

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

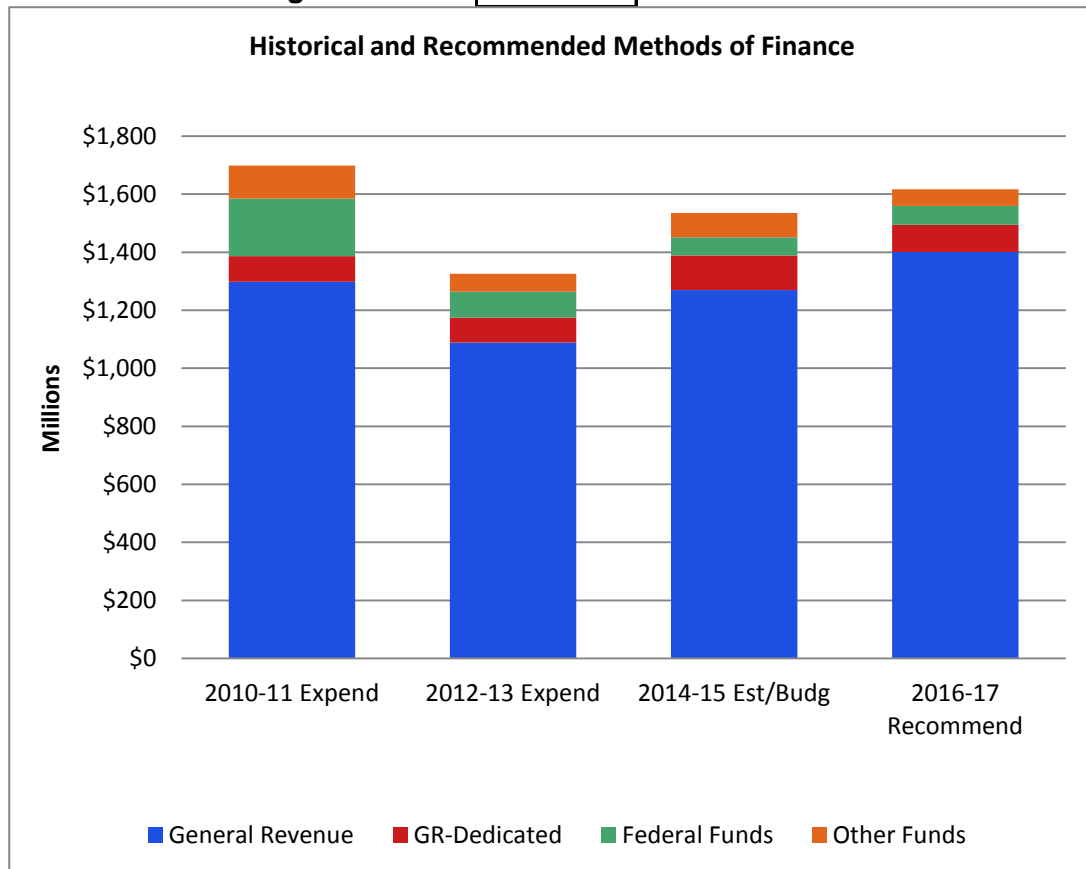
The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review

Schedule 1: Agency Overview

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

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

Total Number of Programs: 77



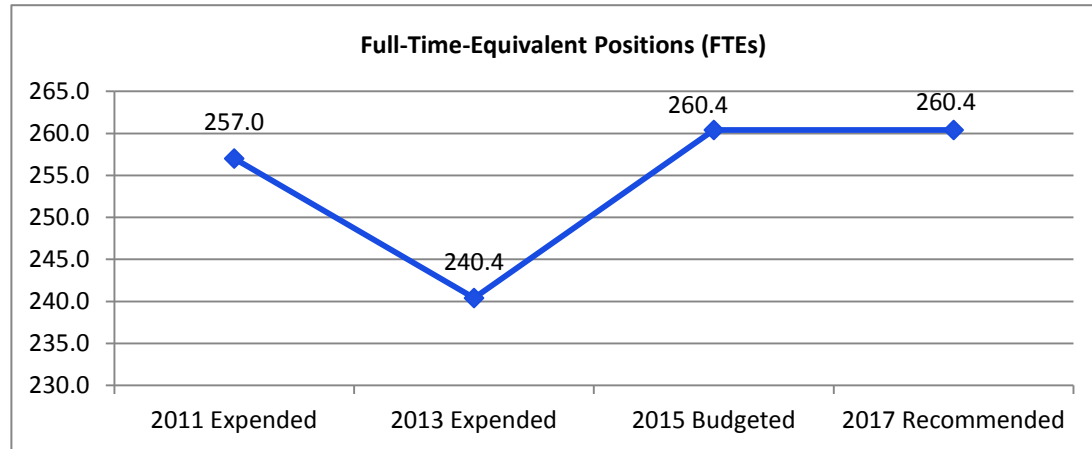
Overview and Significant Findings

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

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

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

Schedule 1: Agency Overview



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

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

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Schedule 2A: Program Listing -- Services and Administration

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

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

Schedule 2A: Program Listing -- Services and Administration

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

Schedule 2A: Program Listing -- Services and Administration

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

Schedule 2A: Program Listing -- Services and Administration

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

Schedule 2A: Program Listing -- Services and Administration

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

Program Summary Included

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

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

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

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

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Schedule 2B: Program Listing -- Fiscal

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

Schedule 2B: Program Listing -- Fiscal

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

Schedule 2B: Program Listing -- Fiscal

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

Schedule 2B: Program Listing -- Fiscal

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

Schedule 2B: Program Listing -- Fiscal

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

Program Summary Included

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

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

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

Revenue Supported includes fees, tuition set asides and donations.

