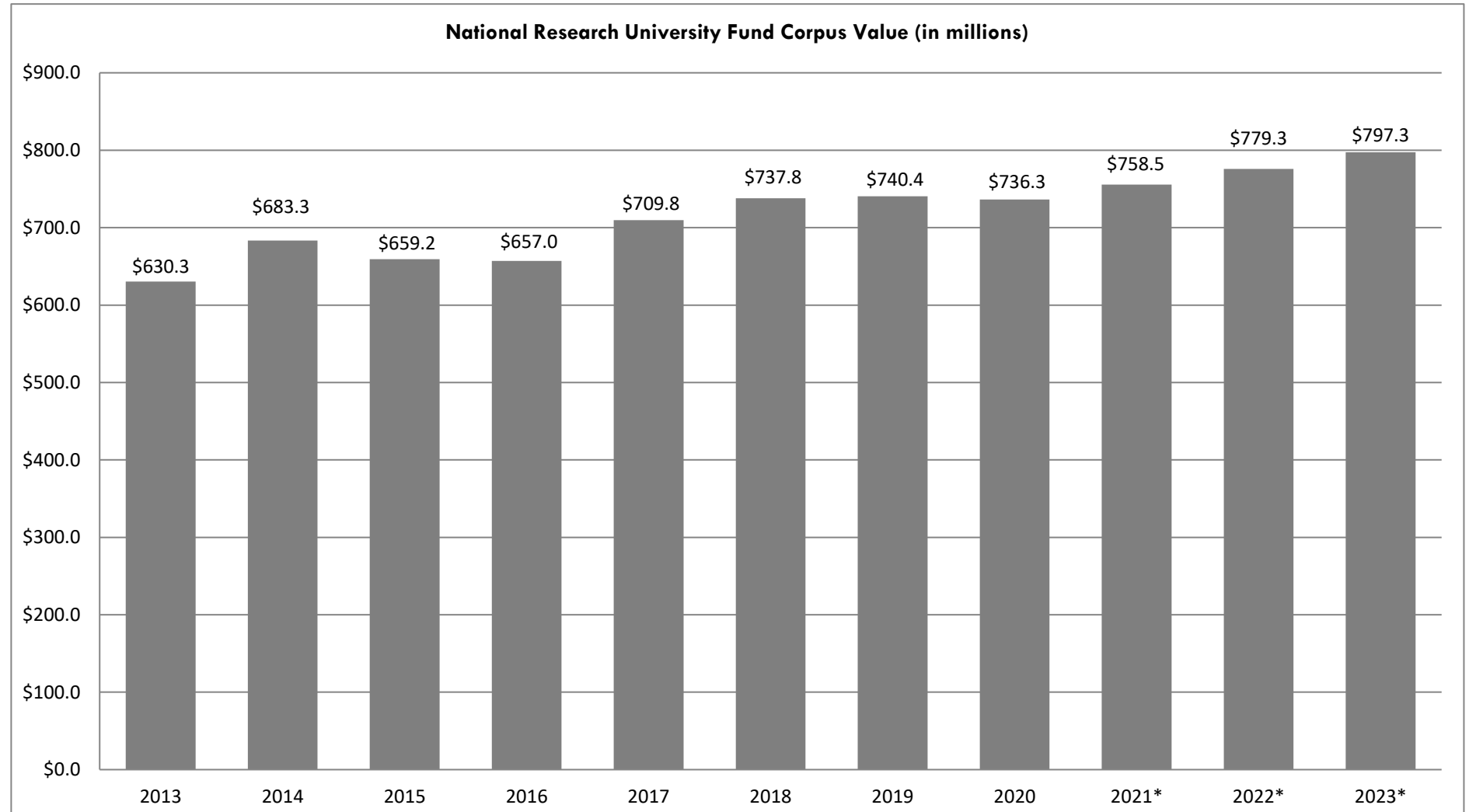
**Available National Research University Fund
Selected Fiscal and Policy Issues**

Distribution of Available NRUF Appropriations for Fiscal Years 2020-23								
Eligible Institutions	Available NRUF Appropriations distributed in FY 2020 ^{2, 3}	FY 2020 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2021 ^{1, 2, 3}	FY 2021 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2022 ^{1, 2, 3}	FY 2022 NRUF Appropriations per Institution	Available NRUF Appropriations distributed in FY 2023 ^{1, 2, 3}	FY 2023 NRUF Appropriations per Institution
(Assume 3 Institutions) Houston, Texas Tech, and UT Dallas	\$24,454,556	\$8,151,519	\$24,956,632	\$8,318,877	\$25,045,557	\$8,348,519	\$25,466,425	\$8,488,808
(Assume 4 Institutions) Houston, Texas Tech, UT Dallas and UT Arlington	*	*	\$25,476,562	\$6,369,141	\$25,561,135	\$6,390,284	\$25,990,749	\$6,497,687
(Assume 5 Institutions) Houston, Texas Tech, and UT Dallas and UT Arlington and UT El Paso or UT San Antonio	*	*	*	*	\$25,587,193	\$5,117,439	\$26,057,617	\$5,211,523
Notes: 1) Fiscal years 2021-23 data is estimated. 2) Amounts vary for "Available NRUF Appropriations" for fiscal years 2021-23 due to differences in distributions and the associated impact on the value of the NRUF corpus. 3) Available Appropriations distributed in fiscal years 2020-23 calculated at 3.5% rate. * Amount not applicable based on possible institution eligibility for that fiscal year. Sources: Texas Treasury Safekeeping Trust Company, Texas Higher Education Coordinating Board								

**Available National Research University Fund
Performance of the National Research University Fund (FY 2013-23)**

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2013	\$ 630.3	4.5%
2014	\$ 683.3	8.4%
2015	\$ 659.2	(3.5%)
2016	\$ 657.0	(0.3%)
2017	\$ 709.8	8.0%
2018	\$ 737.8	3.9%
2019	\$ 740.4	0.4%
2020	\$ 736.3	(0.6%)
2021*	\$ 755.6	2.6%
2022*	\$ 776.0	2.7%
2023*	\$ 797.3	2.7%

Note: *FY 2021-23 data is estimated based on three eligible institutions.
Source: Texas Treasury Safekeeping Trust Company



**Available National Research University Fund
Appendices - House**

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* Appendix is not included - no significant information to report

**Available National Research University Fund
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	Recommendations include a \$1.1 million increase in estimated available appropriations from the National Research University Fund (NRUF) for the 2022-23 biennium. The Texas Comptroller, through the Texas Treasury Safekeeping and Trust Company (TTSTC), determines the amount of available NRUF appropriations for each fiscal year pursuant to Texas Education Code, Section 62.148 requirements. The total amount appropriated from NRUF for any state fiscal year may not exceed an amount equal to 4.5 percent of the average value of the NRUF corpus for the previous three fiscal years. For fiscal year 2020, TTSTC determined the available NRUF appropriation amount based on a 3.5 percent rate. See Sections 3 and 3a (pages 3-5) for additional details.
Total, Goal A, MANAGE/ADMINISTER ENDOWMENT FUNDS	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	
Grand Total, All Strategies	\$49,411,188	\$50,511,981	\$1,100,793	2.2%	

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

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Michael Cooper, LBB Analyst

Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$28,500,000	\$28,500,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$28,500,000</i>	<i>\$28,500,000</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$17,686,853	\$18,429,407	\$742,554	4.2%
All Funds	\$46,186,853	\$46,929,407	\$742,554	1.6%

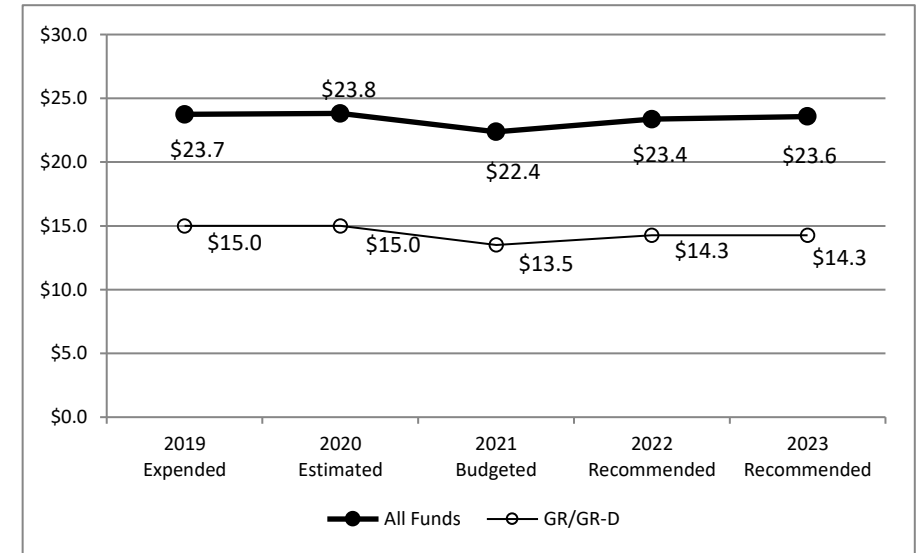
	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Permanent Fund for Military Veterans Exemptions (MVE) is authorized in the Texas Education Code, Section 54.3411. The MVE was established to assist public institutions of higher education to offset the waived tuition and fee revenue from the Hazlewood Legacy Program (HLP). In accordance with HLP, qualifying veterans may assign unused hours of their state tuition exemption to a dependent that meets eligibility requirements

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



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

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase in estimated appropriations based on anticipated growth of the Permanent Fund Supporting Military and Veterans Exemptions for the 2022-23 biennium.	\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.7	\$0.7	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Basis for the Estimated Appropriations from MVE.** Pursuant to Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the Military and Veterans Exemptions (MVE) and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For fiscal year 2020, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE. The total value of the MVE on August 31, 2020 was \$266.2 million (see page 4 for historical values).

2. **Distribution of MVE Appropriations.** The distribution requirements for MVE appropriations are set forth in the Texas Education Code, Section 54.3411(e), which indicates MVE funds may be appropriated only to offset the cost to institutions for the Hazlewood Legacy Program (HLP) exemptions. The amount appropriated to eligible institutions must be in proportion to each institution’s respective share of the aggregate cost to all institutions for the HLP exemptions, as determined by the Legislative Budget Board using HLP data provided by the Texas Veterans Commission.

3. **5% Reduction to Appropriations for the Hazlewood Legacy Program (HLP).** Historically, the Legislature has appropriated \$15.0 million in General Revenue Funds per fiscal year (previously appropriated to the Texas Veterans Commission) for the HLP. The HLP appropriation is distributed in the same fashion as the MVE. Due to a recommended 5% budget reduction to all General Revenue appropriations, the HLP appropriation for fiscal year 2021 was decreased to \$13.5 million. Recommendations for the fiscal year 2022-23 biennium maintained this reduced amount, for a biennial HLP appropriation of \$28.5 million. Total appropriations, MVE and General Revenue combined, to eligible institutions for HLP for fiscal years 2019-23 are as follows:

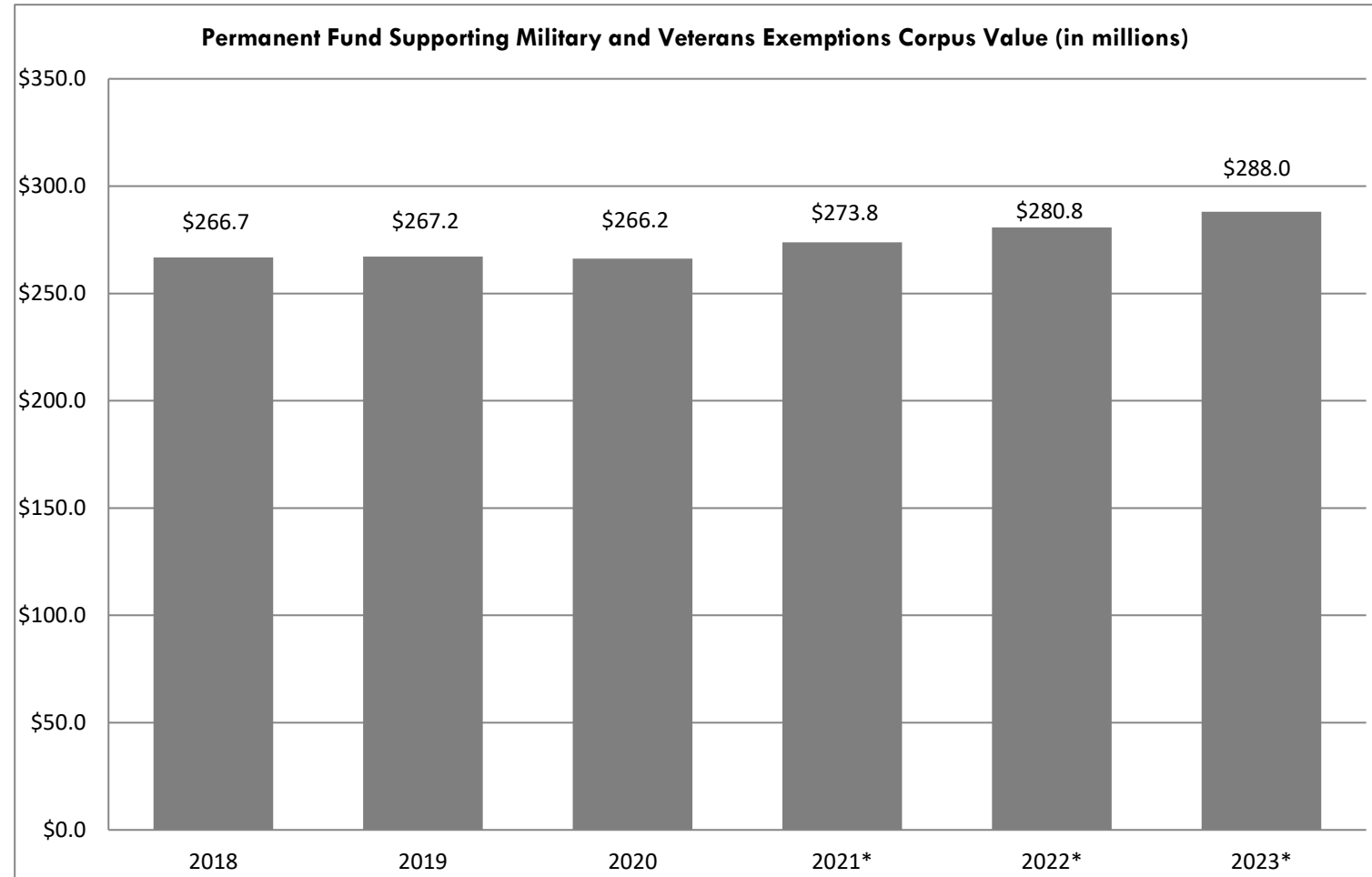
Fiscal Year	HLP Appropriations from MVE	HLP Appropriations from GR	Total HLP Appropriations (MVE + GR)	Total HLP Credit Hours Exempted	Total HLP Dollars Waived
2019	\$ 8,737,849	\$ 15,000,000	\$ 23,737,849	532,602	\$ 186,632,522
2020	\$ 8,815,572	\$ 15,000,000	\$ 23,815,572	433,653	\$ 157,449,872
2021	\$ 8,871,281	\$ 13,500,000	\$ 22,371,281	**	**
2022	\$ 9,106,887	\$ 14,250,000	\$ 23,356,887	**	**
2023	\$ 9,322,520	\$ 14,250,000	\$ 23,572,520	**	**

Notes: FY19 funding distribution based on FY18 data; FY20 funding distribution based on FY19 data; FY20-22 data is not yet available for FY21-23 distributions.

Permanent Fund Supporting Military and Veterans Exemptions
Performance of the Permanent Fund Supporting Military and Veterans Exemptions Fund (FY 2018-23)

Fiscal Year	Corpus Value (in millions)	% Change Corpus Value
2018	\$ 266.7	3.5%
2019	\$ 267.2	0.2%
2020	\$ 266.2	(0.4%)
2021*	\$ 273.8	2.9%
2022*	\$ 280.8	2.6%
2023*	\$ 288.0	2.6%

Note: *FY21-23 data is estimated.
 Source: Texas Treasury Safekeeping Trust Company



**Permanent Fund Supporting Military and Veterans Exemptions
Appendices - House**

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* Appendix is not included - no significant information to report

**Permanent Fund Supporting Military and Veterans Exemptions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
DISTRIBUTE TO ELIGIBLE INSTITUTIONS A.1.1	\$17,686,853	\$18,429,407	\$742,554	4.2%	Recommendations include a \$0.7 million increase in estimated appropriations (Other Funds) from the Permanent Fund Supporting Military and Veterans Exemptions (MVE) for the 2022-23 biennium. Pursuant to the Texas Education Code, Section 54.3411 requirements, the Texas Treasury Safekeeping Trust Company (TTSTC) administers the MVE and determines the amount available for distribution and appropriation from the fund. TTSTC determines the MVE appropriation amount in accordance with policy that is adopted by the Texas Comptroller of Public Accounts. For Fiscal Year 2020, TTSTC determined the MVE appropriation amount based on 3.5 percent of the 20-quarter moving average value of the MVE.
Total, Goal A, FUND FOR MILITARY & VET EXEMPTIONS	\$17,686,853	\$18,429,407	\$742,554	4.2%	
REIMBURSEMENT FOR HAZLEWOOD EXEMPTS B.1.1	\$28,500,000	\$28,500,000	\$0	0.0%	Recommendations include \$14.25 million in General Revenue Funds per fiscal year.
Total, Goal B, REIMBURSEMENT FOR HAZLEWOOD EXEMPTS	\$28,500,000	\$28,500,000	\$0	0.0%	
Grand Total, All Strategies	\$46,186,853	\$46,929,407	\$742,554	1.6%	

**Higher Education Employees Group Insurance Contributions
Summary of Budget Recommendations - House**

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Andrew Overmyer, LBB Analyst