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

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

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




















Schedule 2C: Program Listing -- Explanation of Recommendations

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

Schedule 2C: Program Listing -- Explanation of Recommendations

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

Schedule 2C: Program Listing -- Explanation of Recommendations

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

Schedule 2C: Program Listing -- Explanation of Recommendations

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

Program Summary Included

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

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

Higher Education Coordinating Board, 781

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

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

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

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

Higher Education Coordinating Board, 781

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

MISSION CENTRALITY

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

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

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

Schedule 4: Constitutional and General Revenue-Dedicated Accounts

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: TEXAS Grant Program

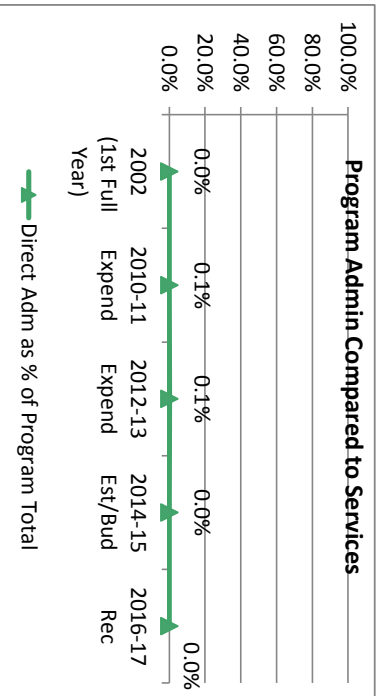
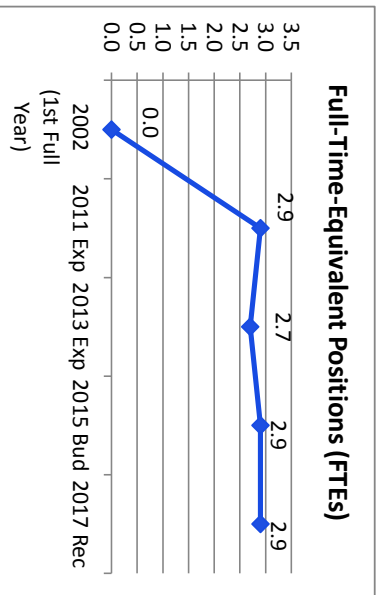
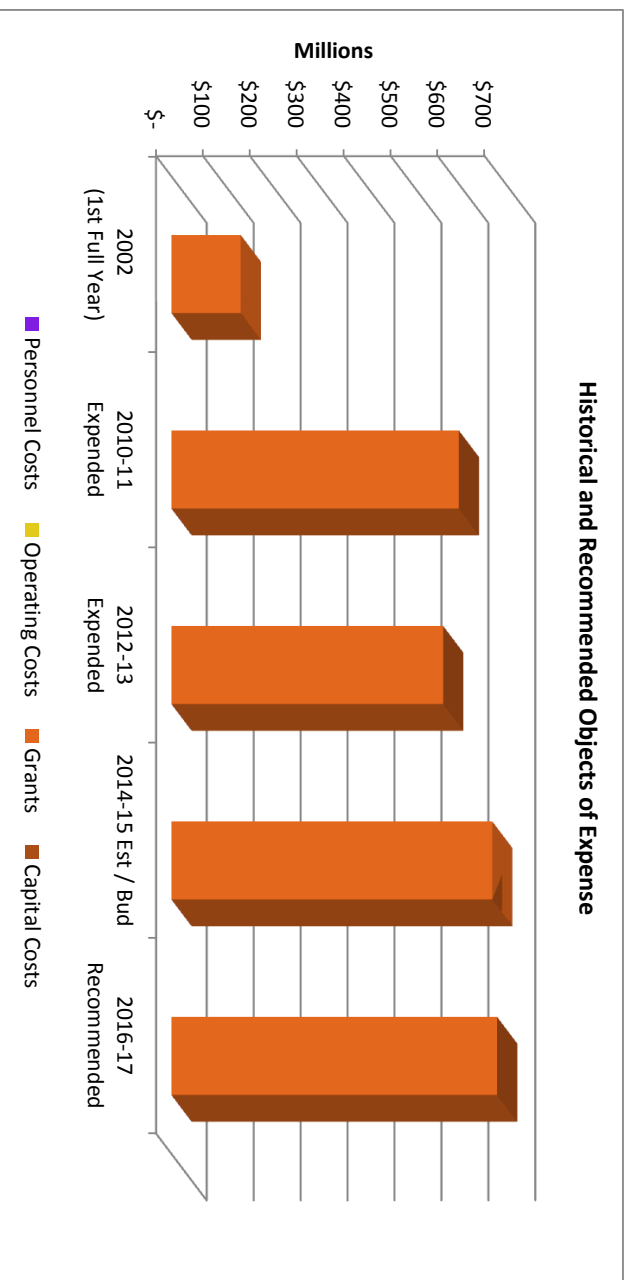
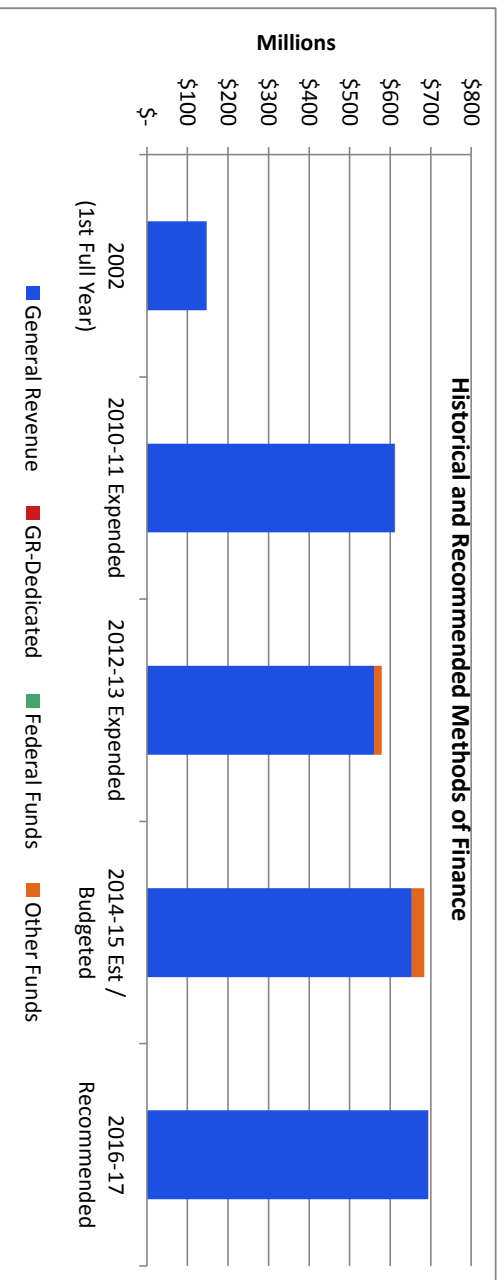
Agency Ranking **6**
out of 49

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

Legal Authority: Texas Education Code Section 56.301-56.311

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

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



Program: TEXAS Grant Program

Agency Ranking **6** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

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

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

1 None.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas Educational Opportunity Grants

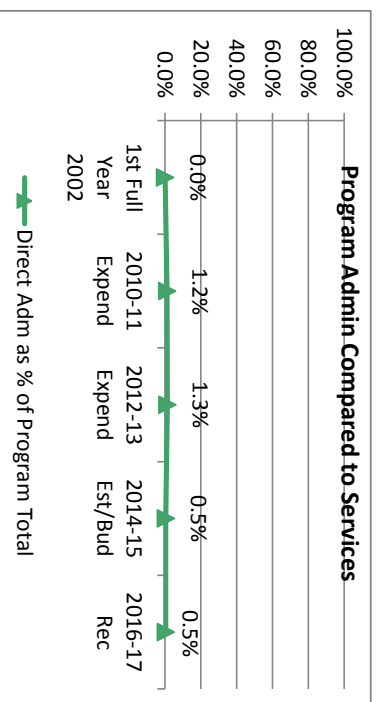
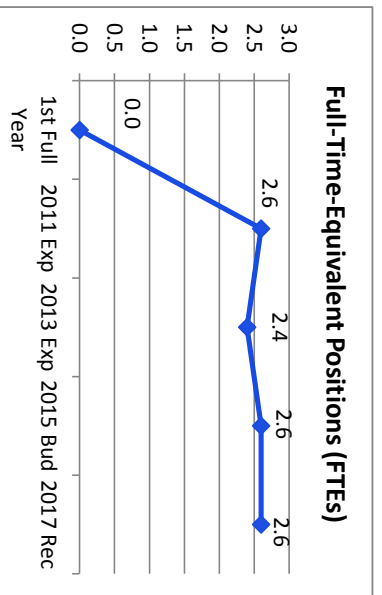
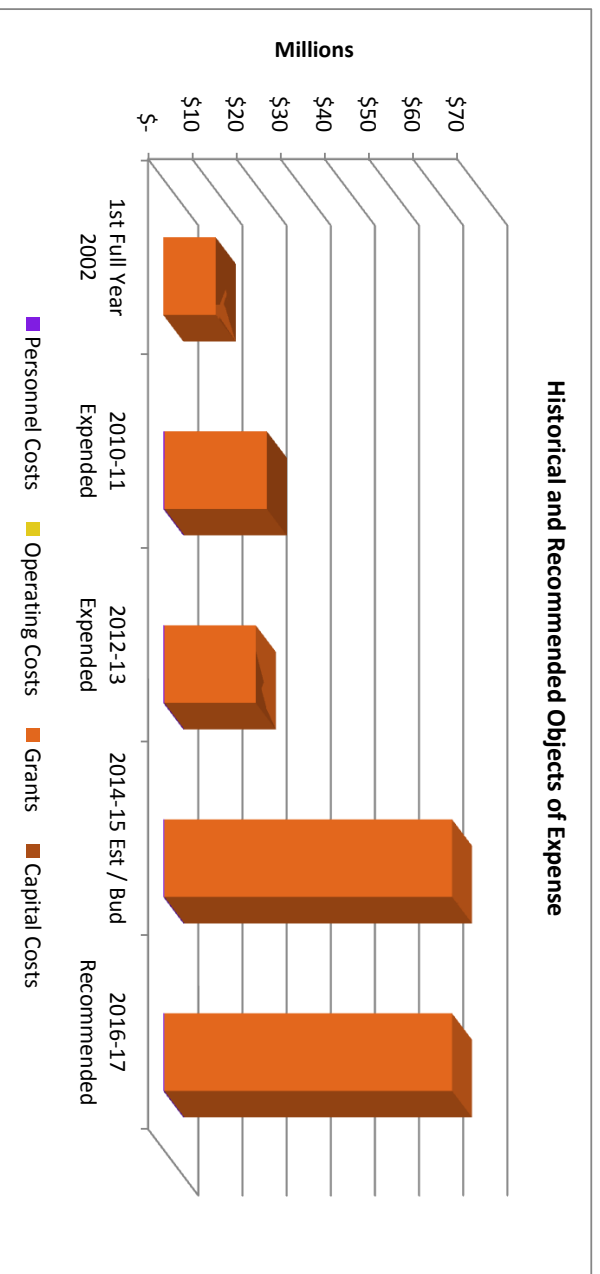
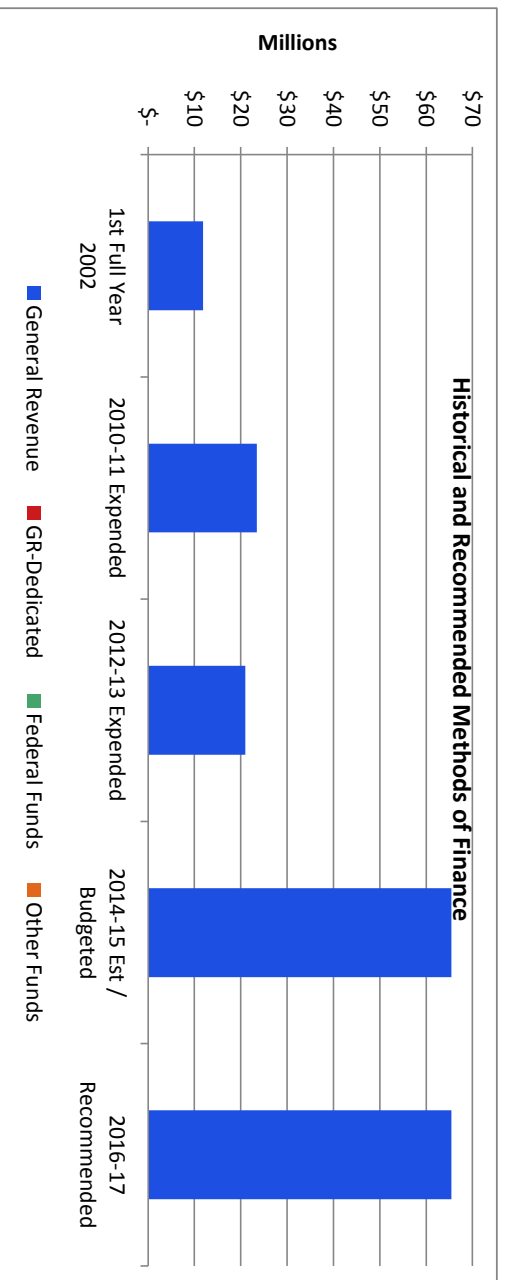
Agency Ranking
7 out of 49