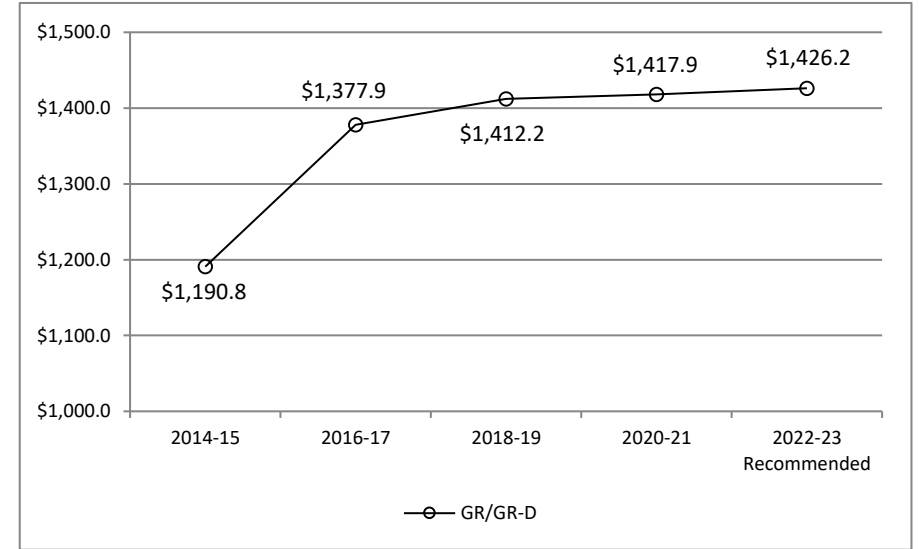
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,417,871,663	\$1,420,656,567	\$2,784,904	0.2%
GR Dedicated Funds	\$0	\$5,506,614	\$5,506,614	100.0%
Total GR-Related Funds	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%

Agency Budget and Policy Issues and/or Highlights

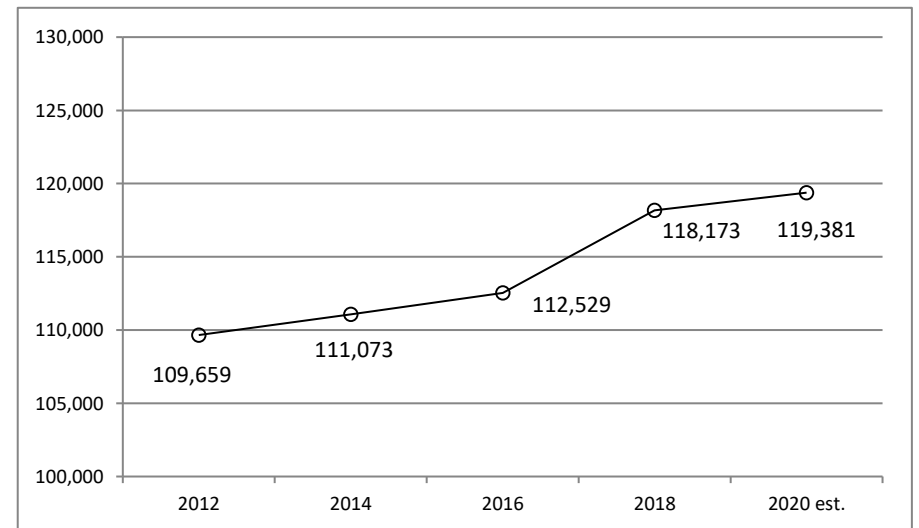
The General Revenue and General Revenue-Dedicated amounts recommended here represent the direct state contributions appropriated to institutions of higher education for the purposes of paying group health insurance premiums. Institutions pay health care premiums proportionally from other fund sources to the degree they receive fund sources other than General Revenue. Any difference between actual premium cost and appropriated state contributions is paid by the institution.

The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Historical Funding Levels (Millions)



Historical General Revenue Funded Employee Headcount



**Higher Education Employees Group Insurance Contributions
Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	State Contribution, Community Colleges - South Texas College modified its headcount reporting to align with the definition of employees that are eligible to receive Group Insurance appropriations outlined in statute and the General Appropriations Act	\$5.5	\$0.0	\$0.0	\$0.0	\$5.5	C.1.37
B)	State Contribution, Community Colleges - Headcount growth	\$2.8	\$0.0	\$0.0	\$0.0	\$2.8	C.1.37
C)	Texas A&M Forest Service - Method of Finance change from General Revenue Funds Account No. 8042 to General Revenue-Dedicated Operating Account No. 036	(\$5.5)	\$5.5	\$0.0	\$0.0	\$0.0	B.1.19
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$2.8	\$5.5	\$0.0	\$0.0	\$8.3	As Listed

NOTE: Totals may not sum due to rounding.

**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, 2020, and the institution's estimate of the General Revenue and General Revenue-Dedicated proportionality likely to be reported in the institution's fiscal year 2020 Accounting Policy Statement 011 (APS 011) report, as reported in each institution's 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-January for the December 1, 2020 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 in overall appropriations.

2. **Contribution Funding.** 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. Recommended 2022-23 amounts maintain the 2020-21 funding levels of \$1.05 billion for institutions of higher education other than the public community and junior colleges. Recommendations are consistent with the recommendations for ERS' general state employees by maintaining Fiscal Year 2021 rates for the 2022-23 biennium.

Senate Bill 1812, 83rd 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 by legislation. Recommendations for the community colleges represent a 2.1 percent increase over 2020-21 General Revenue funding levels. Please see Section 3a for a comparison of different proration rates and the resulting funding compared to the recommended 2022-23 funding level.

3. **Employee Headcount Trends.** For institutions of higher education (excluding community colleges), the total number of HEGI and Staff Group Insurance-funded employees increased by 3.1 percent from the previous biennium; the total number of full-time employees increased by 4.6 percent and the total number of part-time employees decreased by 9.3 percent.

The number of HEGI-funded employees decreased by 0.01 percent; the number of full-time employees increased by 1.1 percent and part-time employees decreased by 18.1 percent. Although there is an overall decrease of employees, because full-time employees receive the full the premium amount and part-time employees receive half of the full premium amount, their respective headcount changes results in a reduction in proration rates from 2020-21.

For community colleges, the total number of employees decreased by 1.4 percent while the number of Instructional and Administrative (I&A) employees increased by 3.1 percent.

4. **Community College Petition Process.** Senate Bill 1812 also stipulates that the number of community college employees eligible to receive HEGI appropriations may not be adjusted in a proportion greater than the change in student enrollment at each institution. Institutions that experience a decline in enrollment, which is measured in contact hours, 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 maintains employee levels consistent with previous funding decisions that provide for four hold harmless tiers. The following table compares the number of community college districts that fall within those tiers of enrollment decline with those in 2020-21, and the recommended employee level hold harmless percentage applied to those districts. The higher number of qualifying districts in 2022-23 is due to a 5.9 percent decrease in contact hours from 2020-21, while there was a 0.3 percent increase in 2020-21 contact hours from 2018-19.

Percent Decline in Enrollment	Number of Districts – 2020-21	Number of Districts – 2022-23	Employee Level Hold Harmless
More than 2, up to 5 percent	7	4	98 percent (2 percent reduction)
More than 5, up to 10 percent	9	14	95 percent (5 percent reduction)
More than 10, up to 15 percent	1	11	90 percent (10 percent reduction)
More than 15 percent	2	3	85 percent (15 percent reduction)

Total eligible employee headcount for the 2022-23 biennium is 44,150, a 3.1 percent increase from the previous biennium. However, because eligible employee headcount cannot change at a more positive rate than contact hours, the decrease in contact hours from 2020-21 lowers the headcount to 42,215.

5. **South Texas College.** The institution submitted a headcount in the 2020-21 biennium that was based on a more narrow interpretation of employees that are eligible to receive HEGI appropriations than is permitted by statute and the General Appropriations Act. Modifying their 2022-23 headcount reporting to include all eligible employees results in a \$5.5 million increase in recommended funding over 2020-21 appropriations. Because the institution underreported its number of eligible employees in 2020-21, the institution was appropriated \$5.7 million less than they were eligible to receive and are requesting that amount as a 2022-23 supplemental appropriation.
6. **Eliminate References in the General Appropriations Act to Department of Insurance Maintenance Tax and Fee Account No. 8042.** Recommendations include a Method of Finance amending various sections of the General Appropriations Act (GAA) to remove references to General Revenue Funds-Account No. 8042 and substitute with General Revenue Funds-Dedicated Operating Account No. 036.

Recommendations include amending the GAA throughout so that maintenance taxes collected by TDI are deposited to the General Revenue Fund (removing the reference to Account 8042), and subsequently appropriated to Texas A&M Forest Service directly as General Revenue Funds-Dedicated TDI Operating Account No. 036. The amendment would have no fiscal impact.

Summary of Recommendations and Potential Funding Options for HEGI Contributions to Institutions of Higher Education (IHE) - House

2022-23 Recommendations

	2020	2021	Biennium	2022	2023	Biennium	Biennial Percent Change
UT	\$ 223,515,845	\$ 223,515,844	\$ 447,031,689	\$ 221,807,382	\$ 221,807,383	\$ 443,614,765	(0.8%)
TAMU	\$ 124,356,608	\$ 124,356,608	\$ 248,713,216	\$ 121,820,277	\$ 121,820,277	\$ 243,640,554	(2.1%)
ERS – IHE	\$ 176,968,642	\$ 176,968,642	\$ 353,937,284	\$ 181,213,435	\$ 181,213,435	\$ 362,426,870	2.3%
Community Colleges	\$ 184,094,737	\$ 184,094,737	\$ 368,189,474	\$ 188,240,496	\$ 188,240,496	\$ 376,480,992	2.2%
Total	\$708,935,833	\$708,935,830	\$1,417,871,663	\$713,081,590	\$713,081,591	\$1,426,163,181	0.6%

Proration Rate Comparison

	2008-09	2010-11	2012-13	2014-15	2016-17	2018-19	2020-21	2022-23
UT	97.5%	97.5%	85.8%	89.4%	89.2%	74.27%	79.43%	78.42%
TAMU	95.0%	95.0%	83.4%	87.0%	86.8%	74.27%	79.43%	78.42%
ERS – IHE	95.0%	95.0%	83.4%	87.0%	86.8%	74.72%	79.88%	78.87%
Community Colleges	90.0%	83.0%	42.1%	50.0%	50.0%	50.0%	50.0%	50.0%

Estimated Cost to Fund All Institutions at 2020-21 Premium Rates

	2022	2023	Biennium	Increase/(Decrease) from Recommendations
UT (79.43%)	\$ 224,661,350	\$224,661,345	\$ 449,322,695	\$ 5,707,930
TAMU (79.43%)	\$ 123,387,729	\$ 123,387,729	\$ 246,775,458	\$ 3,134,904
ERS – IHE (79.88%)	\$ 183,530,071	\$ 183,530,071	\$ 367,060,142	\$ 4,633,272
Total	\$ 531,579,150	\$ 531,579,145	\$ 1,063,158,295	\$ 13,476,106

Estimated Cost to Fund All Institutions at Full ERS Premium Rate

	2022	2023	Biennium	Increase/(Decrease) from Recommendations
UT (100%)	\$ 282,852,327	\$ 282,852,327	\$ 565,704,654	\$ 122,089,889
TAMU (100%)	\$ 151,897,077	\$ 151,897,077	\$ 303,794,153	\$ 60,153,599
ERS – IHE (100%)	\$ 217,289,263	\$ 217,289,263	\$ 459,464,270	\$ 97,037,400
Total	\$ 664,481,539	\$ 664,481,539	\$ 1,328,963,077	\$ 279,280,888

Recommended Plan Year 2021 Premium Contribution Base Rates: 87th Legislature* - House

HEGI Rates

		Employee Only	Employee & Child	Employee & Spouse	Employee & Family
ERS - "FULL" RATES (100%)					
Full-time		\$ 624.82	\$ 864.20	\$ 982.36	\$ 1,221.74
Part-time		\$ 312.41	\$ 432.10	\$ 491.18	\$ 610.87
ERS HEGI - HIGHER EDUCATION INSTITUTIONS					
Full-time	78.87% of ERS Rates	\$ 492.94	\$ 681.79	\$ 775.01	\$ 963.86
Part-time		\$ 246.47	\$ 340.89	\$ 387.50	\$ 481.93
UT SYSTEM					
Full-time	78.42% of ERS Rates	\$ 490.12	\$ 677.90	\$ 770.59	\$ 958.36
Part-time		\$ 245.06	\$ 338.95	\$ 385.29	\$ 479.18
A&M SYSTEM					
Full-time	78.42% of ERS Rates	\$ 490.12	\$ 677.90	\$ 770.59	\$ 958.36
Part-time		\$ 245.06	\$ 338.95	\$ 385.29	\$ 479.18
ERS HEGI - COMMUNITY COLLEGES					
Full-time	50.0% of ERS Rates	\$ 312.41	\$ 432.10	\$ 491.18	\$ 610.87
Part-time		\$ 156.21	\$ 216.05	\$ 245.59	\$ 305.44

*2021 rates will not increase in fiscal years 2022 or 2023.

**Higher Education Employees Group Insurance Contributions
Appendices - House**

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A	Funding Changes and Recommendations by Strategy	9
B	Summary of Federal Funds	*
C	FTE Highlights	*

* Appendix is not included - no significant information to report

**Higher Education Employees Group Insurance Contributions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
UT - ARLINGTON A.1.1	\$24,561,205	\$23,757,244	(\$803,961)	(3.3%)	
UT - AUSTIN A.1.2	\$56,286,149	\$60,066,483	\$3,780,334	6.7%	
UT - DALLAS A.1.3	\$16,584,348	\$18,325,423	\$1,741,075	10.5%	
UT - EL PASO A.1.4	\$29,112,104	\$32,508,148	\$3,396,044	11.7%	
UT - RIO GRANDE VALLEY A.1.5	\$23,537,918	\$21,129,288	(\$2,408,630)	(10.2%)	
UT - PERMIAN BASIN A.1.6	\$3,747,240	\$4,749,099	\$1,001,859	26.7%	
UT - SAN ANTONIO A.1.7	\$25,757,857	\$26,878,991	\$1,121,134	4.4%	
UT - TYLER A.1.8	\$6,685,277	\$6,049,847	(\$635,430)	(9.5%)	
UT SW MEDICAL A.1.9	\$28,360,576	\$28,230,680	(\$129,896)	(0.5%)	
UTMB - GALVESTON A.1.10	\$115,557,062	\$108,775,003	(\$6,782,059)	(5.9%)	
UTHSC - HOUSTON A.1.11	\$48,620,029	\$44,022,472	(\$4,597,557)	(9.5%)	
UTHSC - SAN ANTONIO A.1.12	\$41,878,564	\$41,410,947	(\$467,617)	(1.1%)	
UT MD ANDERSON A.1.13	\$14,019,004	\$14,039,678	\$20,674	0.1%	
UT HEALTH SCIENCE CENTER - TYLER A.1.14	\$8,824,054	\$7,956,660	(\$867,394)	(9.8%)	
UT- RGV SCHOOL OF MEDICINE A.1.15	\$3,500,302	\$5,714,802	\$2,214,500	63.3%	
UT SYSTEM ADMINISTRATION 1.1.16	\$0	\$0	\$0	0.0%	
Total, Goal 1, STATE CONTRIBUTION, UT SYSTEM	\$447,031,689	\$443,614,765	(\$3,416,924)	(0.8%)	
TEXAS A&M UNIVERSITY B.1.1	\$78,148,276	\$68,616,914	(\$9,531,362)	(12.2%)	
A&M SYSTEM HEALTH SCIENCE CENTER B.1.2	\$17,397,884	\$17,428,972	\$31,088	0.2%	
A&M - GALVESTON B.1.3	\$3,823,336	\$3,371,050	(\$452,286)	(11.8%)	
PRAIRIE VIEW A&M B.1.4	\$11,038,196	\$12,473,060	\$1,434,864	13.0%	
TARLETON STATE UNIVERSITY B.1.5	\$10,485,774	\$12,194,608	\$1,708,834	16.3%	
A&M - CORPUS CHRISTI B.1.6	\$10,154,690	\$7,427,612	(\$2,727,078)	(26.9%)	
TEXAS A&M UNIVERSITY- CENTRAL TEXAS B.1.7	\$1,857,200	\$1,774,272	(\$82,928)	(4.5%)	
TEXAS A&M UNIVERSITY - SAN ANTONIO B.1.8	\$3,866,268	\$4,246,638	\$380,370	9.8%	
A&M - KINGSVILLE B.1.9	\$10,390,890	\$10,023,560	(\$367,330)	(3.5%)	
A&M - INTERNATIONAL B.1.10	\$5,699,310	\$5,472,980	(\$226,330)	(4.0%)	
WEST TEXAS A&M B.1.11	\$9,430,374	\$9,818,718	\$388,344	4.1%	
TEXAS A&M UNIVERSITY - COMMERCE B.1.12	\$13,305,988	\$12,947,680	(\$358,308)	(2.7%)	
TEXAS A&M UNIVERSITY - TEXARKANA B.1.13	\$3,678,790	\$4,142,596	\$463,806	12.6%	
A&M - AGRILIFE RESEARCH B.1.14	\$19,244,634	\$21,077,446	\$1,832,812	9.5%	

**Higher Education Employees Group Insurance Contributions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
A&M - AGRILIFE EXTENSION B.1.15	\$28,452,316	\$29,048,912	\$596,596	2.1%	
A&M - ENG EXPERIMENT STATION B.1.16	\$5,300,962	\$8,638,732	\$3,337,770	63.0%	
A&M - TRANSPORTATION INSTITUTE B.1.17	\$3,461,374	\$3,416,332	(\$45,042)	(1.3%)	
A&M - ENG EXTENSION SERVICE B.1.18	\$1,266,408	\$1,351,784	\$85,376	6.7%	
TEXAS A&M FOREST SERVICE B.1.19	\$8,306,556	\$9,169,284	\$862,728	10.4%	
A&M - VET MEDICAL DIAGNOSTIC LAB B.1.20	\$1,010,900	\$352,186	(\$658,714)	(65.2%)	
A&M SYSTEM ADMINISTRATION 2.1.21	\$0	\$0	\$0	0.0%	
A&M- TX DIVISION OF EMERGENCY MGMT B.1.22	\$2,393,090	\$647,218	(\$1,745,872)	(73.0%)	
Total, Goal B, STATE CONTRIBUTION, A&M SYSTEM	\$248,713,216	\$243,640,554	(\$5,072,662)	(2.0%)	All 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 receives HEGI contributions paid out of the General Revenue Funds-Dedicated Operating Account No. 036 (\$2.8 million in fiscal year 2022 and \$2.8 million in fiscal year 2023).
UNIVERSITY OF HOUSTON C.1.1	\$33,869,734	\$36,165,280	\$2,295,546	6.8%	
UH - CLEAR LAKE C.1.2	\$7,638,864	\$7,375,830	(\$263,034)	(3.4%)	
UH - DOWNTOWN C.1.3	\$6,864,918	\$6,589,282	(\$275,636)	(4.0%)	
UH - VICTORIA C.1.4	\$3,621,698	\$3,436,028	(\$185,670)	(5.1%)	
UH SYSTEM ADMINISTRATION C.1.5	\$533,696	\$520,042	(\$13,654)	(2.6%)	
UH-COLLEGE OF MEDICINE 3.1.6	\$0	\$890,686	\$890,686	100.0%	
LAMAR UNIVERSITY C.1.7	\$16,384,186	\$16,613,534	\$229,348	1.4%	
LAMAR INSTITUTE OF TECHNOLOGY C.1.8	\$2,736,140	\$2,515,544	(\$220,596)	(8.1%)	
LAMAR STATE COLLEGE - ORANGE C.1.9	\$2,262,600	\$2,244,086	(\$18,514)	(0.8%)	
LAMAR STATE COLLEGE - PORT ARTHUR C.1.10	\$2,670,368	\$2,808,368	\$138,000	5.2%	
ANGELO STATE UNIVERSITY C.1.11	\$10,244,996	\$11,388,430	\$1,143,434	11.2%	
SAM HOUSTON STATE UNIV C.1.12	\$18,255,850	\$18,026,484	(\$229,366)	(1.3%)	
TEXAS STATE UNIVERSITY C.1.13	\$29,038,214	\$32,130,160	\$3,091,946	10.6%	
SUL ROSS STATE UNIVERSITY C.1.14	\$5,004,940	\$5,418,350	\$413,410	8.3%	
SUL ROSS STATE-RIO GRANDE COLLEGE C.1.15	\$620,766	\$634,050	\$13,284	2.1%	
TEXAS STATE SYSTEM ADMIN C.1.16	\$526,254	\$457,088	(\$69,166)	(13.1%)	
MIDWESTERN STATE UNIV C.1.17	\$7,259,390	\$7,178,168	(\$81,222)	(1.1%)	
UNIVERSITY OF NORTH TEXAS C.1.18	\$29,690,562	\$26,732,006	(\$2,958,556)	(10.0%)	
UNIVERSITY OF NORTH TEXAS AT DALLAS C.1.19	\$2,999,994	\$3,042,752	\$42,758	1.4%	

**Higher Education Employees Group Insurance Contributions
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
UNT HEALTH SCIENCE CENTER C.1.20	\$13,002,426	\$14,277,472	\$1,275,046	9.8%	
STEPHEN F. AUSTIN C.1.21	\$12,847,160	\$13,668,208	\$821,048	6.4%	
TEXAS SOUTHERN UNIVERSITY C.1.22	\$10,621,576	\$10,293,930	(\$327,646)	(3.1%)	
TEXAS TECH UNIVERSITY C.1.23	\$42,775,402	\$44,120,164	\$1,344,762	3.1%	
TEXAS TECH HEALTH SCI CTR C.1.24	\$38,301,712	\$39,202,020	\$900,308	2.4%	
TEXAS TECH HSC EL PASO C.1.25	\$9,981,128	\$9,820,980	(\$160,148)	(1.6%)	
TEXAS WOMAN'S UNIVERSITY C.1.26	\$14,266,640	\$14,409,030	\$142,390	1.0%	
TSTC - HARLINGEN C.1.27	\$5,616,412	\$5,517,676	(\$98,736)	(1.8%)	
TSTC - WEST TEXAS C.1.28	\$2,660,448	\$2,818,738	\$158,290	5.9%	
TSTC - WACO C.1.29	\$6,784,070	\$7,435,678	\$651,608	9.6%	
TSTC - MARSHALL C.1.30	\$1,103,874	\$1,133,510	\$29,636	2.7%	
TSTC - FT. BEND C.1.31	\$722,624	\$1,030,240	\$307,616	42.6%	
TSTC - NORTH TEXAS C.1.32	\$509,540	\$591,488	\$81,948	16.1%	
TSTC - SYSTEM ADMIN C.1.33	\$10,930,676	\$10,389,746	(\$540,930)	(4.9%)	
UNIV OF NORTH TEXAS SYSTEM ADMIN C.1.34	\$2,105,664	\$2,025,400	(\$80,264)	(3.8%)	
TEXAS SOUTHMOST COLLEGE 3.1.35	\$0	\$0	\$0	0.0%	
TEXAS TECH UNIVERSITY SYSTEM ADMIN C.1.36	\$1,484,762	\$1,526,422	\$41,660	2.8%	
PUB COMMUNITY / JR COLLEGES C.1.37	\$368,189,474	\$376,480,992	\$8,291,518	2.3%	
Total, Goal C, STATE CONTRIBUTION, ERS	\$722,126,758	\$738,907,862	\$16,781,104	2.3%	
Grand Total, All Strategies	\$1,417,871,663	\$1,426,163,181	\$8,291,518	0.6%	



TEXAS TECH UNIVERSITY SYSTEM



Texas Tech University System

Legislative Appropriations Request

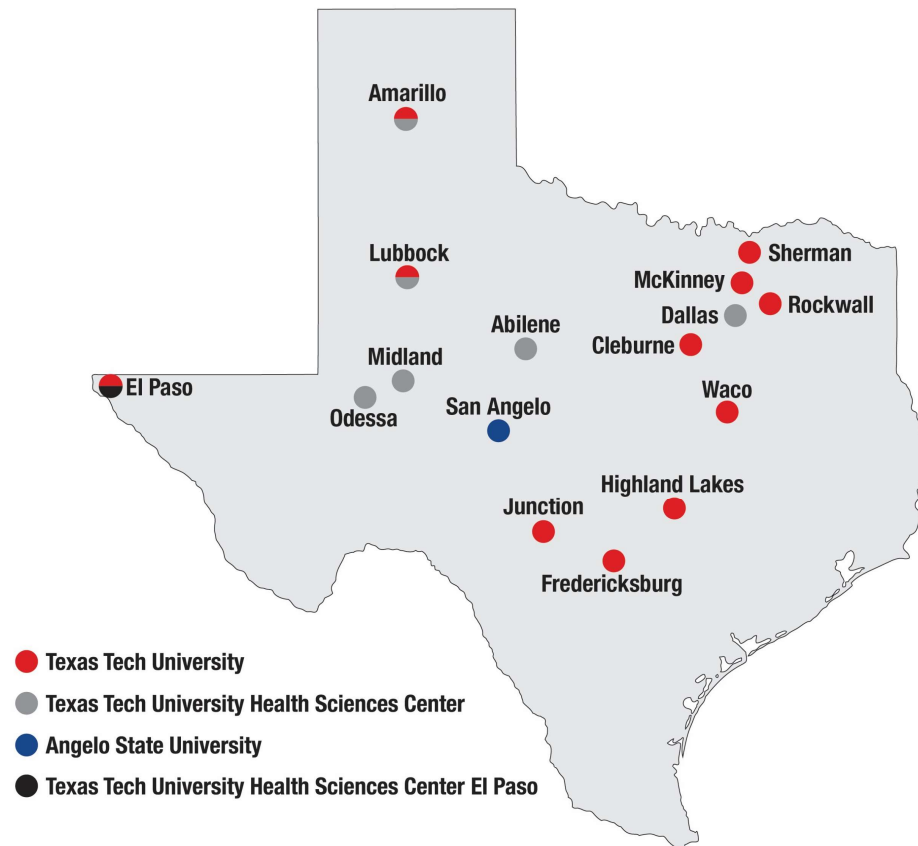
Fiscal Years 2022 and 2023

House Appropriations Committee
March 3, 2021

Tedd L. Mitchell, M.D., Chancellor



Headquartered in Lubbock, the TTU System, comprised of four component universities, have 19 academic sites in 16 Texas cities located in the West Texas, Panhandle, Hill Country and DFW Metroplex/North Texas regions.





Historic Milestones

- TTU School of Veterinary Medicine
 - Texas's first veterinary school in more than a century.

- TTUHSC El Paso Woody L. Hunt School of Dental Medicine
 - Texas's first dental school in over 50 years.

- TTU System
 - Will be **1 of only 9** in the country, and the only none-land grant institution, whose universities are offering programs for: undergraduate, medical, law, nursing, pharmacy, dental, and veterinary.



Response to COVID-19

■ **Commitment to a Safe Return**

- TTU System and its component institutions committed to safely reopening campus locations with a priority toward the health and safety of faculty, staff, students and surrounding communities.

■ **Community and Research**

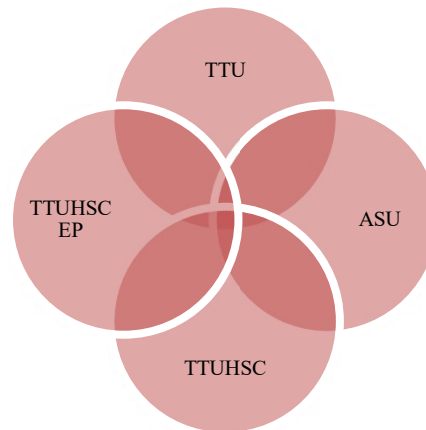
- Deployed tele-health strategies throughout our 108-county service region.
- Developed innovative ways to print 3D personal protection equipment.
- Provided viral transport media to offset a statewide shortage.
- Partnered with community to test, treat, and vaccinate impacted citizens.



Strategic Priorities and Accomplishments

■ Enhancing Resources, Productivity & Efficiency

- The TTU System was created to consolidate common university functions at the system administration level to maximize state resources and to centralize critical functions for a unified, strategic and efficient mission of the TTU System institutions.
- Centralizing functions provides these services through professional staff with expertise and allows our institutions to focus on the educational, student support and research goals on their campuses.

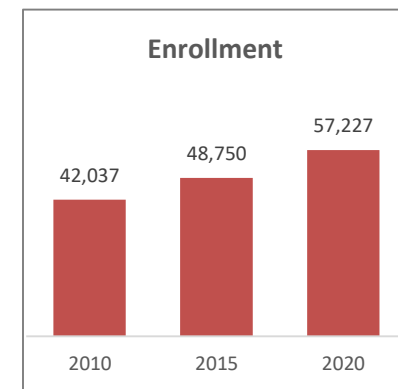




Strategic Priorities and Accomplishments (continued)

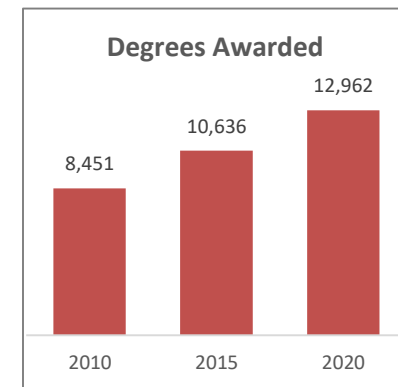
■ Student Enrollment and Success

- Improving higher education participation and educating the state’s workforce while being mindful of the cost of education and the impact of student debt on the future success of our graduates.
 - Total enrollment across our universities was 57,227 students for fall 2020, up 17% since Fall 2015.



■ Degrees Awarded

- Providing students with unique programs and opportunities to enhance their knowledge and skills for lifelong personal, professional and civic success.
 - System institutions awarded more than 12,962 degrees in the 2019-2020 academic year, up 22% since 2014-2015.

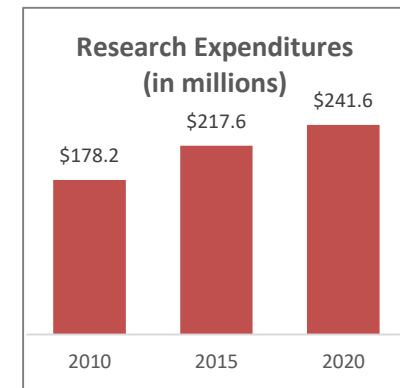




Strategic Priorities and Accomplishments (continued)

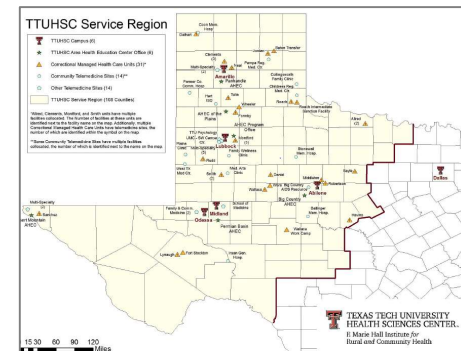
■ Research Excellence

- Knowledge creation is essential to graduate education and provides a dynamic backing to the value of undergraduate education.
 - Investment in research across our universities reached \$242 million in 2020, up 11% from 2015, as part of the System’s commitment to expand the research enterprise at each of its component institutions and provided solutions to our world’s most complex problems.



■ Patient Care

- Our HSCs pride themselves on investigating and treating complex health issues—especially those affecting historically underserved populations.
 - System HSCs provided care to 332,000 patients in 2020 throughout the 108 counties that make up our vast service area.





Strategic Priorities and Accomplishments (continued)

■ Community Partnerships

- Our regional communities are critical partners in supporting our ability to respond to workforce and educational needs across the state.
- These collaborations help advance community goals and provide learning and leadership opportunities for our faculty and students.





Legislative Priorities

■ **Formula Funding**

- Enhance the formula rates—formula funding is critical as a stable source of funding for institutions of higher education.
 - Fund enrollment in all sectors of higher education
 - Inflation

■ **Research Funds**

- Increase funding for the research formulas to fund growth and the Texas Research Incentive Program.

■ **Higher Education Group Insurance contributions**

- Set the state HEGI contribution for IHEs at the full ERS premium rate.

■ **Non-Formula Support Items**

- Institutional Enhancement is core funding used for academic programs, faculty salaries and student support.
- Restoration of the 5% reduction.
- All non-formula items are important to the respective components.



Exceptional Items

Component Requests

- **TTU School of Veterinary Medicine**
 - Increase funding from \$17.4 to \$23.2 million.

- **Angelo State University – Cybersecurity and Artificial Intelligence**
 - \$4 million to establish a Center of Excellence with community partners including the Goodfellow Air Force Base.

- **Mission Specific Formulas**
 - **TTUHSC – Research Excellence** formula to support expansion of research operations across five campuses to enhance the quality of education for students and trainees.
 - **TTUHSC El Paso – Border Health Operations** formula to increase access to health care in the greater El Paso community.

System Request

- **Additional Funding for System Operations**
 - Increase funding from \$2.6 to \$4.0 million.



Other Legislative Items

- **Midwestern State University**
- **Graduate Medical Education**
- **TEXAS Grants and other Student Financial Aid**
- **Hazelwood Exemptions**
- **Tuition Revenue Bonds**



TEXAS TECH UNIVERSITY SYSTEM™

HOUSE APPROPRIATIONS COMMITTEE

Legislative Appropriations Request
Fiscal Years 2022/2023

DR. LAWRENCE SCHOVANEK, PRESIDENT
Texas Tech University
March 3, 2021



Serving Texas

❑ Record Student Enrollment, Retention and Graduation Rates

- Exceeded 40,000 student milestone with 12% enrollment growth in five years
- More than 87% of our students are from the state of Texas

❑ 1 of 16 Carnegie highest research public institutions in the nation that also is a Hispanic Serving Institution

❑ Nine regional sites across Texas

❑ Expanded Red Raider Guarantee

- Raised the family adjusted gross income for eligibility from \$40,000 to \$65,000

❑ Matador Scholarship

- \$1,000 – \$5,000 scholarships for students from low socioeconomic backgrounds who exhibit academic achievement, financial need, family educational history, community service, leadership activities, and, in some cases, special circumstances



COVID-19 Response

- ❑ **The Institute of Environmental and Human Health (TIEHH) was the first lab in the state to begin testing samples for COVID-19 in February 2020**
- ❑ **TIEHH awarded \$2.23M from Texas DSHS to continue COVID-19 activities through 2022**
- ❑ **Texas Tech was among 16% of universities in US to offer more face to face than any other modality**
- ❑ **Worked with TDEM to provide free on-campus testing to faculty, staff and students for both fall and spring semesters**
- ❑ **West Texas 3D COVID-19 Relief Consortium, founding partner**



Impactful Research

❑ Record Total Research Expenditures

- Record total over \$192M in total research expenditures

❑ \$2.6M Grant to National Wind Institute

- In partnership with the U.S. Department of Energy's National Renewable Energy Laboratory and the American Wake Project

❑ Innovation HUB

- Leading innovation and entrepreneurship in West Texas
- 107 NSF I-Corps teams and startup companies have been launched from the HUB, with over \$36.6M in startup investment



Historic Accomplishments - School of Veterinary Medicine

- ❑ Received American Veterinary Medical Association Letter of Reasonable Assurance for Accreditation in Fall 2020
- ❑ Hired over 40 key faculty and administrative positions
- ❑ Currently in the interview process with over 700 applicants for the inaugural class for Fall 2021
- ❑ Facility construction is on schedule



Legislative Priorities

❑ **Formula Funding**

- Formula funding provides a stable source of funding for higher education institutions; funding for enrollment growth is key to sustain the current quality of academic and research programs

❑ **Higher Education Group Insurance Contributions**

- Set the state HEGI contribution for higher education institutions at the full ERS premium rate

❑ **Non-formula Funding**

- Continued start-up funding for the School of Veterinary Medicine
- Minimize reduction in non-formula support used to support academic programs, research and public service

❑ **Research Funding**

- Funding provided through Texas Research Incentive Program to provide for current unfunded matching gifts
- Funding provided through the Core Research Fund for faculty and graduate student support



Exceptional Item Requests

❑ School of Veterinary Medicine

- Additional \$1.925M in Year One of Biennium; \$3.925M in Year Two of Biennium
- We appreciate the \$17.35M allocated last session to support the initial start-up years; the continuation of such funds with the additional requested amounts will allow for continued start-up expenses until formula funding through full class enrollment supports operational expenses
- With the collaboration between Texas Tech University and Texas Tech University Health Sciences Center, we are developing a comprehensive educational experience that produces practice-ready veterinarians with the skills and knowledge to address the demand for veterinarians of all types
- The curriculum will interconnect animal, environmental and human health through basic and applied research that translates discoveries and improves the economic vitality of the State