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

Legal Authority: Texas Education Code Section 56.401-56.407

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

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



Program: Texas Educational Opportunity Grants

Agency Ranking **7** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

1 None.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

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

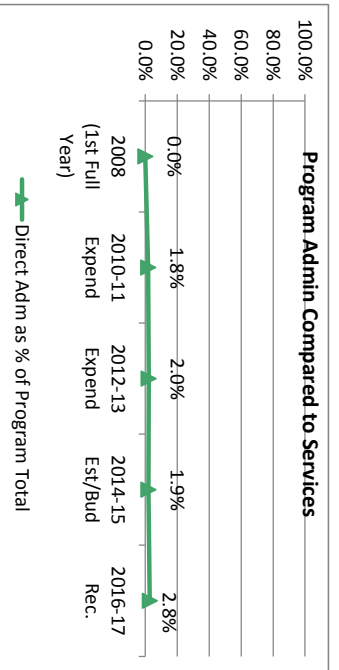
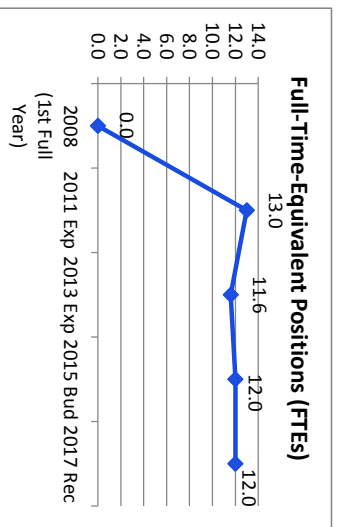
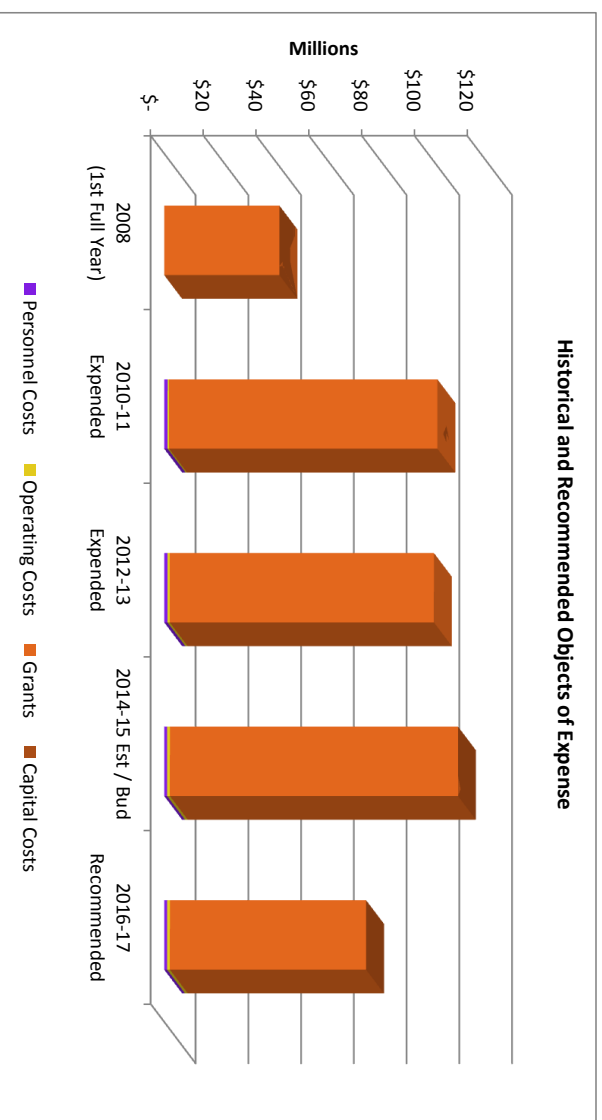
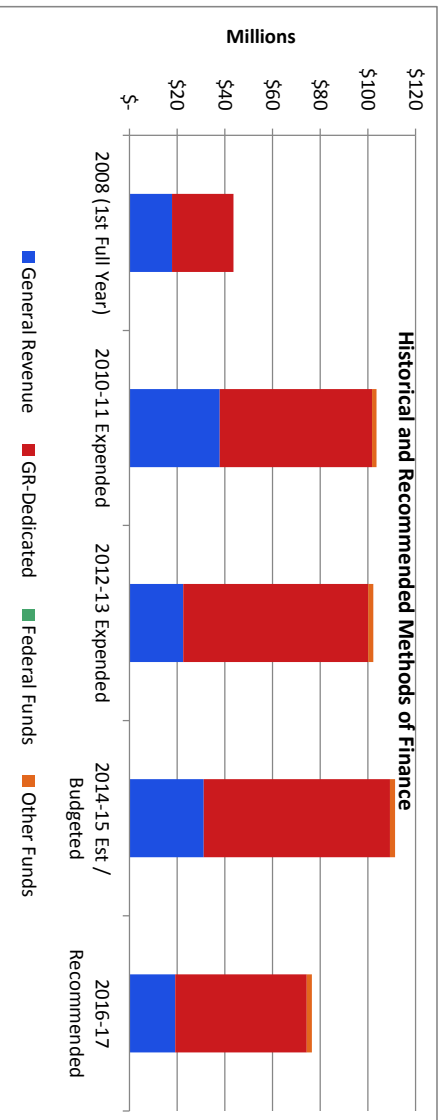
Agency Ranking 9 and 10 out of 49