School of Veterinary Medicine Program Financing

85th Legislative Session

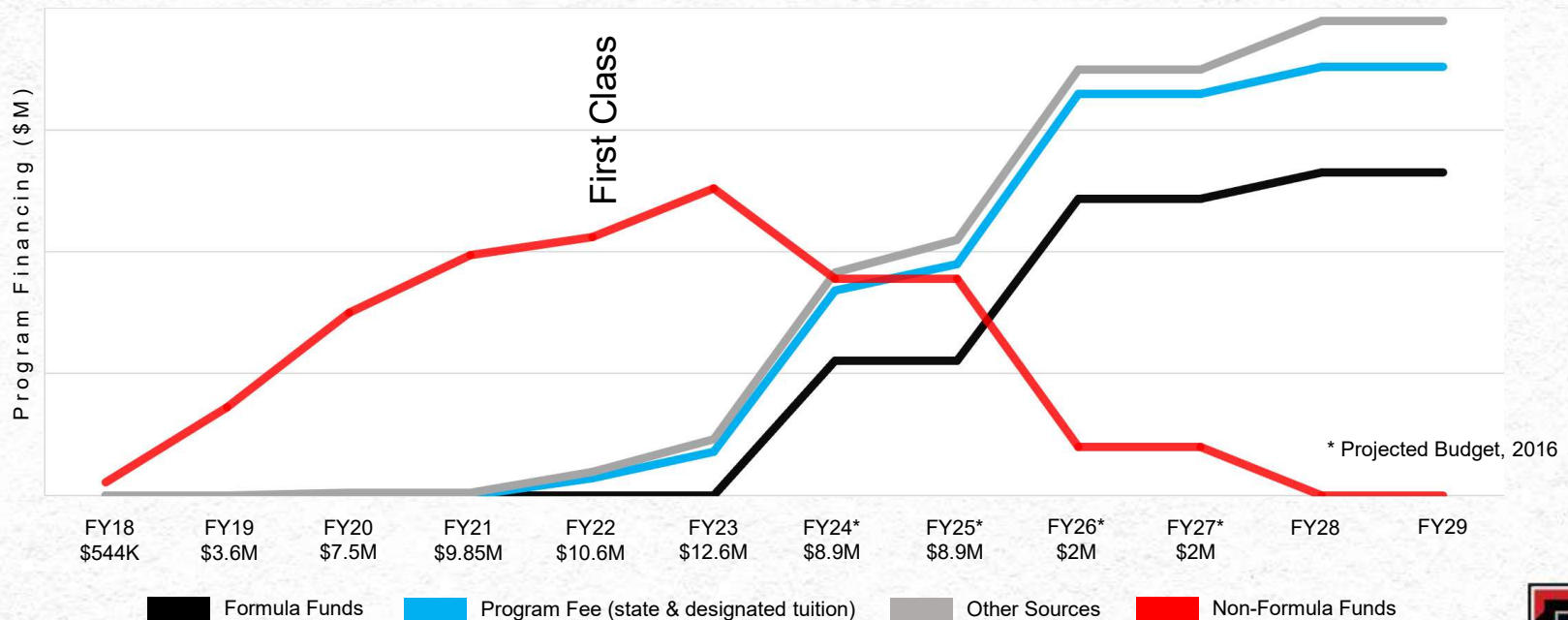
- Non-Formula: \$4.17M

86th Legislative Session

- Renewal: \$4.17M
- Requested Increase: \$13.18M
- Total Funded: \$17.4M

87th Legislative Session

- Renewal: \$17.4M
- Requested Increase: \$5.8M
- Total Funded: \$23.2M



Exceptional Item Requests

❑ Debt Service for Requested TRB

- If TRBs are funded by the legislature this session, TTU would invest in deferred maintenance campus needs in multiple academic buildings to address life safety needs, ADA compliance, electrical system replacements, plumbing, mechanical and other infrastructure needs including deteriorating tunnel system







Angelo State University

**Legislative Appropriations Request
Fiscal Years 2022 and 2023**

**House Appropriations Committee
1 March 3, 2021**



Ronnie D. Hawkins, Jr., President

RESPONSE TO COVID-19

Commitment to a Safe Return

- Wellness tool developed to ensure a safe and effective daily check-in method for all students, faculty, staff and guests.
- Over 100 employees trained to do contact tracing of individuals with a positive COVID-19 test.
 - Reduced the burden of contact tracing from county or city health officials.
 - Improved knowledge on our campus of how to quickly track potential exposure to slow the spread on campus, thus making campus safer.

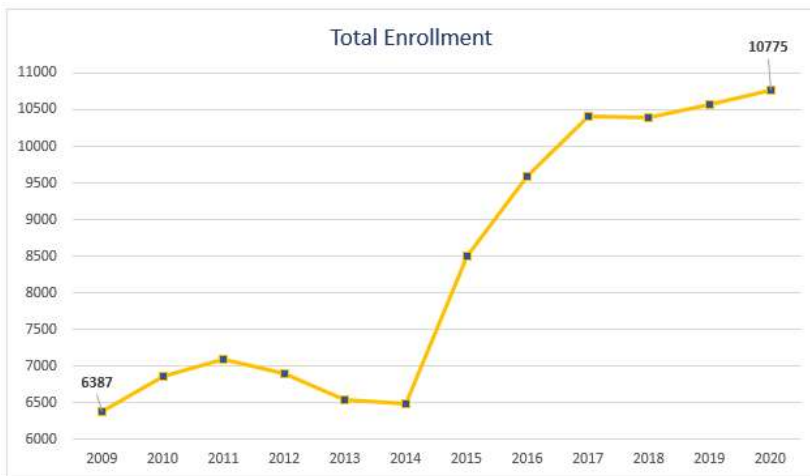


SUCCESSSES & ACCOMPLISHMENTS

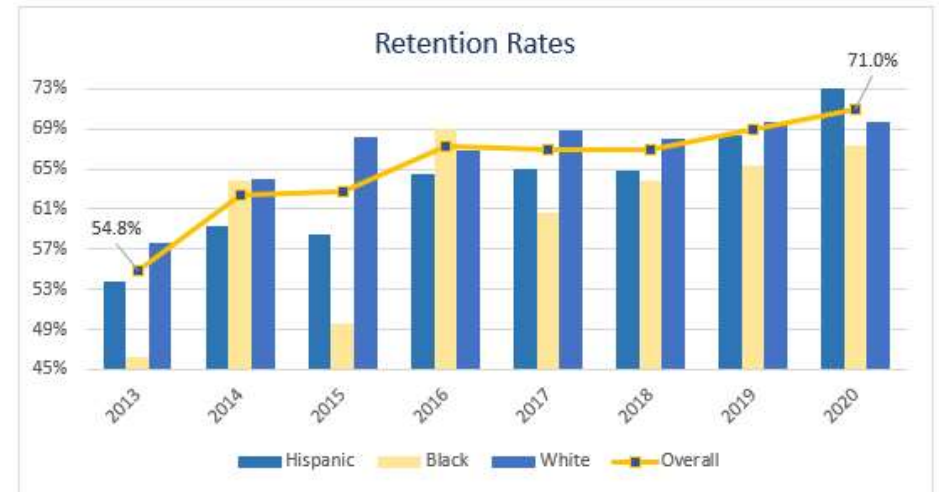


Student Enrollment

- Improving the participation in education for the economic future of the state and its ability to remain globally competitive.
 - Record Enrollment – 10,775
 - Record First-Year Retention Rate – 71%



Overall growth 68.7%



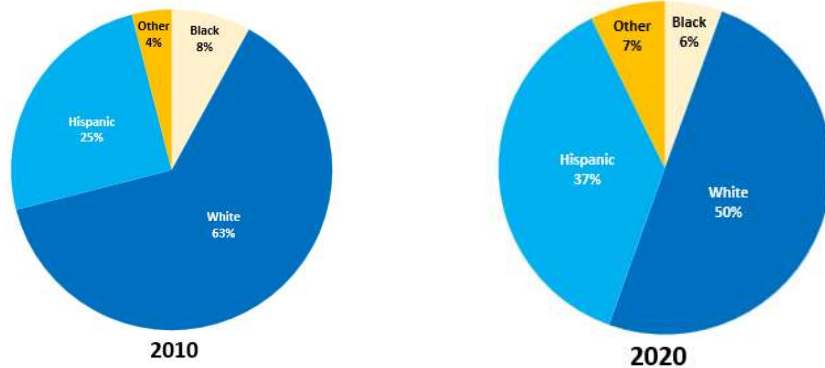
SUCCESSSES & ACCOMPLISHMENTS



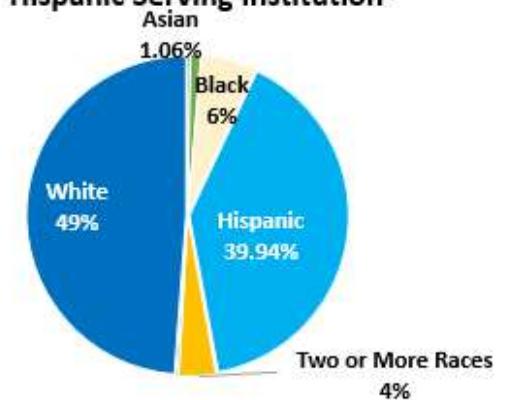
Student Enrollment

- ASU is working diligently to provide an exceptional education to students with a special emphasis on those from under-represented groups and those who are first in their family to attend college.

Total Enrollment



Hispanic Serving Institution*



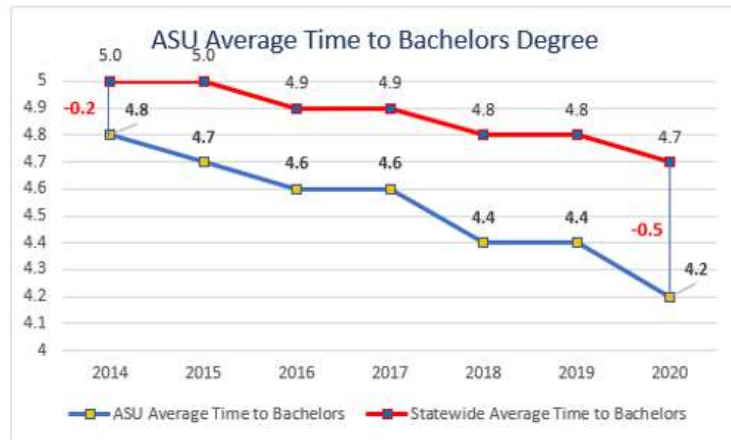
*Based on US Dept. of Education definition: Undergraduate Full-time Equivalent (FTE) percentage, excludes international students

SUCCESSSES & ACCOMPLISHMENTS

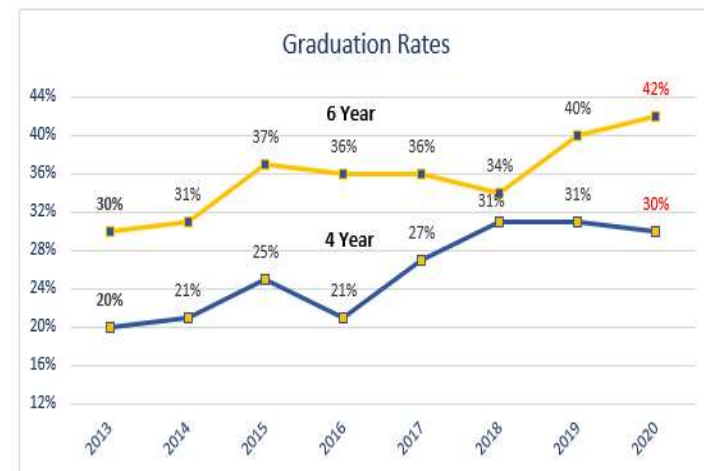


Student Success

- The academic and student success non-formula funding items are showing dividends in student success. ASU is third in the state for average time to graduate with a bachelor's degree.
- Improved graduation rates.



Source: THECB Almanac



Source: IPEDS definition (started at ASU and graduated at ASU)

STRATEGIC PRIORITIES



Fund Enrollment Growth and Restore 5% cuts

- This funding is key to our student's success both in and out of the classroom.



- Institutional Enhancement – core funding used for academic programs, faculty and staff salaries, and student support.
- Student support Services, including the Center for Academic Excellence and Freshman College.
- Funding for the Archer College of Health and Human Services to address the shortage in various health care professions.
- Public Service Programs including the Small Business Development Center (SBDC) that has been critical to job creation and retention.

STRATEGIC PRIORITIES



Cybersecurity and Artificial Intelligence Center of Excellence

- \$4,000,000 for the 22-23 biennium
- ASU has a geographic, competitive position being located near the US Military's primary intelligence training component, Goodfellow AFB, and host to one of two TX Department of Information Resources (DIR) sites. These resources provide demonstrated and robust capabilities in all facets of cybersecurity and AI.
- Academic programs at the undergraduate and graduate level and the creation of a K-12 cyber/artificial intelligence pipeline.
- ASU's proposed academic initiatives in cybersecurity and artificial intelligence (AI) will be a collaborative effort between the Computer Science Department and the Kay Bailey Hutchinson Center for Security Studies. This inter-disciplinary approach, enhancing productivity and efficiency, is expressly designed to counter the cyber threats and enable AI innovation.

STRATEGIC PRIORITIES



Cybersecurity and Artificial Intelligence Center of Excellence

- Our community engagement initiative is designed to respond to the challenge issued by Senate Bill 64 of the 86th TX Legislature to "create clear pathways to cyber careers through articulation agreements between K-12 and higher education." Our proposal is designed to "educate the educator" and development of cyber-related curriculum for the training of teachers and education of students in grades K-12.
- Our proposal is expressly designed to create and support pathways for under-represented students to successfully compete for gateway internships offered by federal, state and private entities to move into cyber and AI careers. This initiative is consistent with the demographic and career trends of Texas and will sustain the state's competitive edge for the future.

STRATEGIC PRIORITIES



Central Plant Retrofit TRB Debt Service

- \$40 million total project cost - \$5,777,466 for the 22-23 biennium
- Central Plant Retrofit
- Includes replacement of existing evaporative cooling towers with water-/energy-efficient adiabatic cooling towers



Angelo State's infrastructure is outdated and aging and needs an upgrade for efficiency and reliability.



ASU®

UH System/University of Houston

Introductory Remarks

Presentation to the House Appropriations Committee Subcommittee on Article III

March 3, 2021

Good afternoon. I am Renu Khator, and I serve as Chancellor of the UH System and President of the University of Houston.

Thank you for the opportunity to speak with you today and for all you do for Texas.

I'll begin my presentation as Chancellor, with a brief overview of the UH System, and then summarize our legislative priorities for the upcoming session.

UH System: Educating a diverse student population

As I begin my 13th year as Chancellor I reflect on the transformation that has occurred at the UH System. Our universities have made so much progress—thanks to support from the Legislature, but also our students, faculty, staff, and alumni.

As of this fall, the four UH System universities combined are educating more than 76,000 students, almost 20,000 more than when I arrived in 2008. During my time, we've sought to expand higher educational opportunities in the Houston Region and throughout the state, adding campuses and programs in Katy, Pearland, McAllen and San Antonio.

Our universities are truly engines of opportunity, educating a future workforce that represents the diversity of the Houston region and the state of Texas. The Brookings Institute ranked the UH System fifth in the nation for social mobility, recognizing our success in providing a high return on investment of taxpayer dollars. The UH System's progress shows that access and excellence can go hand-in-hand.

I am particularly proud of the work of our faculty and staff, who in response to the COVID-19 pandemic, successfully transitioned to a completely online format during the Spring and Summer semesters. Faculty delivered classes virtually, despite few of them having ever done so before and staff continued to provide the support our students need, like virtual mental health counseling and academic tutoring. This resiliency was apparent once again this past week as we all scrambled to care for our campuses and our students during Winter Storm Uri. We continued to deliver on our mission to provide a high-quality education to our students, despite the uncertainty and turmoil all around them.

I'd like to also take a moment to publicly announce to this committee that Dr. Loren Blanchard will become the new President of UH-Downtown on March 15th of this year. Dr. Blanchard was most recently the executive vice chancellor

for Academic and Student Affairs at California State University. We thank Dr. Tillis for his exceptional leadership as the Interim President of UH-Downtown during this most challenging year.

UHS Legislative Priorities

Naturally, the pandemic has resulted in every sector of our economy reexamining how products and services are delivered to their customers. Higher Education has not been immune from this examination. And despite the success we've had in delivering education virtually, we've learned that students still believe there is higher value in experiencing education in a physical classroom. This has opened our faculty to educational delivery that enhances student experience, but never fully replaces interactions in a physical classroom. For this reason, I encourage the legislature to look seriously at funding tuition revenue bond requests to provide in-person educational experiences for our students in a still growing state. This would likely have the added benefit of helping to restart our state's economy.

In these difficult financial times, I also encourage the legislature to prioritize making higher education more affordable rather than making it more difficult for low- and middle-income students to attend and graduate. Continuing to invest in formula funding and TEXAS Grants will allow Texas to lead the country out of this economic slow-down. Four-year general academic institutions have already sustained a five percent cut in the current biennium, which will impact the next biennium as well. Additionally, further cuts to TEXAS Grants will be particularly hard on institutions that educate working and first-generation college students, who rely on supplemental academic support and financial aid at greater

rates than other students. I want to highlight that for universities who have added Freshman and Sophomore level classes in recent years like UH-Victoria and UH-Clear Lake, downward expansion funding is critical to the success of this initiative and I thank this committee for recognizing this in the current version of the House Appropriations bill.

This concludes my presentation of the UH System. If you have any questions, I'll be happy to answer them now. Otherwise, I'll move on to my discussion of the University of Houston.

University of Houston Major Accomplishments

After having been recognized as a Tier One Research University in 2011, we at the University of Houston have continued to build upon this achievement by focusing on both student success and achievement in research, most notably:

- enrolling over 47,000 students—a new record – while continuing to increase the diversity of our student body;
- Last year awarding over 10,600 degrees—another record;
- Improving the Freshman median SAT score to 1224—almost 170 points higher than when I arrived;
- Increasing research expenditures to a record \$195 million, more than \$25 million more than when I sat before you just two years ago; and
- Improved our six-year graduation rate to 61%--an 18 point gain since 2008.

That's a big improvement, but we're not stopping there. In 2014, we started a program to improve graduation rates: UHin4. Freshmen are guaranteed a flat tuition rate for four years as long as they earn 30 credit hours per year.

- When we launched UHin4, about half of eligible freshmen signed up. This fall, about 72% did.
- UHin4 students are outperforming students who don't participate. For example, 67% of UHin4 students completed 60 semester credit hours by the end of their second year, compared to 48% of non-UHin4 students. The significant financial investment in this program has led to more degrees and higher graduation rates.

It's these successes that enabled us to steadily improve our national reputation and have been recognized through improved national rankings. This year, I announced the launch of the University of Houston Strategic Plan, "Together, We Rise. Together, We Soar," which was created with the ambitious goal of achieving a ranking of a top 50 public university in the US News and World Report University Rankings. Since 2011, we have improved from 125th to 87th, an improvement greater than any other Texas university. With continued investment from the legislature, we believe this achievement is within our grasp and would give Texas 3 top 50 public universities.