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

Legal Authority: Texas Education Code Section 56.451-56.464

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

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



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

Summary of Recommendations

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

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

Summary of Recommendations and Fiscal and Policy Issues

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

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

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

Performance and/or Operational Issues

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

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

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

Recommended Statutory Changes for Program Improvement

1 None.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas College Work Study

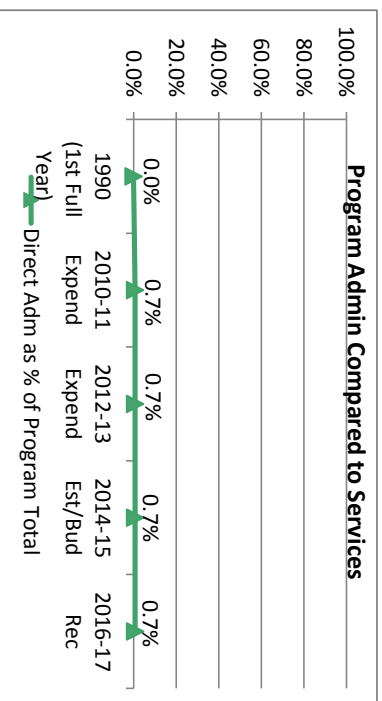
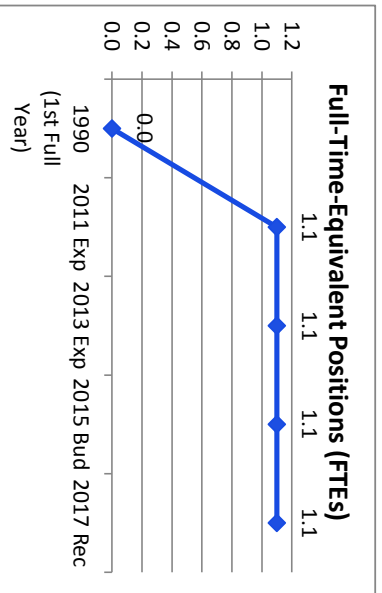
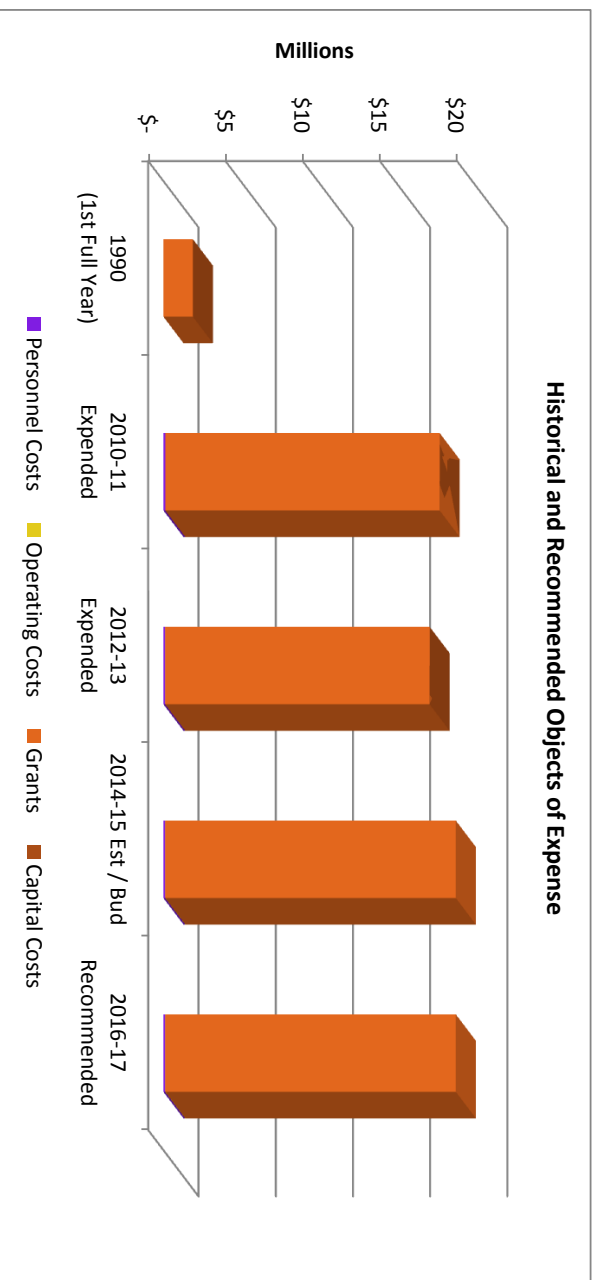
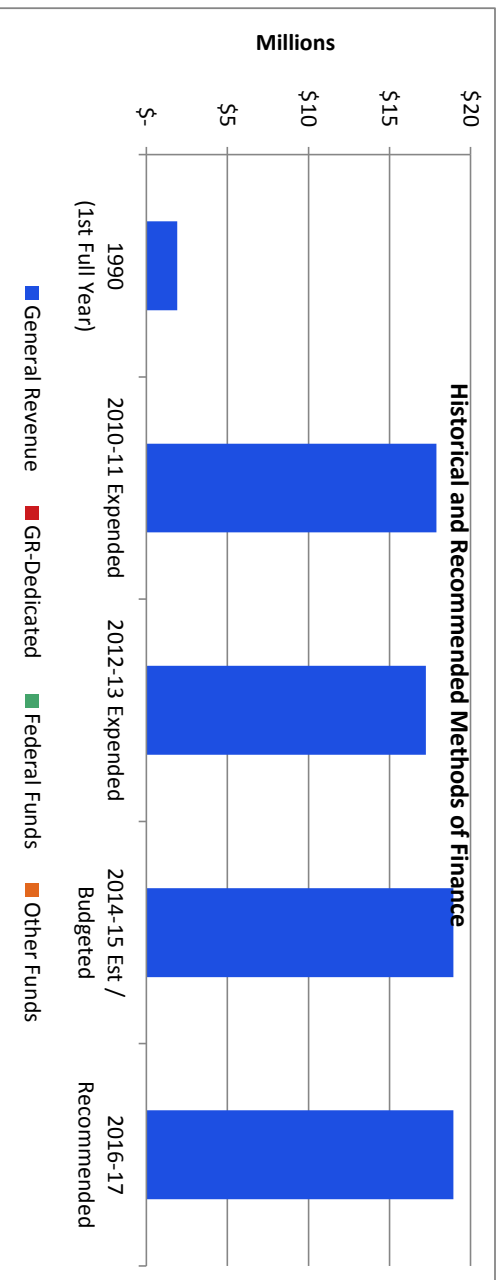
Agency Ranking
15 out of 49

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

Legal Authority: Texas Education Code Section 56.071-56.078

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

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



Program: Texas College Work Study

Agency Ranking **15** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

1 None.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Tuition Equalization Grants

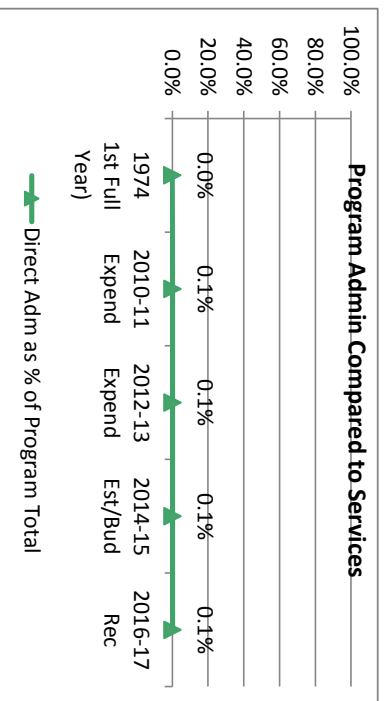
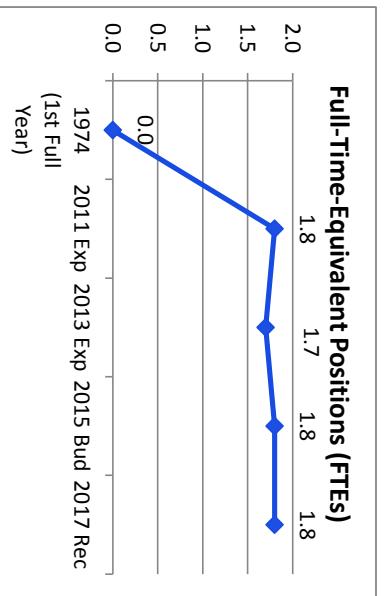
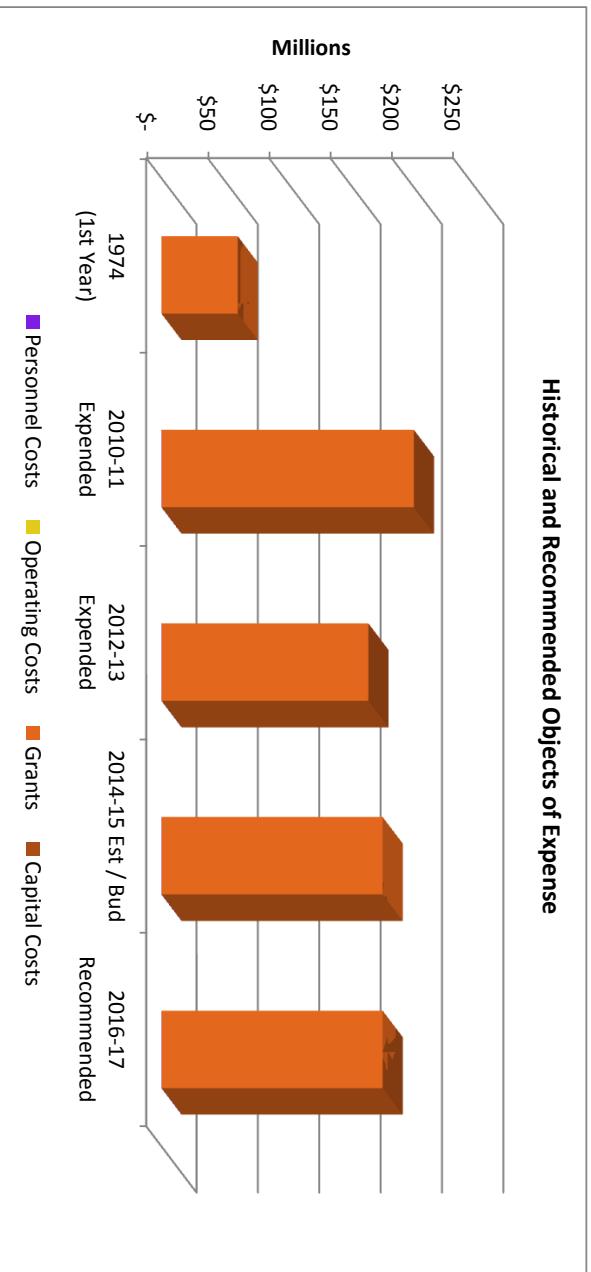
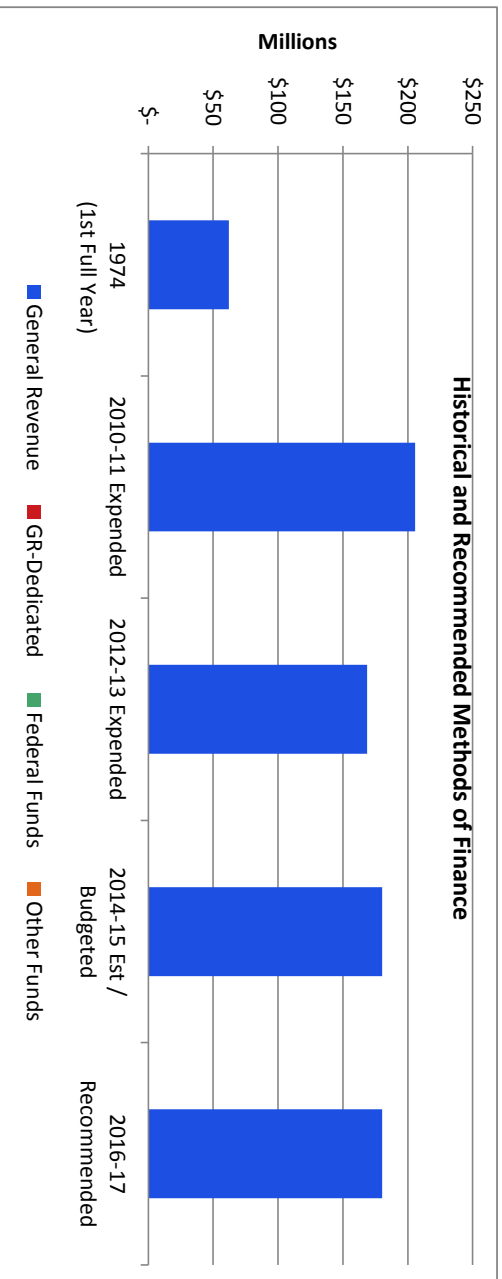
Agency Ranking
24
out of 49

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

Legal Authority: Texas Education Code Section 61.221-61.230

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

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



Program: Tuition Equalization Grants

Agency Ranking 24 out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

1 None.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Top Ten Percent Scholarship Program

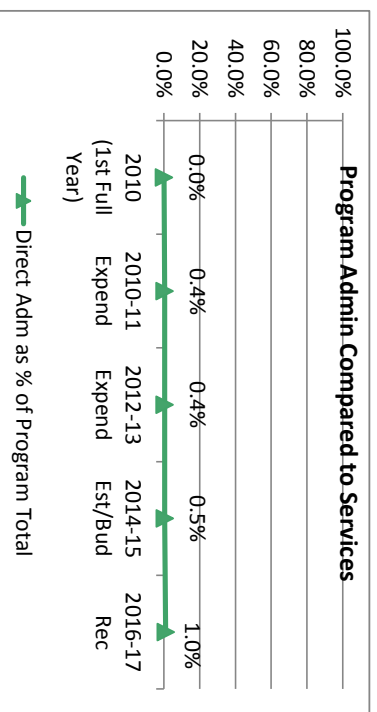
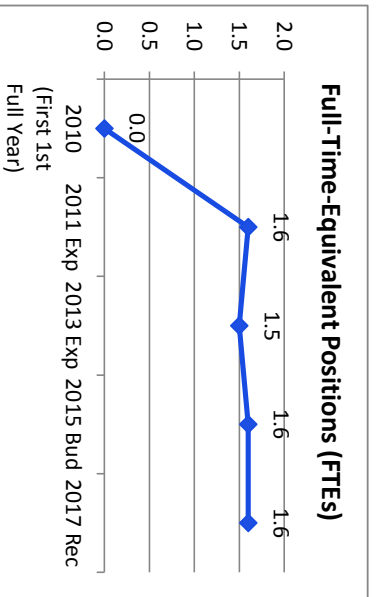
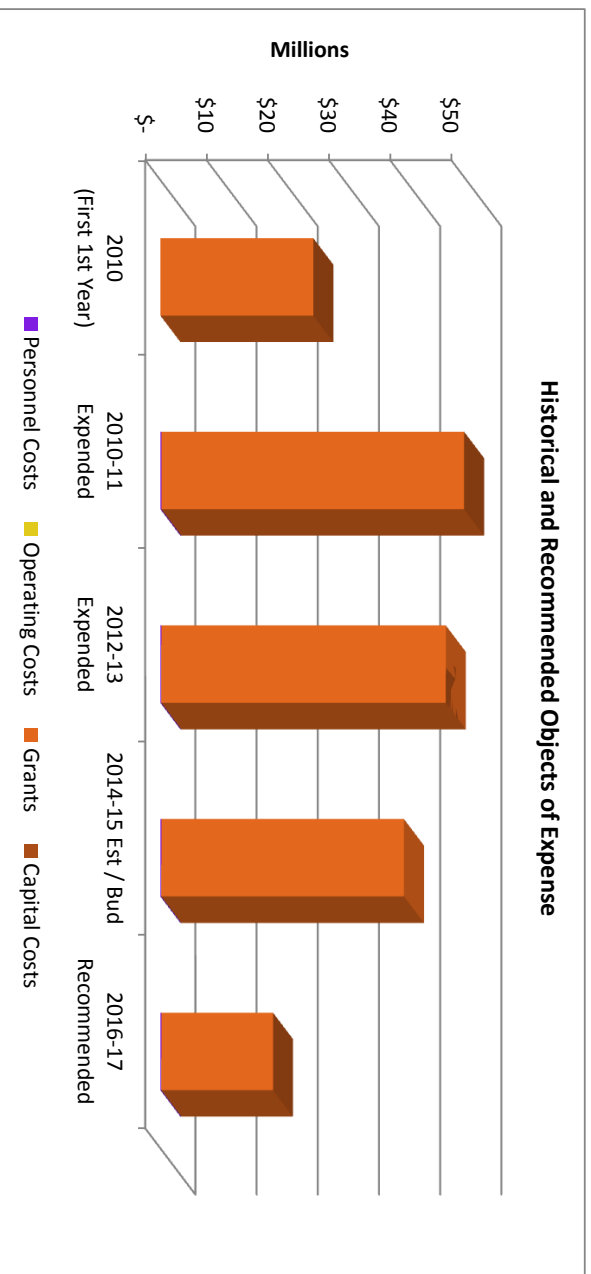
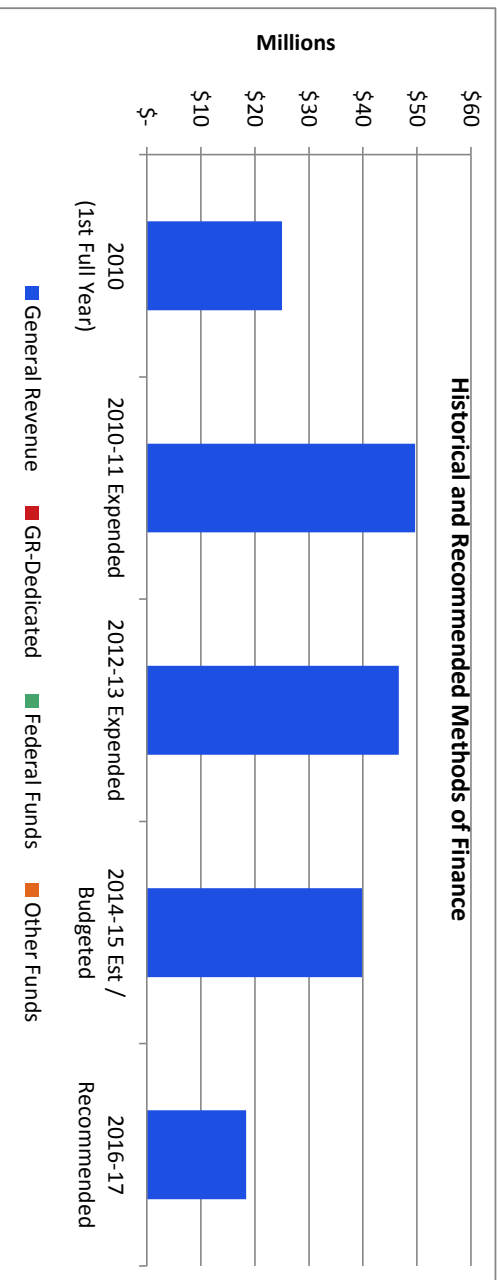
Agency Ranking **17**
out of 49