University of Houston Legislative Priorities

Much of the improvement in our U.S. News and World Report rankings is based upon an improving reputation, determined by surveying peer universities across the country. Our improved reputation is a direct result of the investment the legislature made in establishing the University of Houston College of Medicine just one session ago.

This past August we welcomed an incredibly diverse first class of 30 students to the UH College of Medicine, who are poised to serve communities throughout our state. Consistent with our goal of recruiting a diverse student body that are predisposed to serve as primary care doctors in Texas, seventy percent of the students are ethnicities under-represented in medicine, fifty percent are first generation college students, thirty-six percent are from rural areas, and all thirty students are Texas residents. I would like to thank both the Speaker and Chairman Bonnen, for maintaining start-up funding as well as HRI Formula Funding for the UH College of Medicine in the filed version of HB 1.

Additionally, I'd like to make a plea for continued investment in research programs for Tier One universities, including the:

- Core Research Support Fund,
- Texas Research Incentive Program (TRIP),
- National Research University Fund (NRUF), and
- Governor's University Research Initiative (GURI).

State funding for these programs is the primary vehicle UH and other universities not supported by the Permanent University Fund pursue their Tier One goals. Each of these has been critical to recruiting top faculty, encouraging philanthropy, and achieving our goal of becoming one of the nation's top universities. Without this support and other further investment, the University of Houston will not be able build upon our success. For example, without additional funding, the TRIP backlog will continue to grow, negatively affecting our ability to attract research donations.

Conclusion – UH is a Great Value for Students

I want to end on a topic that's always on everyone's mind: affordability. UH has been nationally recognized for affordability and its return on investment for students:

- Our students' early career salaries are nearly \$55,000—higher than the national average;
- Our students graduate with the lowest average student debt among our peer universities in the state; and
- Our per student spending is highest in the state except for the University of Texas and Texas A&M.

And despite the financial difficulties caused by the pandemic, we continue to offer Cougar Promise, ensuring that mandatory tuition and fees are fully covered for undergraduates with family incomes of \$65,000 or less, which was increased from \$50,000 this past year.

This concludes my formal remarks. I'm happy to answer any questions.

University of Houston Clear Lake

House Appropriations Committee Subcommittee on Article III Testimony

Ira K. Blake, President

My name is Ira K. Blake and I am honored to represent 9,144 students who are pursuing their futures at the University of Houston-Clear Lake. We strive to provide the highest quality learning experiences – both in and out of the classroom, connecting through internships in real world contexts. UH-Clear Lake’s faculty are among the most committed and learner-focused, who, along with staff, work diligently to support our learning enterprise in substantial and innovative ways. At UH-Clear Lake, all of us – students, faculty, staff, and administrators, deliver our best effort and work to contribute productively to the region we were created by you to serve. Ultimately, we all are committed to our role as a public university - a *Steward of Place* (<https://www.aascu.org/WorkArea/DownloadAsset.aspx?id=5458>).

Designated as Minority Serving, specifically a Hispanic Serving Institution, our students are demographically representative of our region. By most recent data, our Hawks are 40 percent Hispanic, 9 percent African American and 9 percent Asian American. In addition, our student body is 60 percent female, 42 percent first generation, and 33 percent Pell eligible. Our faculty and staff guide them toward careers that are current, evolving and yet to be created.

The UH-Clear Lake community thanks you for your continued general support of public higher education in Texas. Your support enables our students from all walks of life to pursue higher education to support their personal and career aspirations – aspirations that will help to sustain our communities and our economy.

Our role, however, is becoming more challenging. Half of our students mostly work jobs part-time and off campus, a percentage that has been increasing over the years. As a consequence, many take fewer credits in an attempt to financially manage the cost of college attendance. A related, significant outcome is a longer time to credential completion and a longer time to workforce entry. This translates to their increased likelihood of stopping out repeatedly or simply dropping out. This is so despite UH-Clear Lake being one of the most affordable four-year universities in Texas. Therefore, in line with all Texas universities, a priority request is Formula Funding Restoration to the 2010-11 level of \$62.19 per student credit hour to help us maintain our affordability.

UH-Clear Lake is also grateful for your approval of and specific support for our expansion as a full, four-year university in 2014. We are able to serve an increasing proportion of underrepresented students, as you intended. Accordingly, our first time in college (FTIC) cohorts increased 37 per cent in fall 2020. With the support of legislative appropriation for expansion funding, we are able to provide our increasingly diverse students many educational support services and career-related supervision to increase their educational success as well as their critical thinking and resilience for workforce readiness.

Accordingly, one of our top priorities is **Preservation of Expansion Funding**. Reduction in this funding will threaten our students, many of whom are at risk either financially or academically, in their path to success and degree completion. These funds support programs that help these vulnerable students to reskill, upskill, graduate, and enter the workforce. We join five other institutions across the A&M, UH and UNT systems in requesting continued support for our students by maintaining these funds as has been done in the filed version of the House Appropriations bill.

The increase in domestic underrepresented students, which includes UH-Clear Lake FTIC as well as transfer students from our community college partners is dramatic and requires that we continue to align resources with the identified support needed to improve student competencies, increase their market competitiveness, and to enhance their self-confidence. What UH-Clear Lake is doing is working for our students. However, we want to continue making a difference in their lives and the prosperity of our region...however students come to us. We strive to prepare them well, understanding that 71 percent of jobs in Texas are projected to require some post-secondary education or training. We also realize that only approximately 39 percent of economically disadvantaged high school graduates are considered “college ready” (<https://texas2036.org/red-flags/>. 2-10-2021).

Oswaldo Rodriguez, a first-generation Hispanic student from Pasadena, Texas, tells our purpose, our intensive support, and workforce impact better than I can, so I’ll borrow from his own educational narrative.

Ozzy, as he is known, is on his third internship at NASA Johnson Space Center, the first of which occurred when he began college at our community college partner, San Jacinto. In brief, these internships allowed him to focus on his education rather than as initially working to simply earn extra money. Ozzy admits that he did not know “how college worked.” He explains that his parents are “old-school Hispanics” and encouraged him to enter the workforce after high school graduation. But, Ozzy had a different dream for himself, and he knew that if he could manage the cost, college was the path to his lifelong dream to work at NASA.

Ozzy epitomizes why public higher education was created – specifically, the University of Houston-Clear Lake – to help first-generation, working-class, underrepresented persons re-frame their futures through guided knowledge building, skills development and interpersonal growth.

“At UHCL, I have learned to take advantage of the resources that they have to offer. Through Pathways to STEM Careers, The Institute of Electrical and Electronics Engineers (IEEE), and Career Services, I have been able to hone my skills...”

“...[T]he path was not laid out for me, but I have found guidance and I’ve connected with mentors and profs along the way.”

On behalf of Ozzy and the now more than 9,143 UH-Clear Lake Hawks, I make the following humble requests:

Our remaining priority is for **Continued Non-Formula Support** of the following centers and institutes that not only provide our students with enriching, real-world opportunities to apply classroom learning to real-world situations but also partner with ISDs, community colleges, businesses and public agencies to serve our region:

- We added a satellite center of our **Center for Autism and Developmental Disabilities (CADD)** at UHCL-Pearland to meet increased demand for licensed behavior analysts and training for family members, teachers, and other professionals in school districts. We are requesting \$400,000 per biennia. To date, CADD has served over 2,000 families and trained over 100 future professionals to work with school districts and families. 80% of the families would not be able to afford the services. Because of state funding, and grants awarded and contracts generated by the Center, such families can be served.
- The **Houston Partnership for Environmental Studies (EIH)** was established to advance the understanding of the environment through interdisciplinary research, education, and outreach. For every \$1 of state funding, EIH generates over \$4.60 in external funding. We are requesting a little less than \$605,000 per biennium – an increase of approximately \$185,000 to support the expansion of testing labs to support local agency needs, to re-establish several pending large contracts and additional funding to support students. We have partnerships with our multiple universities, 15 agencies and municipalities, numerous private companies and non-profit organizations, and provide educational outreach to more than 920 Texas public educators.
- The need to protect computer systems and networks from the evolving range of vulnerabilities and attacks is escalating. The **High Technologies Laboratory (HTL)**, through our Cyber Security Institute, provides training opportunities in partnership with various entities and several industrial partners. The HTL serves as a foundation for several successful grant-funded initiatives yielding Cyber Security certificates and curriculum development for new specializations, such as the Cyber Defense Track in our Cyber Security program. All security-related courses are scheduled in the High Technology laboratory, which supports approximately 250 UHCL students annually. In collaboration with Bay Area Houston Economic Partnership and Bay Tech, the HTL provides scholarships for

unemployed workers and veterans for workforce-relevant cybersecurity training. And the institute annually hosts high school interns who are interested in STEM fields. We request approximately \$84,000 per biennia.

If the Legislature can accommodate, two additional requests are made:

- The provision of **State-appropriated funds to cover the Hazelwood Exemption**, which has increased substantially, and UH-Clear Lake is proud to be a veteran- and military-friendly university.
- **TRB approval** for a STEM II classroom building which is needed to support the increased demand of majors in the sciences. For example, our Bachelor of Science in Mechanical Engineering was projected to be 60 students in 2018. The enrollment two years later is six times that projection and more than double the five-year projected enrollment.

On behalf of all UH-Clear Lake Hawks – alumni, current and future – I thank you for your time. I am available to answer any questions. Thank you.

**House Appropriations Committee Subcommittee on Article III Hearing
March 3, 2021**

Good Afternoon, I am Dr. Antonio D. Tillis, Interim President of the University of Houston-Downtown. Chancellor Khator asked me to assume this role, a position I enthusiastically accepted, upon former president, Dr. Juan Muñoz' departure. Before I was appointed Interim President at UHD, I served as the Dean of the College of Liberal Arts & Social Sciences at the University of Houston. CLASS is the largest college in the UH System, with over 14,000 students and 600 faculty and staff. My service and leadership as Dean thoroughly prepared me to lead UHD during this pivotal moment in time. As the Chancellor shared a moment ago, Dr. Loren Blanchard will assume the presidency on Monday, March 15th. It has been an honor to serve in this capacity for the past seven months, and I am confident that Dr. Blanchard, who I'd known previously and who I hold in high regard, will be a great president for UHD.

Chancellor Khator has covered the priorities we all share – the need for stable base formula support, the importance of the TEXAS Grant program to our students, and the challenges posed by the Hazlewood exemption as we work to serve our military veterans and their families.

UHD Student Overview / Addressing COVID Impact (directly)

A diverse student body is the core of UHD's identity and mission; the university is physically positioned in the heart of downtown Houston, mirroring the diversity of thought and identity of the city of Houston. The two largest population of students are of Spanish-speaking descent at 51%, and our Black/African-American students at 20%. UHD students represent over 64 countries and range in age from 14 to over 50, with a median student age of 27. The majority of students work while attending UHD. More than 50 percent of UHD students are the first in their families to attend college; thus, relying on UHD for educational access and support to assist with their overall holistic well-being. The faculty and staff at UHD understand that we provide educational access to populations who are first in their families to navigate the higher education landscape.

As with all the UH System universities, UHD is very focused on student success.

One indicator of whether an institution is viewed as a place where students can succeed is enrollment. After three years of flat enrollment - as **UHD** raised admission standards and increased its academic rigor – enrollment is on the rise. UHD has seen three consecutive years of substantial enrollment growth, and for Fall 2020, **UHD** enrolled a record **15,239** students.

While also increasing enrollment over the past three years, UHD has also experienced increased 1st-year retention and 6-year FTIC graduation rates. The retention rate has improved steadily in recent years, reaching 73.3 percent for 2019-20. UHD expects to achieve its institutional goal of 75 percent in 2020-21.

The most significant UHD accomplishment has been with the 6-year FTIC graduation rate, which for the FY2019, 6-year FTIC cohort, was 28.5 percent, surpassing the FY20 goal by 0.5%. This is laudable in that until very recently, that 6-year graduation rate had remained stubbornly in the 13%-15% range. The University's strategic plan is now in the process of being updated, and that draft plan calls for achieving a 6-Year Graduation rate of 36% by 2025.

The 3,968 degrees and certificates awarded by UHD in 2018-19 was an all-time high and marked a 7.7% increase over the prior year. We celebrate the rise in graduation rates, understanding that we are educating first-generation, working adults. UHD also boasts a high percentage of Transfer students. We are meeting the needs to educate multiple special populations.

There was a lot of uncertainty last spring when all instruction – and much of the university's work – was shifted on-line. An obvious concern was the impact this might have on enrollment. We braced for a significant drop-off, which did not occur. There was also a concern – a concern that remains – regarding the student's ability to succeed in an environment where the vast majority of the instruction is being delivered on-line. We're seeing some slippage in the hard-fought retention gains that we've made in recent years, and we're paying close attention to this, looking for ways to strengthen student support through enhanced advising and expanded on-line tutoring services.

There is also the question of what higher education will look like on the other side of COVID. Many of us expect a 'new normal', where the percentage of instruction delivered on-line stays higher than it was pre-pandemic. The challenge, particularly for a non-traditional university like UHD, will be to create an on-campus experience that draws students back to the brick-and-mortar site.

Thank You

On behalf of the **UHD** community, I extend our gratitude for the \$4 million supplemental appropriations from the 86th Legislature to assist with Hurricane Harvey's extensive damage. I am pleased to report that the campus has been fully restored, with new flood mitigation systems in place to prevent a recurrence. Additionally, during the 86th legislative session you approved a student fee to build a new Wellness & Success Center. I am happy to report that the project is well underway and is projected to be completed by fall 2022.

And as **UHD**, along with the rest of the world, has been coping with the severe challenges presented by the COVID-19 pandemic. For all of the support that you have given UHD, I thank you on behalf of the entire Gator family.

Academic Programs

UHD is proud to be the first and only institution in the state of Texas to offer a Bachelor of Science Degree in Data Science. This emerging discipline -- built on a foundation of mathematics, statistics, and computer programming – is transforming all science and engineering fields while revolutionizing industries from finance and energy to healthcare and education.

UHD also offers a Master's of Science in Data Analytics, a theory and application-based program that will provide students with a broad education in advanced statistics, digital data acquisition, digital data management, data analysis, and data presentation. The MS in Data Analytics meets the growing need for highly skilled data analysts who can analyze the ever-increasing amount of data confronting various disciplines and transform it into usable information for use in decision-making.

The University expects to soon offer an MS in Artificial Intelligence (MSIA) degree. The UHS Board of Regents recently approved the program. The MSAI will begin enrolling students in fall 2021, after obtaining THECB and SACSCOC approval.

Now to UHD's special item and TRB requests:

Special Items / TRBs

1) We humbly request the Restoration of the 5 percent cut to non-exempt general revenue (\$206,547 over biennium)

As you are aware, all state universities had a 5 percent reduction from the general revenue (GR) received for FY2020-21. Additionally, requests for 2022-23 had a 5 percent reduction to non-exempt GR. Exempt GR includes TRBs debt service, Formula GR, and GR provided to support research. This leaves unprotected the GR that funds special institutional items. For **UHD**, which historically has received very little unique item funding, this will have an impact. In real terms, the \$103K per year of the 2022-23 biennium equates to the salary and benefits of two academic advisors or two financial aid counselors. **UHD** respectfully requests that this funding be restored.

2) UHD Campus Development (\$13,641,240 over biennium – debt service on the \$85M)

UHD seeks authorization to issue \$85 million in tuition revenue bonds, which will be used to fund a bundle of campus development projects.

This TRB funding will enable a second occupied floor for UHD's Girard Street Building, providing a highly accessible space in which to consolidate the academic support services, referenced here as, Girard 4.

Girard 4 would become the new home of UHD's University College which offers a limited number of degree programs and is a hub of student support/success programs and services, including Academic Advising, First-Year Experience, Honors Program, the Gator Success Center, and UHD's Center for Teaching and Learning Excellence. Girard 4 would also become the new home of UHD's Academic Support Center (ASC), which is currently located in an area primarily dedicated to administration. Girard 4 would place essential student success resources in a highly visible and accessible location, immediately adjacent to Admissions, Testing Services, Veterans Services, the Office of Disability Services, and near the Registrar, bookstore Cashier's Office. For our commuter-based, working student population, a collected, one-stop resource area is not only desirable but necessary to support engagement and success. From a student success perspective, the ability to bring these units together in one space will enhance and synergize student engagement with critical university processes and academic support units.

The approved \$85M TRB request will provide funds to re-purpose 120,000 gsf within UHD's historic One Main Building – square footage now available because of the new Sciences & Technology Building.

Much of the space now available in the One Main Building is older laboratory space. After demolition and abatement, this space will be transformed into a 21st-century learner hub, consolidating existing resources dedicated to underserved student populations with expanded areas for student life and activities.

The funds will enable the construction of an appropriately sized UHD Police station, relocated to an area of campus that will enhance overall student safety and security.

Once the new Wellness & Success Center is completed, a portion of these bond proceeds will re-purpose the current Student Life Center into an alternative student support space.

The structure itself can be reimagined and redesigned to serve as a highly functional Student Union. The re-purposed UHD Student Union would house units such as Student Government offices, Student Organizations, the Dean of Students offices, Title IX, the University newspaper, meeting rooms, and other amenities commonly located within this type of facility. It is expected that the transformation will take one year to complete, following completion of the Wellness & Success Center.

The remaining funds will be used to acquire, should the opportunity arise, select properties adjacent to campus to enable later campus development.

As you can see, the projects funded by these TRBs are integral to UHD's plan (nay, *need*) to reconstitute itself as an institution that can thrive in the 'new normal' of the post-pandemic higher education world.

Conclusion

The **University of Houston-Downtown** is grateful to the legislature(s) for the increased state appropriations over the past three biennia. These resources have been vital to the growth and development of the University. With continued legislative support, **UHD** will be well-positioned to support the diverse citizens of the state of Texas in achieving their academic and career goals.

Thank you.

I am happy to answer any questions.

House Appropriations Committee Subcommittee on Article III Hearing
FY2022 – 2023 Biennium
University of Houston-Victoria

I. The University

UHV began as a non-traditional upper-level institution serving working adults, who commuted from home to take evening courses. In 2009, UHV received legislative authority to expand downward, allowing us to include freshmen and sophomores. As of fall 2018, UHV has served more than 5,634 freshmen and sophomores.

In the past nine years, UHV has grown to an institution that serves a traditional full-time student population by offering 25 Bachelors and 17 Master's programs.

II. Where are we now?

As we look to the future and live in the present, we seek to continue to make an impact on our under-served region of South Texas. As stated here in my testimony, continued resources are crucial in the following areas for these citizens to realize a

higher level of education and economic attainment -- Downward Expansion, Master's Degree in Nursing, Small Business Development Center, Center for Regional Outreach, and Institutional Enhancement. We appreciate your continued support!