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

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

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

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



Program: Top Ten Percent Scholarship Program

Agency Ranking 17 out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

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

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Baylor College of Medicine Undergraduate Medical Education

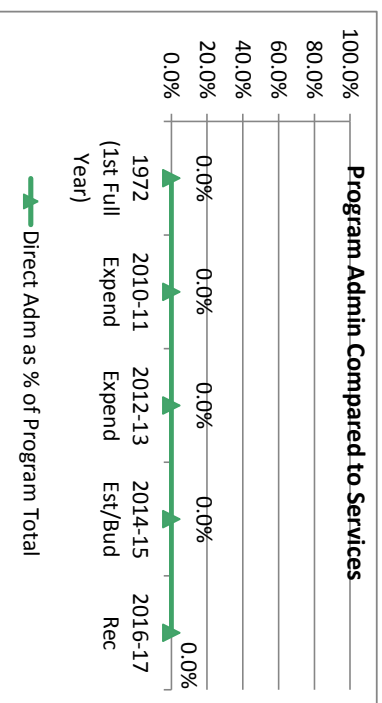
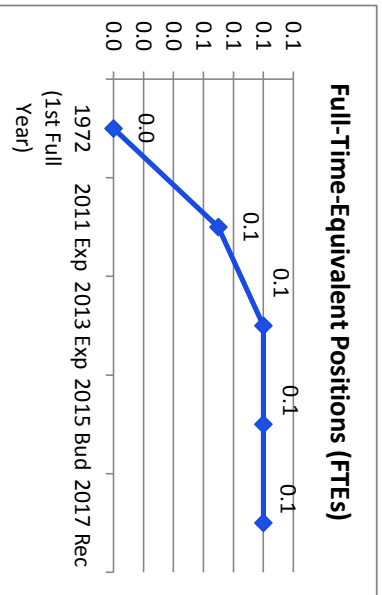
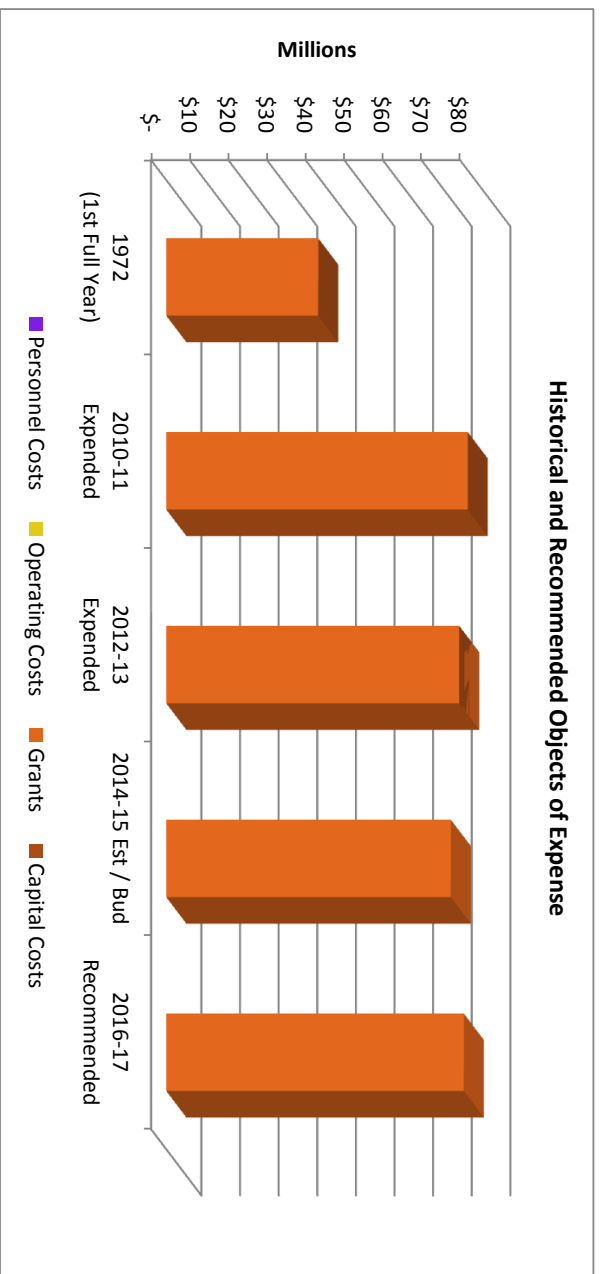
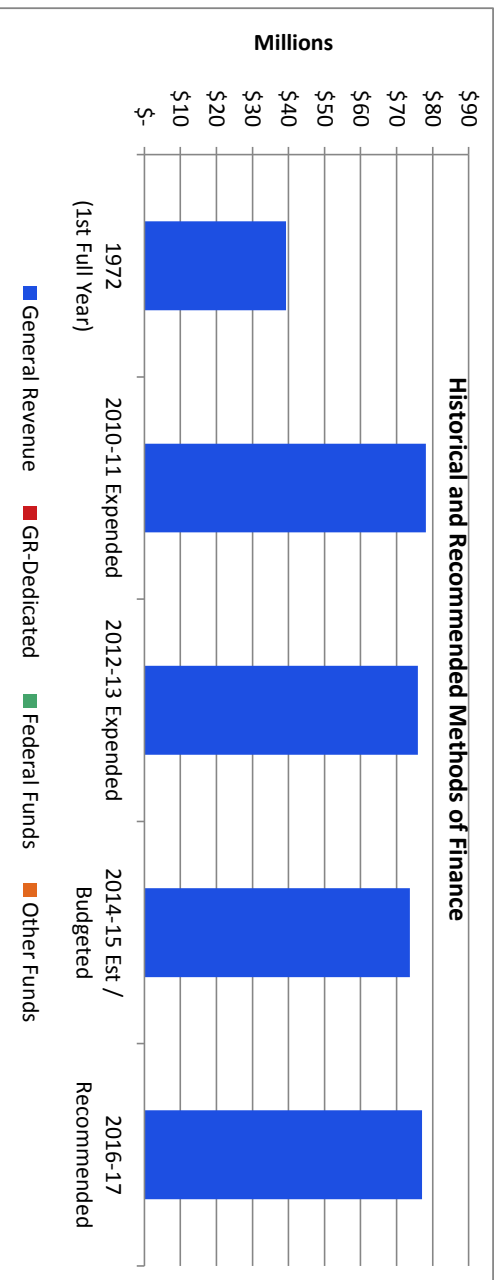
Agency Ranking
21 out of 49

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

Legal Authority: Education Code 61.091 -61.096

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

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



Program: Baylor College of Medicine Undergraduate Medical Education

Agency Ranking **21** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

- 1 None**

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Texas Research Incentive Program