One of our top priorities is preservation of expansion funding. Reduction in this funding will threaten our students, many of whom are at risk either financially or academically, in their path to success and degree completion. These funds support programs that help these vulnerable students to reskill, upskill, graduate, and enter the workforce. We join five other institutions across the A&M, UH and UNT systems in requesting continued support for our students by maintaining these funds as has been done in the filed version of the House Appropriations bill.

As with other Texas universities that transitioned from two to four-year campuses, expansion funding is necessary to provide new program offerings and meet student needs. UHV focus continues to be service to students who have been historically underrepresented in higher education, including Hispanics, first-generation students, and students from rural schools with low rates of college recruitment and participation. UHV continues to improve existing student support services and

provide opportunities to make the UHV experience a positive one that will encourage completion of the full four years.

III. Where are we going?

UHV is requesting the following non-formula items to support growth opportunities and to afford the university the ability to reach its goal of 6,000 students as well as meet the State's goal of Texas 60x30TX initiative.

To achieve its goal, the University has requested support for the following special items.

1. Restoration of Proposed Funding Reductions for FY2022-23 – For Fiscal Years 2022-2023, state agencies and higher education institutions were asked to reduce their general revenue-related funds by 5% which causes additional strain on the university as institutions are already experiencing revenue losses due to the COVID-19 pandemic. UHV responded to the \$415,984 reduction request by eliminating special item funding for the Center for Regional Outreach and Nursing.

Master's Degree in Nursing –UHV's nursing program was transferred to the University of Houston. In 2016, UHV's nursing program was revived to provide nurses with associate degrees, access to the BSN degree program. In FY2018, UHV received accreditation from the Commission on Collegiate Nursing Education. UHV hired additional qualified faculty and developed the BSN and MSN programs to service the surrounding communities. Without funding, the growth of the programs and ability to impact the nursing shortage will be negatively impacted.

The Center for Regional Outreach received state appropriated funding in 1998 and has been a pipeline for first-generation and Hispanic students in the region sending more to higher education. The center's activities address the state's "Closing the Gaps" and the 60X30TX initiatives in this region. As a Hispanic Serving Institution, the center's initiatives have impacted freshmen classes by increasing first-generation and ethnic minorities by 66%.

Without funding, the Center for Regional Outreach Center will be negatively impacted.

2. UHV Campus Expansion – This exceptional item is requesting approval of approximately \$142.6 million tuition revenue bond project that will provide the infrastructure needed to further establish a residential campus. Since downward expansion in 2010, the university has grown 40%. During the 84th Regular Session, the Legislature authorized Construction Bonds of \$60 million that has supported purchase of much needed land, repurposing existing spaces, adding new academic space for STEM, health-related programs, a lecture hall, and auditorium. In addition, the main street and walkways were transformed to improve the safety of the campus for students, faculty and staff, and visitors.

UHV is requesting \$142,567,944 in tuition revenue bond interest resulting in debt service of \$10,775,000 per year over 20 years.

IV. Summary

There are numerous important areas of concern for UHV and all higher education; we respectfully request that they receive serious consideration and support during the upcoming Legislative session:

- Texas Grants provide underprivileged students opportunity to attend higher education institutions such as UHV. Minority students are especially impacted and represent over 75% of all students at UHV.
- Equity Funding for UHV Nursing Programs – As General Academic Institutions receive less formula funding for health-related programs, it is crucial that these programs receive the same consideration for funding as Health-Related Institutions.
- Maintain supplemental state funding for smaller universities with enrollments below 10,000. Fixed costs are unavoidably higher compared to variable costs at smaller universities and it is essential to at least maintain or look to additional funds for supplemental state funding for smaller institutions such as UHV.
- Restore base funding semester credit hour rate to that supported by the 2010-2011 legislature at \$62.19 per weighted SCH.

- Provide continued support for employee health care costs. Shifting costs to employees may save money in the short term, but over time, employee morale and satisfaction will deteriorate adversely affecting our ability to attract and retain qualified personnel.
- Reimbursement of Hazlewood Exemptions. UHV requests that funds be appropriated by the state to cover the full costs of Hazlewood Act exemptions. While UHV is dedicated in supporting educational opportunities and benefits for veterans and their families, these exemptions have a greater proportional impact on the limited resources available to smaller institutions. The value of the Hazlewood Act and the size of the exemption has increased, providing very significant financial benefits to veterans. Students were issued \$760,241 in Hazlewood exemptions while reimbursement from the state received were \$60,571 or 8% of the total exemption. The result is that Hazlewood exemptions are mostly supported by the general student population.

V. Summary

In Summary, the history of Texas universities that have transitioned from upper-level two-year institutions to traditional four-year undergraduate institutions with residential campuses shows a pattern of accelerated growth compared to other universities. This has been the pattern for UHV as well. As these upper-level institutions transitioned to four-year campuses, a common denominator associated with that growth was the continued support from the Legislature for funding.

UHV's Master Plan foresees Victoria as a "college town" for students who are seeking a university experience outside the populated metropolitan belt extending from Houston to Austin to San Marcos to San Antonio to Corpus Christi.

The University of Houston-Victoria, while a small institution, has had and will continue to have an important and growing influence on the welfare of the region:

- We enjoy widespread community and regional support.
- We have trained most of the teachers and many of the managers and entrepreneurs in the area.

- We have developed considerable experience and expertise in outreach, community cultivation, and collaboration, which serves the interests of its region and is at the disposal of the UH System.
- We were instrumental in starting the Symphony Orchestra, the Bach Festival, Black History Month, Hispanic Heritage Day, Fiesta Day, the South Texas Woman Awards, Boys and Girls Leadership Academies, and more recently a regional Children's Discovery Museum all of which have become part of the fabric of Victoria. Such community activities enrich the spirit and elevate the quality of life.

Thank you.



**House Appropriations
Sub-committee on Article III
March 3, 2021**

President Suzanne Shipley

M I D W E S T E R N S T A T E U N I V E R S I T Y

**House Appropriations Article III Sub-committee Hearing
Midwestern State University
President Suzanne Shipley
March 3, 2021**

Good morning, Chair Wilson, Vice Chair Zwiener, and members.

I am Suzanne Shipley, President of Midwestern State University, and I appreciate all you do for higher education in this great state of Texas.

I come before you representing the independent public liberal arts university MSU Texas but also an entity that is seeking approval in this session to join the Texas Tech University System. I will provide a bit more on that in my conclusion.

First, a few highlights before I focus my testimony on how our service to students has changed fairly dramatically over the past eleven months:

- MSU Texas fills a pivotal role as the only public university in North Central Texas between Denton and Lubbock.
- Students come to us for the small class size, the attractive campus surroundings, and the highly individualized approach to learning that we offer. In fact, our undergraduate research experience, now offered in nearly every major, equips our students to compete well in the marketplace of ideas they will enter upon graduation.
- 42% of our entering students come from the DFW area, and 30% of our undergraduate students live on campus.
- Our Administrator's Statement outlines our success with first-generation and Pell Grant students. We are ranked as a Top Performer on Social Mobility by *U. S. News and World Report* for the second year in a row. This ranking measures how successful universities are in graduating students receiving Pell Grants.
- In the documents submitted, you have photos of two of our outstanding first-generation students, Shelbi Stodgill and Montes Martinez.

- Shelbi is our student government president and a Priddy Foundation Scholar. She will graduate in May and plans to attend law school.
- Montes is our current Student Regent, has maintained a 4.0 GPA while working part-time, and will graduate in December with a double major in accounting and finance.
- These two students' success at MSU Texas are examples of how we believe we can best contribute to the economic strengths of Texas by preparing students like them to enter high-earning careers.
- The data in the chart shown on page seven clearly shows the work we have done to improve these indicators during the past decade. We are making strides in our shared goal of graduating students who can contribute to a thriving economy.

What are the charges we have placed before ourselves to drive the State of Texas's economic recovery through the students and communities we serve?

- While we are the state's only designated public liberal arts university, 80% of our undergraduate students graduate from our professional programs, with 37% graduating in healthcare fields. Our emphasis is increasingly on approaches to provide high-earning careers for the demographic described in my introduction.
- We share a location in Flower Mound with North Central Texas College and now offer completion degrees to almost 500 adult learners, a capacity built over the past three years since opening this facility.
- This location allows us to offer reskilling opportunities to the many Texans who lost their jobs due to the pandemic and the oil and gas industry decline. Examples of such programs are our Bachelor of Applied Arts & Science degree, with several signature concentrations to choose from, including industrial technology, human services, and criminal justice; a competency-based education degree with all course materials offered through open educational resources; and an accelerated online respiratory care degree and other completion degrees in the health sciences.

- We are now in the first semester of our first doctoral program in the university's history, the Ed.D in Educational Leadership. This degree was in response to the lack of nearby opportunities for advancement for many professionals working in our area schools. We have seventeen students in our first cohort.
- There is a similar capacity in our nationally-respected Shimadzu School of Radiologic Science to offer the first degree of its kind in the country, the doctorate in Radiologic Sciences. This degree will be entirely online, as is our Master's degree, also the first of its kind when it began in 1985.
- Alongside the new opportunities we are creating in healthcare and education, our AACSB-accredited business program and ABET-accredited engineering program provide affordable, accessible, and nimble career opportunities to residential full-time students and working adults in our region.
- During the pandemic, as was true for our sister institutions, we reached out to regional medical and military institutions in our area to provide equipment, PPE, housing as needed, emergency response support, and any other expertise we could provide.

Now I move to requests for the state support needed for these and other emerging priorities:

- Funding the formulas at the highest level possible helps us continue our progress, as does Non-Formula Support. While MSU Texas receives non-formula support for only two items, Institutional Enhancement and our Small Business Development Center, we request continued funding at current levels for non-formula support items.
- Funding for TEXAS Grants, which are the single most important component in access and success for low-socioeconomic students, is important to our students. In FY 20, more than 69% of our students qualified for state, federal, and local grants and scholarships, and the numbers continue to increase on our campus as on others. This is the current and future workforce for the state of Texas and deserves the best support possible.
- Finally, Hazlewood exemptions now total \$2 million for MSU Texas, and the rising cost of group health insurance constitutes a significant demand on our operating budget. Attention to these costs would allow us to shift more funding toward emerging needs as they continue to develop, such as accelerated transfer and retention efforts that often rely upon costly software purchases or upgrades.

We are all under the financial constraints of this trying period, but in the spirit of eternal optimism that fuels our work in education, we have submitted a Tuition Revenue Bond request in case such funding becomes available. This request bolsters our actions toward adjusting our degrees and training to today's challenges and the changing workplace that our students are encountering. The TRB funding you approved in 2015 for a new health sciences building dramatically enhanced our leadership in the health sciences. This funding request of \$50 million would do the same for the rest of our math and sciences disciplines by providing a renovation to Bolin Science Hall, our basic sciences building that houses the preparatory courses for the health sciences and engineering. Because this facility was built in 1966, many upgrades are now needed to properly outfit labs and classrooms for today's science and math teaching. This funding would combine with a \$5 million private donation that is designated for a modest addition to Bolin Hall; together, the enhancements could bring this cornerstone facility up to date with our other campus buildings. This request includes much-needed infrastructure upgrades for space and functions on the east side of campus, necessitated by updating and expanding Bolin and other facilities over the past decades.

Finally, as highlighted in my introduction, House Bill 1522 has been filed by Representative Frank, with the companion Senate Bill 447 by Senator Springer, to enable MSU Texas to join the Texas Tech University System. Our Board of Regents approved an MOU regarding this possible action in August after careful deliberation on how MSU could further improve the strength of its response to the needs of this state. We hope to join colleagues from the Texas Tech University System when we appear before this group in 2023.

Thank you for the opportunity to speak with you today. I am happy to answer any questions you may have.

Outstanding First Generation Students



Shelbi Stogdill

Outstanding First Generation Students



Montez Martinez

**Midwestern State University
Performance Indicators**

As our institution works toward increased enrollment growth, we are concentrating on performance indicators such as those shown below.

Student Access	2009-2010	2014-2015	2019-2020
Distance Education Only Students (Fall)	792	950	1,336
Number of Community College Transfer Students Enrolled	2,120	1,838	2,392
Percentage of Hispanic Students Enrolled	10.2%	14.8%	19.3%
Percentage of African-American Students Enrolled	12.3%	13.6%	14.0%
Percent of Undergraduates living on campus	22.2%	28.0%	30.7%
Percent of Students Receiving Pell Grant	29.2%	37.9%	37.7%
Student Success	2009-2010	2014-2015	2019-2020
Average Course Load of Full-Time Undergraduate Students	13.74	13.94	13.96
First-Time Student Graduation Rate (Four-Year)	16.7%	19.6%	23.8%
First-Time Student Graduation Rate (Six-Year)	33.0%	43.5%	45.6%
Graduation Rate for Two-Year Transfers (4 yr, 30-60 SCH)	54.7%	61.5%	64.7%
Total Degrees Awarded	1,226	1,216	1,452
Operational Effectiveness	2008-2009	2013-2014	2018-2019
Total Expenditures per FT Student Equivalent	\$15,860	\$20,680	\$23,972
Appropriations per FT Student Equivalent	\$4,935	\$4,765	\$5,424
Competitive Resources	2008-2009	2013-2014	2018-2019
Total Endowment (University-held, Foundation, Charitable Trust)	\$44,588,397	\$73,514,557	\$88,692,107



MIDWESTERN STATE UNIVERSITY

With a population of 104,700, Wichita Falls, Texas, is located approximately 120 miles northwest of the Dallas/Fort Worth metroplex. Midwestern State University's 255-acre campus is nestled among the city's residential area, and comprises 70 buildings, numerous playing fields, and an outdoor recreational facility near Sikes Lake.

NOTEWORTHY

Student Learning Center in DFW

Our facility at MSU Texas-Flower Mound is designed to fit the busy lives of our working adult and place-bound students. Our affordable, selective, innovative programs set students on the path for career advancement and provide them with the resources to complete a bachelor's degree. Our shared facility with North Central Texas College is conveniently located in Flower Mound and houses classrooms, study spaces, and amenities meant to ease the burden of working adults. Learn more at msutexas.edu/flowermound.

State-of-the-art Health Sciences Facility

MSU Texas opened the doors of Centennial Hall in Fall 2019, its new 87,000-square-foot, state-of-the-art health sciences building. The \$34 million project was part of the \$58.4 million in tuition revenue bond funds appropriated by the state in 2015, and marks the largest designation of capital construction

funds the university has received in its history. The open architecture of the facility displays labs to promote collaborative learning and transparency between students and disciplines. As a national leader in radiologic sciences, the University partnered with Shimadzu Medical Systems USA, an industry leader in X-ray technology. The Shimadzu School of Radiologic Sciences at MSU Texas features the latest X-ray equipment that provides faculty and students in the discipline with opportunities and experiences that will set them apart in career advancement.

First doctoral program

MSU Texas reached a historic milestone in September 2020 when the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) granted approval for the University's request to begin offering a doctoral degree in educational leadership. This marks the first doctoral offering at the University. The first cohort of students began study in January 2021.

MSU MONEY MATTERS

\$121.6 MILLION

Budget for 2020-2021

\$61.9 MILLION

Amount of financial aid awarded to students in 2019-2020

\$9.5 MILLION

Amount donated during 2019-2020

79 PERCENT

Students who received some form of financial aid assistance in 2019-2020

\$5,006

Average amount of grant or scholarship aid per undergraduate student in 2019-20

\$9,580

Average cost of tuition and mandatory fees for one year; total average cost including housing is \$20,034.

Mustangs Guarantee Program

Beginning freshmen and undergraduate transfer students new to MSU who have not already received a bachelor's degree, are Texas residents, Pell Grant eligible, and whose family's combined annual income is \$65,000 or less are guaranteed that any remaining balance of tuition and mandatory fees not covered by grants, scholarships, exemptions, benefits, and/or waiver programs will be paid by the university.

ENROLLMENT

Enrollment by College

- 36%** Gunn College of Health Sciences & Human Services
- 17%** West College of Education
- 14%** McCoy College of Science, Mathematics & Engineering
- 14%** Dillard College of Business Administration
- 9%** Prothro-Yeager College of Humanities & Social Sciences
- 5%** Fain College of Fine Arts
- 5%** Undecided

Enrollment by Degree

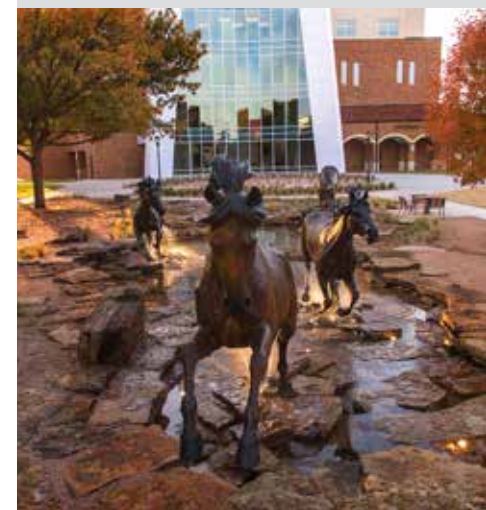
- 88%** Undergraduate
- 12%** Graduate

Geographic Enrollment

- 29.5%** From Wichita County
- 55.4%** From other Texas counties
- 15.1%** From outside Texas

Student Statistics

- 50%** First Generation
- 1,500** Students living on campus





MSU
TEXAS™



MIDWESTERN STATE UNIVERSITY



STEPHEN F. AUSTIN
STATE UNIVERSITY

NACOGDOCHES, TEXAS

**Testimony to the
House Appropriations Subcommittee
on Article III**

Dr. Scott Gordon, President

March 3, 2021



STEPHEN F. AUSTIN STATE UNIVERSITY is proud of its mission as a regional public comprehensive university located in Nacogdoches. We are dedicated to excellence in teaching, research, scholarship, creative work, and service. SFA continues to increase its graduation rate and educate more at-risk students while reducing time-to-degree as well as student debt.

Seventy percent of SFA graduates are classified as at-risk students. Yet, since 2019, SFA has made some remarkable progress in its goal to serve students as identified in the Texas Higher Education Coordinating Board's Almanac.

- Average student debt has decreased by almost 31% from \$39,436 to \$27,319.
- Time-to-degree has decreased from 4.5 years to 4.4 years.
- Average number of semester credit hours (SCH) of graduates has decreased from 132 SCH to 130 SCH.