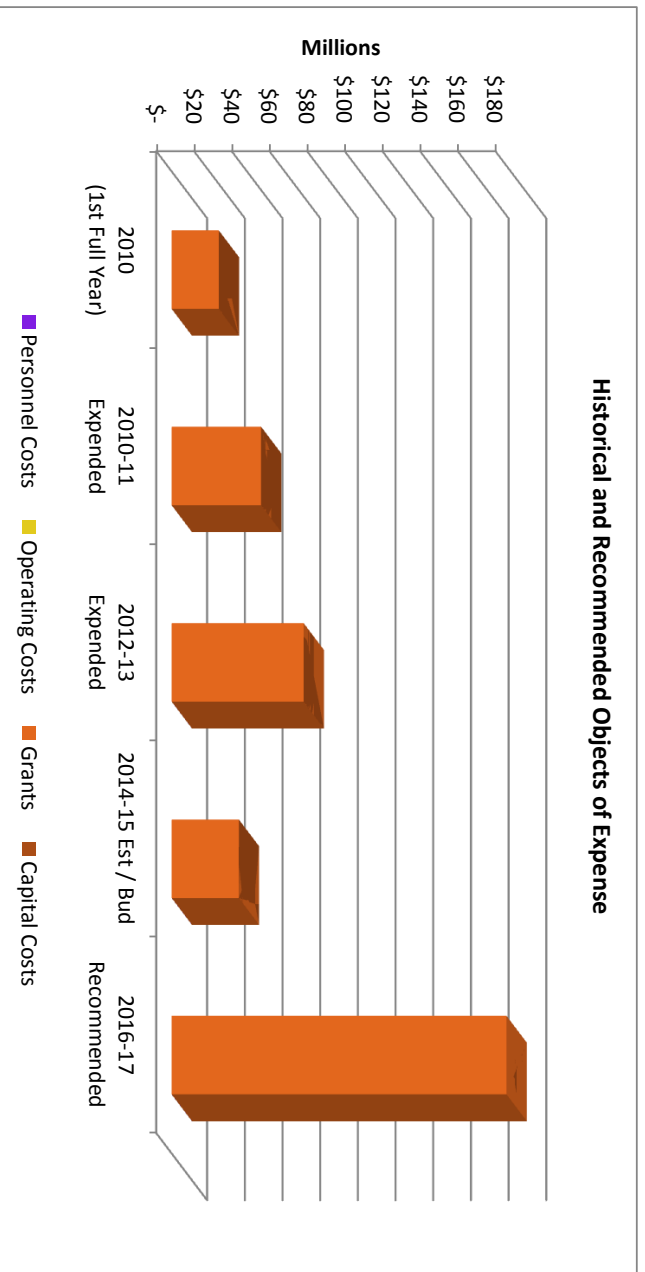
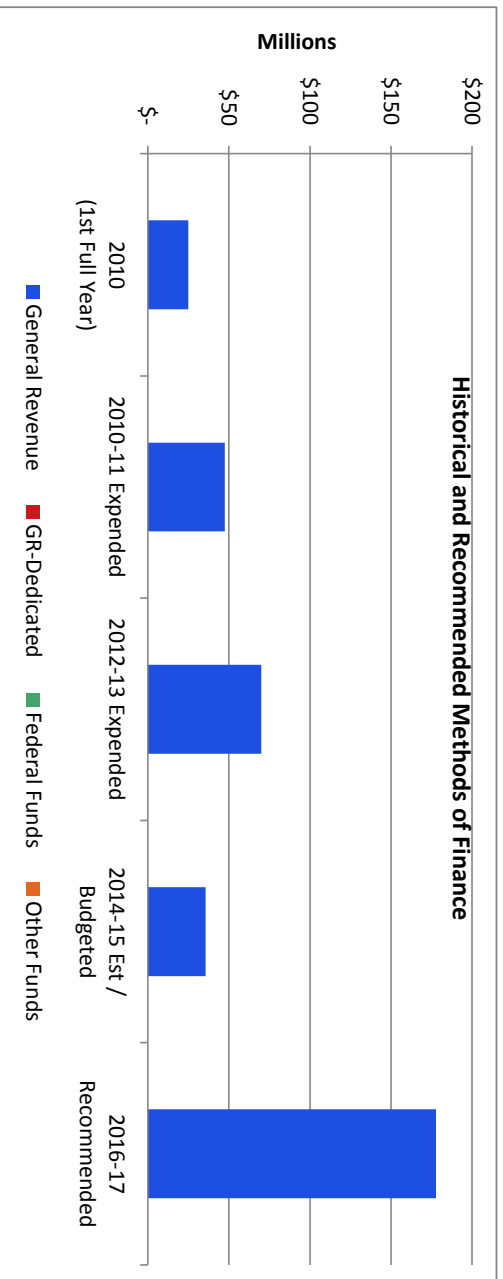
Agency Ranking **23**
out of 49

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

Legal Authority: Education Code Section 62.121 - 62.124.

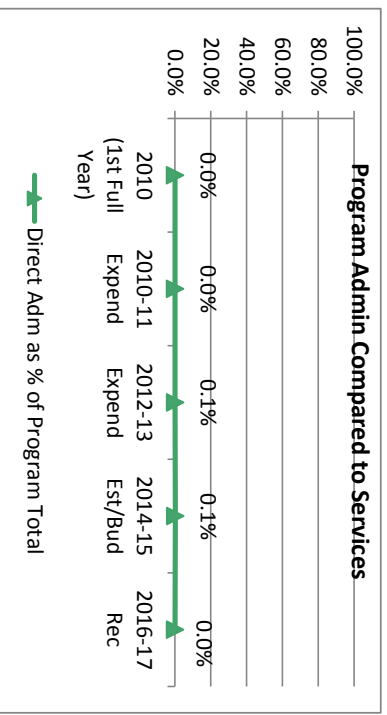
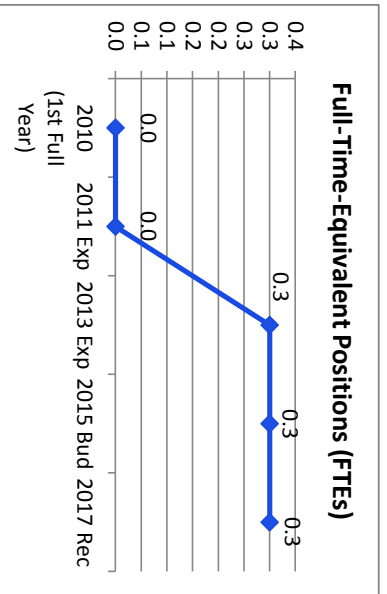
Year Created	2009	Performance and/or Authority	Strong	Operational Issue No		Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Higher Education Instruction, Financial Aid & Research	Use of Dedicated Funds	NA

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



Program: Texas Research Incentive Program

Agency Ranking **23** out of 49



Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Norman Hackerman Advanced Research Program

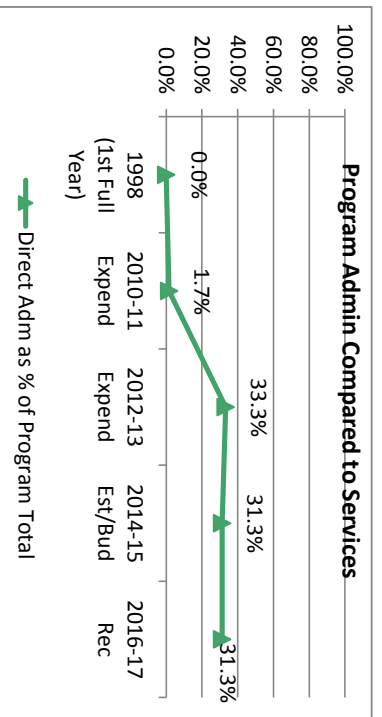
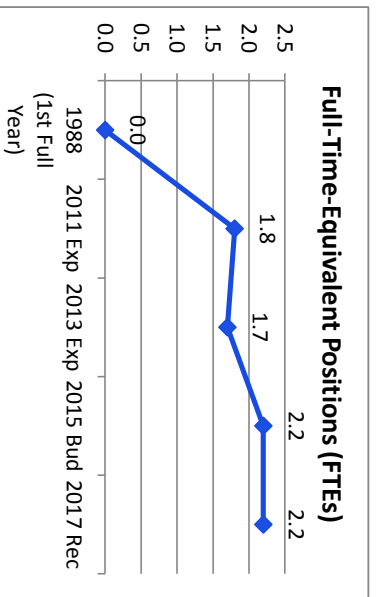
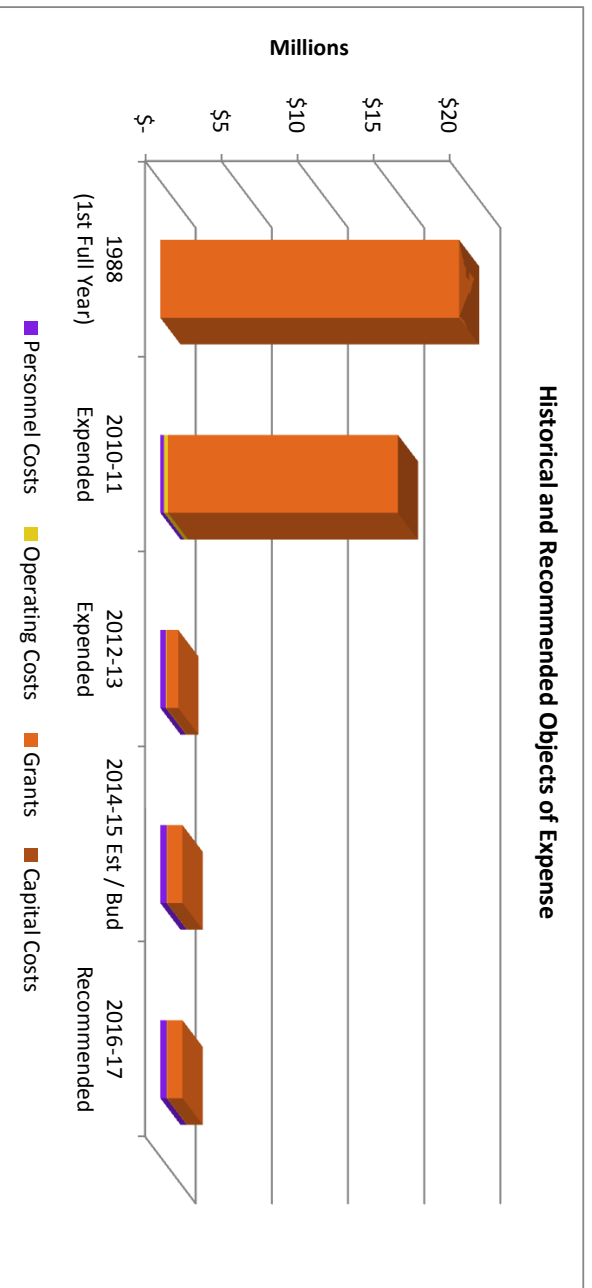
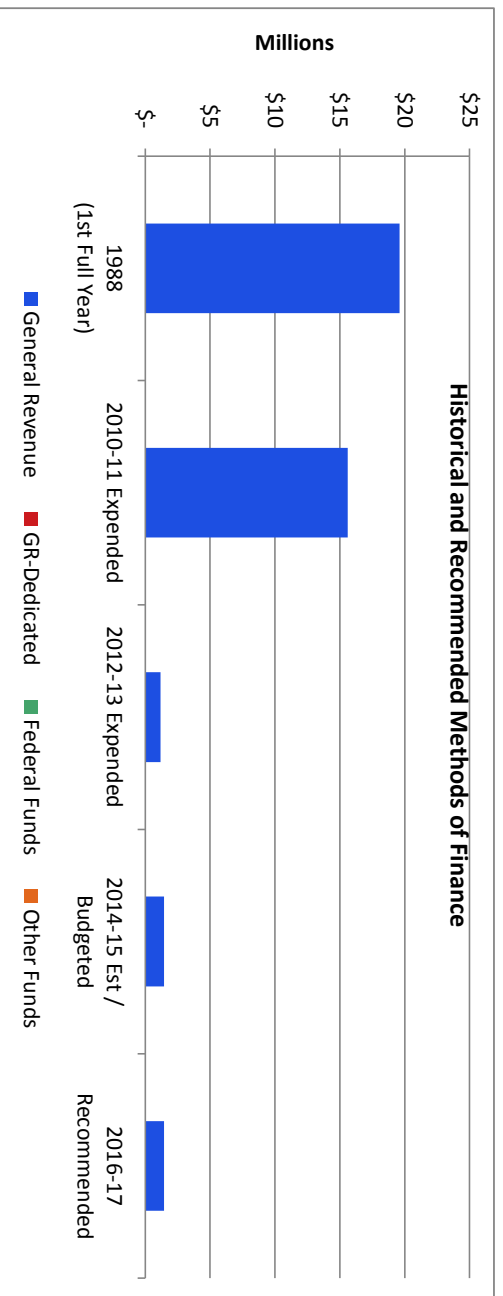
Agency Ranking **30**
out of 49