Other performance measures of note are:

- The four-year graduation rate for full-time students has increased from 35.2% to 36.5%.
- The six-year graduation rate for full-time students has increased from 52.1% to 53.4%.
- Between fall 2019 and fall 2020, the overall one-year retention rate for first-time, full-time freshmen increased from 70% to approximately 77%.

Throughout the university, faculty and staff provide personal attention, engaging students in a learner-centered environment and offering opportunities to prepare for the challenges of living in the global community. SFA benefits the East Texas community and the State of Texas by providing a high quality, affordable education.

AFFORDABILITY AND ACCESS

- SFA offers a flat rate for tuition and fees of \$5,300 per semester for 12 or more hours. This allows students to take more classes without increasing their costs.
- Two academic programs (History and Psychology) offer classes that only use Open Education Resources (OER), which means students do not need to pay for textbooks. With the increasing use of OER, SFA hopes to provide more classes and programs of study with little or no cost for instructional materials.
- SFA has implemented 8-week accelerated courses to better meet the needs of students' schedules, thus allowing students to take more courses in an accelerated time frame.
- Additionally, the Lumberjacks FLEX model was introduced. This offers the maximum flexibility for students, providing a robust set of options in course modality. Faculty evaluated the best way to deliver quality learning experiences, given course content and objectives, room capacity, and safety. The five main ways SFA offers courses include face-to-face instruction, online (course content available at any time), livestream (with real-time interaction with faculty and other students), hybrid (a blend of face-to-face, online and livestream with some attendance required), and HyFlex (students are given the option to attend face-to-face, online or livestream). These enhanced course modalities give students control of their educational experience and allow education to continue even in the midst of the pandemic.
- Financial aid also plays a significant role in making college more affordable to students. Prior to the enormous changes associated with COVID-19 in fiscal year 2020, approximately 77% of SFA students received financial aid, amounting to a total disbursement of \$145.8 million, \$76.9 million in gift aid and \$68.8 million in loan funds. This includes 4,633 students, who received \$21.5 million in Pell Grants. In addition, SFA students received more than \$9.6 million in Texas Grant awards. Of the total awarded, \$3.8 million was provided to initial recipients and \$5.8 million for returning students' renewals.
- In an effort to reduce costs, SFA has been diligent in increasing efficiency through energy conservation. In fact, SFA has completed three energy performance contract phases that have resulted in a 27.9% reduction in electricity consumption and a 16.7% reduction in natural gas consumption. In addition, SFA reduced water consumption by 26.4%.
- SFA appreciates the sacrifice and service of veterans and their families. However, the Hazlewood Act tuition and fee exemption for military veterans, their children, and qualifying spouses presents a significant and mounting cost to all Texas institutions of higher education. During the fiscal year 2020, veterans and dependents received the Hazlewood Exemption totaling over \$5.9 million. This represents an increase of 23.8% from fiscal year 2019. Of the total Hazlewood Exemption, Hazlewood Legacy was \$5,018,405 for fiscal year 2020. The General Revenue funds distributed in fiscal years 2016 through 2020 assisted in covering previous year's Hazlewood Exemptions; however, the growing enrollment of those who are eligible for the exemption requires institutions to seek alternative methods for covering the cost of this exemption. We hope that the legislature will help institutions find funding solutions to this growing challenge.

PANDEMIC COSTS AND OPERATIONS

The proliferation of COVID-19 presented an enormous challenge to the safety of SFA students, staff, and faculty. This caused a significant disruption in course modality, enrollment, and student housing.

- On March 16 and 17, SFA faculty hurriedly changed the modality of course delivery for nearly 2,600 courses in only two days. Furthermore, all university faculty and staff were encouraged to telecommute.
- Since students were no longer able to live on campus in close quarters due to the highly contagious nature of the virus, SFA refunded approximately \$9.1 million to students for housing, meals, recreation center, and student center payments for spring 2020.
- The volatile nature of the virus impacted the enrollment plans for both new and continuing students. To accommodate fiscal year 2021 revenue uncertainty, SFA budgeted a 5% revenue decline from fiscal year 2020 to fiscal year 2021. The actual mandatory tuition and fee revenue decline for the fiscal year fall and spring semesters was nearly \$4.2 million.

As the state's financial situation became more difficult with the loss of state revenue, state agencies including universities were asked to make a 5% reduction in the current 2020-21 biennium. This resulted in a \$3.265 million

reduction in state-appropriated general revenue to SFA. In order to address the 5% reduction and other financial losses, SFA implemented the following measures:

- a hiring freeze
- the elimination of certain positions
- the elimination of non-essential travel
- enacting vacation furloughs for staff members (10 days in FY20, 12 days in FY21)
- minimizing discretionary expenditures
- sweeping certain FY20 funds
- reducing additional operational expenses
- and offering a voluntary separation incentive program for faculty and staff for FY21.

The pandemic has created a volatile economic environment. Families are experiencing unemployment, students have increased financial needs, and state revenues are lagging. Likewise, the university will experience additional costs associated with maintaining safety protocols, which include aggressive sanitization and hygiene protocols as recommended by authorities as well as increased custodial health cleaning.

The CARES Act provided slightly over \$10.5 million. Of this:

- \$5.2 million was mandated to be awarded to students as emergency aid

- \$2.6 million was allocated to instructional classroom technology upgrades
- and \$2.6 million was allocated to FY21 budget support.

SFA received additional funding (\$513,425) from the Strengthening Institutional Programs component of the CARES Act, which was allocated to FY21 budget support.

SFA also benefited by receiving \$1.92 million from the Governor's Emergency Education Relief (GEER) funds for financial aid support for our students. We anticipate that additional GEER funds will provide support in the form of Emergency Educational Grants and will enhance online learning experiences.

The university has been awarded \$17.1 million from the Higher Education Emergency Relief Fund (HEERF) in the second round of CARES Act Funding. The HEERF II funds will be allocated in association with federal award guidelines that include student financial aid and institutional support.

Higher education can be a vehicle for economic recovery. Many people have lost jobs due to the pandemic; therefore, there is a need to retrain workers. SFA has proven to be a valuable educational resource for the state and is poised to help workers improve their skills to re-enter the workforce.

COVID-19 IMPACT ASSESSMENT

	2020 \$Millions	2021 \$Millions ¹	Total \$Millions
Change in Revenues Attributed to COVID:			
Net Student Tuition and Fees	\$ (1.256)	\$ (2.377)	\$ (3.633)
Auxiliary Enterprises (Housing, Dining, Parking, etc.)	(8.392)	(9.824)	(18.216)
Legislative Revenue Claw-back	(1.632)	(1.633)	(3.265)
Estimated COVID Revenue Gap	\$ (11.280)	\$ (13.834)	\$ (25.114)
<u>Change in Operating Expenditures Attributed to COVID</u>			
Cost Decreases Due to COVID:			
Travel	(1.269)	(2.361)	(3.630)
Mandatory Vacation Furlough (to reduce Accrued Compensable Absences)	(0.750)	(1.440)	(2.190)
Dining Services Expenses	(2.231)	(3.213)	(5.444)
Cost Increases Due to COVID:			
Voluntary Separation Incentive Program (VSIP) Incremental Costs		1.335	1.335
CARES Used for Online Instruction Technology	0.637	0.779	1.416
CARES Reserved for Online Instruction Technology		1.184	1.184
Materials and Supplies Increase Related to COVID	0.256	0.077	0.332
Net Reduction Operating Expenses Related to COVID	\$ (3.358)	\$ (3.639)	\$ (6.997)
Net Estimated COVID Revenue Gap	\$ (7.923)	\$ (10.194)	\$ (18.117)
Federal COVID Related Institutional Funding:			
CARES Relief Funding - Higher Education Emergency Relief Fund I (HEERF I) ²	\$ 5.776		\$ 5.776
Total Federal COVID Related Institutional Funding	\$ 5.776		\$ 5.776
Net Estimated COVID Operating Gap³	\$ (2.147)	\$ (10.194)	\$ (12.341)

¹ Estimated Fiscal Year 2021

² The university has been awarded \$17.1 million from the Higher Education Emergency Relief Fund II in the second round of CARES Act funding. The HEERF II funds will be allocated in association with federal award guidelines that include student financial aid and institutional support.

³ Estimated major variances due directly to COVID-19

Data in this chart is subject to change but is accurate as of Feb. 11, 2021.

EXCEPTIONAL ITEMS REQUEST

RESTORATION OF THE 5% BIENNIAL REDUCTION

We understand the fiscal challenges that the State of Texas is facing in the wake of COVID-19 and know that difficult decisions need to be made. However, SFA can be a source of economic growth for the state if its operations are not significantly hindered by excessive financial

constraints. Therefore, we respectfully request that consideration be given to restoring the 5% reduction (\$402,990) made during the FY 2022-23 biennium.

INTERDISCIPLINARY AND APPLIED SCIENCES BUILDING (\$53 MILLION CAPITAL FUNDING REQUEST)

SFA requests state support to build a \$53 million Interdisciplinary and Applied Sciences Building. This building will provide contemporary laboratories and classrooms for multiple cooperating and interdependent academic programs and will require capital construction annual debt service of approximately \$9,241,564 over the biennium.

The university understands the extraordinary challenge of the state's current budget situation. Nevertheless, support for capital projects continues to be a need as academic programs grow and adjust to new industry standards. The state's ongoing support of facilities is greatly appreciated, and SFA values our ongoing partnership with the state to meet the needs of Texas' students. We, therefore, are submitting an Interdisciplinary and Applied Sciences capital request, which will advance the economic impact of higher education by training students to be productive members of the workforce.

Interdisciplinary and applied sciences are critical disciplines for economic growth in Texas. This is especially true in rural communities across the state where animal agriculture, life sciences, and applied engineering technologies have outstanding potential for growth in production, employment, and economic contribution.

SFA is known internationally for its outstanding teaching, research, and service programs in life sciences and related disciplines. Demand for



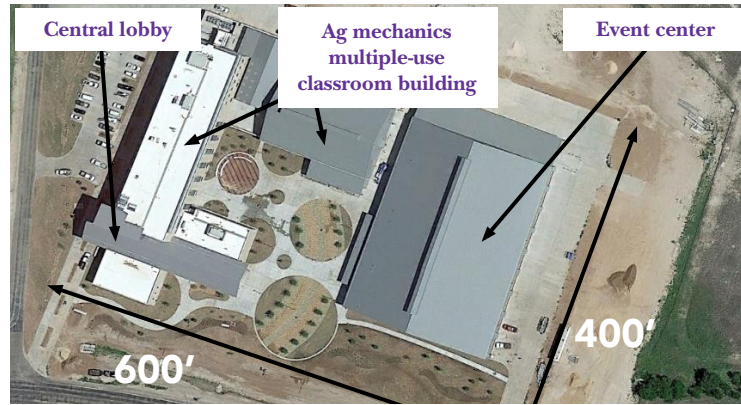
graduates with bachelor's and master's degrees has been strong in recent years, and projections show a much greater need in these workforce areas in the future. It is imperative that SFA has access to modern resources and facilities to produce society-ready, skilled professionals capable of meeting the future demand for skilled employment across our state and nation.

EXCEPTIONAL ITEMS REQUEST CONTINUED

AGRICULTURE AND TECHNOLOGY COMPLEX (\$45 MILLION CAPITAL FUNDING REQUEST)

SFA has strong academic programs in agriculture and technology housed in inadequate facilities that are unable to facilitate the level of instruction needed by 21st century students and skills desired by their prospective employers. Existing laboratories and basic educational and general spaces are old and outdated. Extensive renovation and repurposing is required for 21st century instruction, research, and service in these critical fields.

The proposed Agriculture and Technology Complex would include a 30,000-square-foot teaching arena with an attached 24,000 square feet of classroom space. These facilities will contain agricultural engineering technology and industrial engineering technology programs. The facility also will allow expansion of programs including advanced manufacturing, industrial supervision, construction supervision, construction management, industrial engineering, wholesale



and manufacturing representation, and veterinary technology.

Life sciences and applied engineering technologies are critical disciplines for economic growth and advancement of economic opportunities in Texas. This is especially true in rural communities across the state where animal agriculture has outstanding potential for growth in production, employment and economic contribution. Agricultural and industrial engineering technologies are critical to

support an expanding economy in the state, including the expansion of agricultural and manufacturing industries in many areas.

SFA requests state support to build a \$45 million Agriculture and Technology Complex. This will require capital construction annual debt service of approximately \$7,846,610 over the biennium.

CENTER FOR APPLIED RESEARCH AND RURAL INNOVATION (\$2 MILLION)

SFA proposes to expand its presence in the region and Texas through the creation of the Center for Applied Research and Rural Innovation. The center will bring faculty and students together with business, industry, education, and community partners in dynamic, interactive environments. Through these interactions, students will learn how to use their skills to work in teams with other students from multiple disciplines in order to solve complex real-world problems for rural and smaller communities. This will provide hands-on experience that will serve as the culmination of a student's education.

In partnering with enterprises outside the university, students will build relationships that will lead to job opportunities upon graduation. Under the supervision of a faculty member, students will use the community as a kind of laboratory for their instruction. They will work with students from multiple disciplines to identify problems encountered by the community and will develop a research project to solve the issues they encounter. Thus, the student's education is enhanced by working side by side with an experienced faculty member, other students, and the community.

Testimony
Ken Hewitt
Interim President, Texas Southern University
Legislative Appropriations Request Hearing
March 3, 2021

Mr. Chairman and Members,

Thank you all for the opportunity to appear this morning and discuss the Legislative Appropriations Request for Texas Southern University.

You all have our LAR, and I will direct your attention to certain elements of emergency importance. Our conversation will necessarily involve dollar signs and numbers, and my goal this morning is to put those in context.

Texas Southern University is a proud HBCU located in the heart of Houston. We serve a unique student population: Our students are primarily minorities, most of whom are the first members of their family to pursue Higher Education. They have all the skills and the will to earn their degree, but often need additional wrap-around student services to ensure their success. Basic needs such as transportation, digital devices, and functional housing are challenges for our students in any year, and especially within this past pandemic-stricken year.

Despite our challenges, Texas Southern University retains its bold vision: To be recognized by the excellence of our programs, the quality of our instruction, our innovative research, and our desire to be a contributing partner to our community, state, nation, and world.

First, look at our programs and instruction:

- TSU's law school offers an L.L.M. in Immigration and Naturalization Law; the first of its kind in the country.
- Texas Southern's Aviation program is an FAA accredited, full service degree program that trains diverse pilots of the next generation. [A recent study](#) showed that less than 20% of aircraft pilots are minorities, and we are doing our part to improve that number by training African-Americans, Hispanics, Asians, and women to be pilots. We also prioritize veterans for pilot training.
- Our pharmacy school is the number 1 producer of African-American pharmacists in Texas, and the number 3 producer of African American pharmacists in the country. 100% of our PhD students complete their dissertations within 5 years of study.

One example of the innovative nature of our research is our federal designation as a Beyond Traffic Innovation Center. This designation classifies TSU as a national leader in urban transportation planning. Texas' position as the number 1 state for business is reliant on our ability to move goods and commerce, and TSU is directly impacting that ability.

Finally, we wish to partner with the community, state, nation, and world by rising to the challenges that we face as a whole. We are doing that every day through our emergency COVID testing, test analysis, and vaccinations that are happening on campus as we speak.

Texas Southern University strives to be a point of access and a safe haven for our students and community at large. Through our familial atmosphere, supportive partnerships, and rigorous academics, we are contributing to the betterment of generations of underserved students. Individuals enter our campus as students and leave as proudly educated, productive contributors to our society.

Members, as a former CFO, I am certainly mindful of the difficult budget decisions you all are faced with each biennium.

I also recognize that COVID has tremendously exacerbated these difficulties.

At the same time, the Governor and many Members have made it clear that nothing is more important than protecting the lives of the citizens of Texas.

To that end, we have three exceptional items, all of which correlate with the priorities of our state leadership.

Item 1 will allow us to improve our state-of-the-art Coronavirus Recovery Hub.

Through our partnerships with St. Luke's Health and Thermo Fisher Scientific, we are currently vaccinating hundreds daily and will soon be testing and analyzing for other HBCUs in Texas. More importantly, we are vaccinating vulnerable, underserved populations within walking distance of our urban campus. This is part of our mission to serve.

Appropriations in accordance with Item 1 will allow us to continue to train medical professionals to respond to the current pandemic, as well as emerging challenges of the future.

Item 2 will assist with the state's 60/30 plan by increasing enrollment and housing opportunities, thereby increasing retention and graduation rates. Our vision is that students will live with peers of shared majors, surrounded by counselors, faculty,

and resources. They may not be able to call home for advice on the challenges that come with pursuing a college degree, so it is critical that our institution provide these additional support structures.

Deferred maintenance will also be addressed by Item 2. Our campus infrastructure and building foundations are untenable and in some cases, near condemnation. This maintenance cannot be deferred any longer because it hurts our ability to serve our students.

Item 3 is a request for technological upgrades that will help usher in this legislature's vision for expanded broadband access. With more of us working and learning from home than ever before, we cannot ignore our technological needs. All students deserve access to high-speed, high-quality internet and devices.

Committee members, with these funding requests, TSU can protect and improve countless lives. We look forward to partnering with the state of Texas to meet the needs of all Texans. I would also like to extend an open invitation to each of the committee members to visit our campus to see first-hand the positive contributions we are making to our state, country, and beyond.

Thank you for this opportunity; I welcome your questions.

LEGISLATIVE PRIORITIES

87TH LEGISLATIVE SESSION

Texas Southern University (TSU) is an HBCU that was declared a “special purpose institution of higher education for urban programming” by the 63rd state legislature. Since the establishment of this designation, TSU has provided comprehensive academic and research programs that cater to our largely minority and first generation college students. TSU has served as a community empowerment hub, a beacon of information, and has risen to the challenge in the fight against COVID.

EXCEPTIONAL ITEMS REQUESTS



UNIVERSITY ENHANCEMENT \$157 MILLION

TSU is requesting funds to update university facilities and grounds included in the university’s Comprehensive 10-Year Campus Master Plan. Key projects include updated campus wayfinding, renovations to student housing, academic buildings, spaces for students, and administrative facilities. The plan also includes a new sports complex that features an Athletic Learning Center and Alumni Stadium.

Additional details are shown on the map on reverse side.



CAMPUS IMPROVEMENTS \$142 MILLION

An audit conducted in 2017 found several buildings on campus on the verge of being inoperable and out of commission. TSU is requesting a cash infusion to assist with the buildings’ deferred maintenance. Those buildings include the Robert J. Terry Library, the Health & Physical Education Arena, and the Ernest S. Sterling Student Life Center. The immediate building maintenance will benefit the TSU community including our students, faculty, and staff members.



TECHNOLOGICAL ADVANCES \$4.5 MILLION

The Office of Information Technology (OIT) contributes to TSU’s vision by delivering technology services, solutions, and guidance. In efforts to advance TSU’s technology environment, OIT has created a strategic plan which will serve as a roadmap for technology decision making and initiatives at the university. TSU’s OIT is preparing for the future by aligning their goals with IT statewide goals, created by the Texas State Department of Information Resources (TX DIR).



TEXAS SOUTHERN UNIVERSITY

LEGISLATIVE PRIORITIES

87TH LEGISLATURE REGULAR SESSION

TSU CRITICAL NEEDS

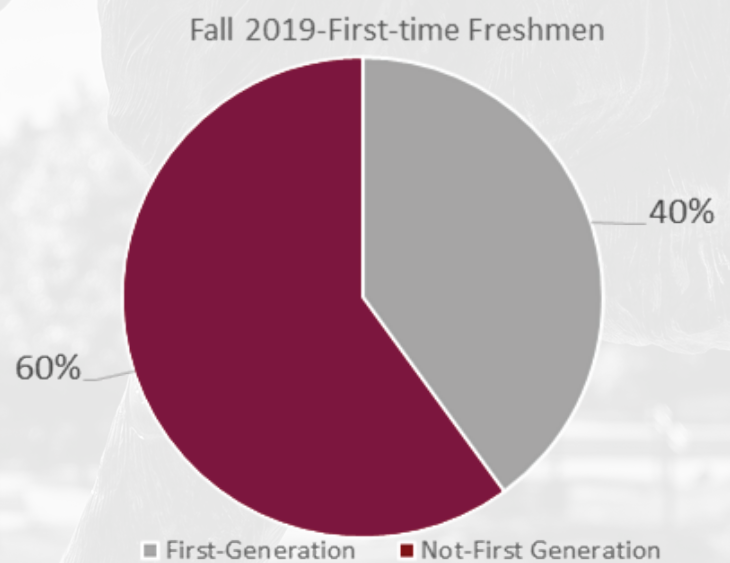
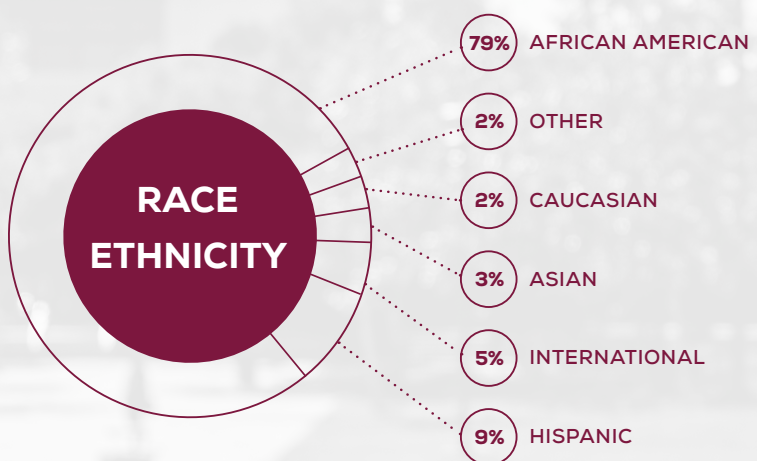
Texas Southern University's emergency needs are highlighted on the campus map below, along with projected dollar amounts for remedy. More detailed descriptions can be found in TSU's Legislative Appropriations Request.



TSU Critical Needs

- A** Academic Living Learning Community | **\$59 MILLION**
- B** Nabrit Science Building Renovations | **\$22.8 MILLION**
- C** Student Recreation Center | **\$27.2 MILLION**
- D** Academic Advancements Center | **\$39.2 MILLION**
- E** Lanier West Renovations | **\$6.5 MILLION**
- F** Wayfinding | **\$2.4 MILLION**

DEMOGRAPHICS



TEXAS SOUTHERN UNIVERSITY

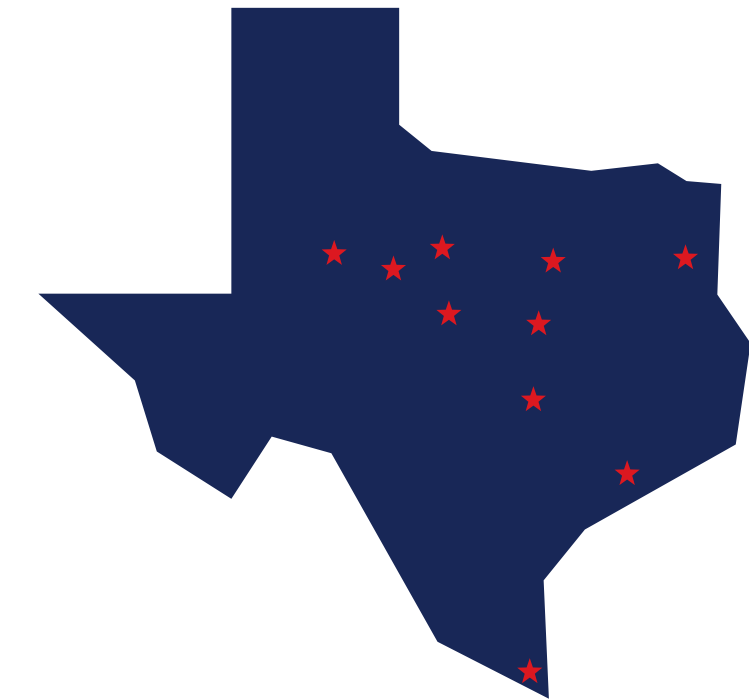


REBUILDING TEXAS

WRITTEN TESTIMONY FOR THE
HOUSE ARTICLE III SUBCOMMITTEE

MARCH 2021

tstc.edu



**We've
Got
Texas
Covered**

ABILENE
BRECKENRIDGE
BROWNWOOD
EAST WILLIAMSON COUNTY
FORT BEND COUNTY
HARLINGEN
MARSHALL
NORTH TEXAS
SWEETWATER
WACO

AMONG THE TECHNOLOGIES OFFERED ACROSS TEXAS

Aircraft Airframe Technology • Aircraft Pilot Training Technology • Aircraft Powerplant Technology • Auto Collision & Management Technology • Automation & Controls Technology • Automotive Technology • Avionics Technology • Biomedical Equipment Technology • Building Construction Technology • Business Management Technology • Chemical Dependency Counseling • Cloud Computing • Computer Networking & Systems Administration • Computer Programming • Computer Science • Culinary Arts • Cybersecurity • Dental Hygiene • Diesel Equipment Technology • Digital Media Design • Drafting & Design • Electrical Construction • Electrical Lineworker Technology • Electrical Power & Controls • Electromechanical Technology • Emergency Medical Services • Energy Efficiency Specialist • Environmental Technology • Facilities Management Technology • Health Information Technology • HVAC Technology • Industrial Systems • Instrumentation Technology • Mechatronics Technology • Nursing • Occupational Safety Compliance Technology • Plumbing & Pipefitting Technology • Precision Machining Technology • Process Operations • Robotics Technology • Solar Energy Technology • Surgical Technology • Visual Communication Technology • Web Design & Development Technology • Welding Technology • Wind Energy Technology

TSTC: Technically **Better**



Aviation
Maintenance
programs
in Texas
in 2020

SOURCE: UNIVERSITIES.COM



Diesel
Equipment
Technology
program
in Texas
in 2020

SOURCE: UNIVERSITIES.COM



Plumbing &
Pipefitting
Technology
program
in Texas
in 2020

SOURCE: UNIVERSITIES.COM



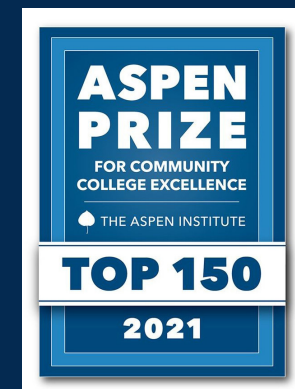
25,181
degrees awarded to
Texans since 2012



More **medals awarded**
to TSTC students than
all other 2-year Texas
colleges combined



Hispanic friendly
school



TSTC: Maximizing the State's **Return on Investment**



6,000+
industry partners

**Over
\$2.4 Million**

in additional Texas Workforce Commission **grants awarded** in 2019 for apprenticeships and specialized training for campus-based TSTC students



100,000+
graduates since 1965



84%
job placement rate for
graduates from 2016–2018

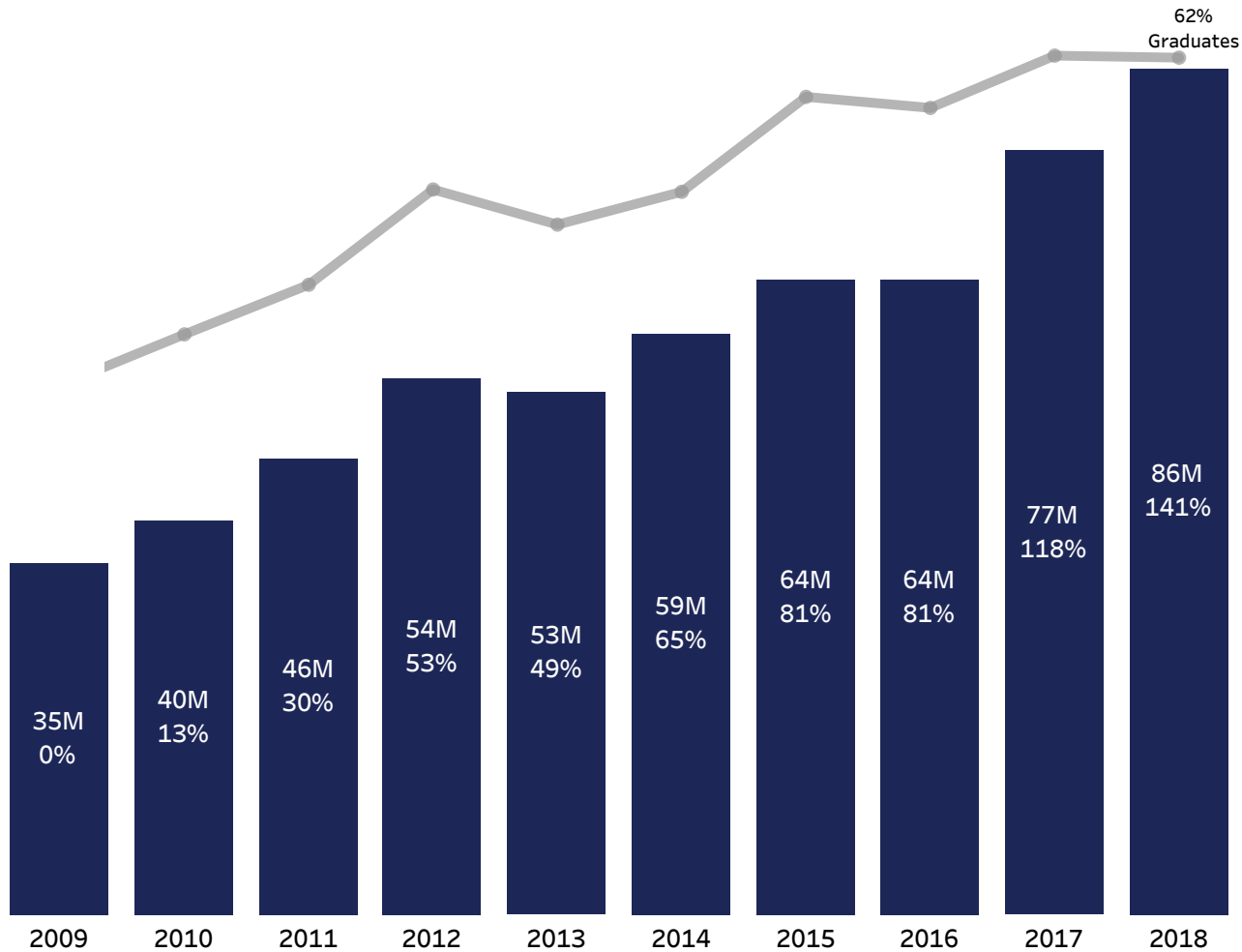


18,150
Texans enrolled
in Fall 2020



TSTC is Growing the Right Results

Increase over Time of Total Wages Produced by TSTC Graduates in their 1st Year after Graduation



18,550
Job Placements In the
Texas Economy

141 Percent
Increase In Salaries

— Increase in graduates
from 2009 to 2018

Data Source: CBM009, CBM00M, TWC UI Wage Records Data Parameters (4 Quarters Only)

Created By: Business Intelligence Date Updated: 01/29/2021 Author: Tina Skidmore, Stephanie Vestal, and Dave Huynh

We're Different, **On Purpose**

Texas State Technical College's (TSTC) legislatively mandated mission makes the College unlike the rest of the two-year college in Texas. Where their focus is academic transferability, TSTC's focus is workforce employability.

The College maintains high placement rates by working hand in hand with Texas industries to ensure its programs align with their workforce needs. TSTC's sole purpose is student employment success and, as Texas' only statewide two-year college system, we are the "Get-a-Job College."

TSTC is the only college in Texas that operates on a 100% outcomes-based funding formula. With its "Returned-Value Funding Formula," the College is not funded on contact hours, but rather on the employment outcomes realized by our students. The College relies on the placement of its graduates in great-paying jobs to receive funding from the State.

With 10 campuses across Texas, the College delivers training and technology to industries and communities that need it. When the COVID-19 pandemic greatly impacted the Texas workforce, TSTC was ready to put unemployed Texans back to work with its Rapid Industry Skills and Employability (RISE) program. RISE is a fast-to-work program that offers fast, short-term training to help students earn the skills they need to get back into the job market where Texas industries need them most.

**Get-a-Job
College**

**Returned-Value
Funding
Formula**

**Rapid Industry
Skills and
Employability
Program**

Texas Industry Is Our Partner

Advisory
Boards

Industry
Standards

Great-Paying
Jobs

TSTC utilizes its impressive and growing list of industry partners to keep its training relevant to the increasing workforce demands. Many of these industry partners sit on advisory boards to ensure that all technical training aligns with current industry standards. The College's close relationship with industry helps it decide what programs are needed and what programs are no longer viable. TSTC has grown in some programmatic offerings while sunsetting others. This keeps TSTC accountable not only to students and industry, but also to the State. TSTC maintains fiscal responsibility with state appropriations by only teaching programs that lead to great-paying jobs, not just to a degree.

TSTC can do so with its proprietary software platform, Calibrate. Calibrate allows TSTC to align its curriculum with industry profiles validated by industry experts. This eliminates skills gaps and makes TSTC graduates more employable.

Performance-Based
Education

Tesla
START
Program

Covid-19
Recovery

Being **First** Matters

With that in mind, TSTC continues to offer top-notch training in high-tech facilities. In both its Waco and Fort Bend County campuses, TSTC has expanded labs for its high-demand Welding Technology program. Additionally, many lab spaces across its 10 campuses are being retrofitted to meet the needs of Performance-Based Education (PBE). PBE programs will allow students to learn at their own pace in order to master the skills they need during flexible lab times, getting them into the workplace quicker.

TSTC is the first college in Texas to offer the Tesla START program, training technicians to service Tesla vehicles. Among other firsts, TSTC's Diesel Technology, Plumbing, and Aviation Maintenance programs were ranked No. 1 in Texas by universities.com. Also, TSTC was one of the first colleges in Texas to return safely to campus during the spring semester after the Covid-19 pandemic began.



TSTC is unique by design. They earn their state funding by **consistently placing graduates in a high-paying job**. They earn our respect by consistently providing manufacturers with the **highly qualified talent** we need to fill a diverse spectrum of available technical jobs. They perform like no other higher education institution in providing ready-to-work talent for our industries.

Richard A. "Tony" Bennett,
President & CEO
Texas Association of Manufacturers

Small businesses in Texas employ nearly 5 million workers. Still, small businesses denote **"finding and keeping skilled employees"** as one of their biggest problems and priorities. It takes a unique approach to fill the ever-growing, ever-changing, and ever-challenging needs of the small business community. TSTC has an innovative approach at providing **core skills** training that can be translated immediately into the workforce, helping to **fulfill critical job openings**. Because of TSTC, small businesses can expand their business and invest back into qualified employees for the long term.

Annie Spilman,
State Director
National Federation of Independent Business

Texas' high-performing businesses rely on a workforce that is highly trained in relevant skills. Graduates from TSTC have the skills necessary to be good employees from day one. They consistently align the skills they teach with the skills we require for success. Because of this focus, **we value our partnership with TSTC** and rely on their dedicated focus of providing our workforce for the future.

M. Scott Norman, Jr.,
Executive Director
Texas Association of Builders

TSTC's Asks of the **87th Legislature**

Students, industry, and Texas rely heavily on the State's only two-year technical college system to provide a well-educated workforce. In order for the College to continue its mission for all Texans, TSTC requests the following:

Pay for Performance

Maintain TSTC's commission rate of 36% under the College's Returned-Value Formula. The importance of the "Returned-Value Funding Formula" is that the State is measuring and funding the success of an educational institution based upon the demonstrated success of its students.

Fund Capital Needs

Continue to build capacity for new and existing programs to meet the ever-changing needs of leading Texas industries. With many campuses at capacity before the pandemic and the vast number of Texans out of work, TSTC will struggle to meet the training needs of the future Texas economy. Consideration of tuition revenue bonds to expand capacity at our campuses will allow TSTC to continue to meet the growing needs of Texans and the employers that hire them.

Invest in Fast-to-Work Programs for Economic Recovery

TSTC is essential to a post-pandemic economic recovery. How fast the Texas economy recovers from the pandemic depends on the State's ability to quickly retrain and upskill Texans who are out of work.

Proof Is In Our Numbers

10
Campuses

100+
Degrees &
Awards

100,000+
Graduates

With 10 campuses across the state, more than 100 degrees and certificates available, and more than 100,000 graduates since 1965, TSTC is the premier provider of technical education for the Texas. With a 42% increase in graduation rates over the last five years, TSTC is continuing to supply Texas industries with skilled technicians.

The road to recovery after the pandemic will be hard on Texans, but TSTC is ready to serve. For more than 55 years, TSTC has been a valuable resource in Texas, delivering a high-value education at an affordable cost for both students and the State of Texas.

Funding the performance-driven formula for TSTC, which incentivizes the College to move beyond mere instruction and focus on the mutually desired outcome — skilled technicians for high-demand industrial and technical jobs in Texas — is the highest form of equity. In fact, it is likely the most efficient and equitable use of state funds.