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

Legal Authority: Education Code Chapter 142

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

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



Program: Norman Hackerman Advanced Research Program

Agency Ranking **30** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

Performance and/or Operational Issues

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

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

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

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

Recommended Statutory Changes for Program Improvement

1 None

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Centers for Teacher Education

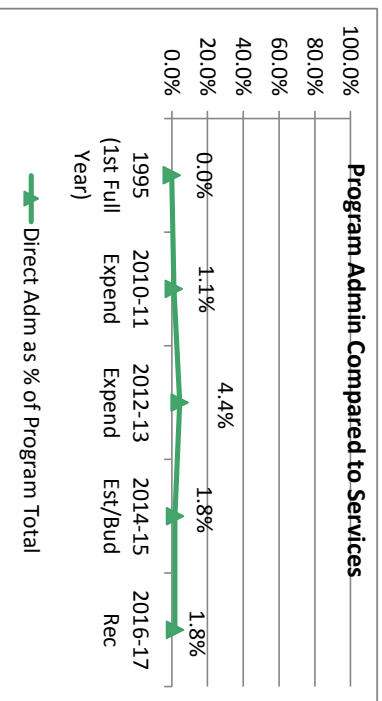
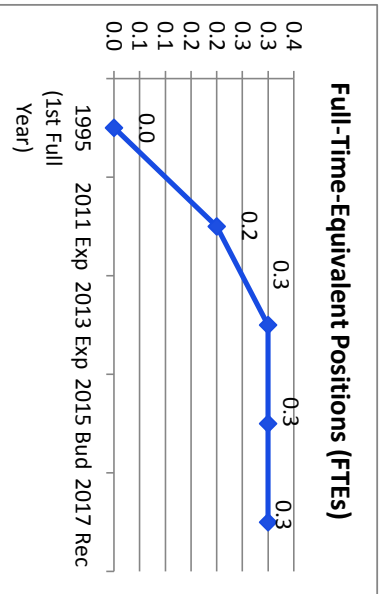
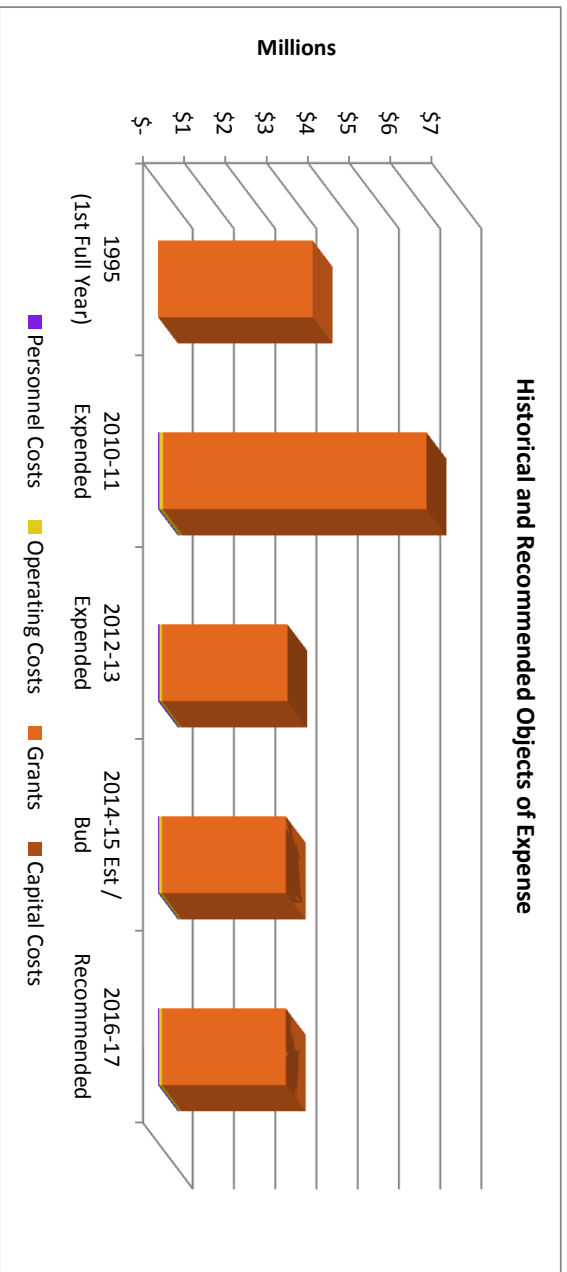
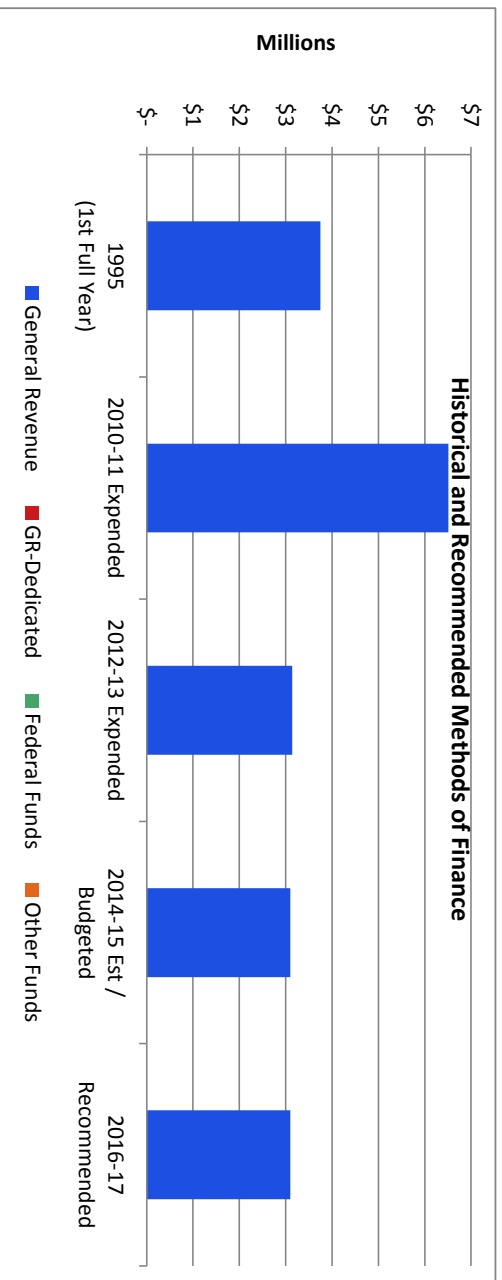
Agency Ranking
33 out of 49

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

Legal Authority: Rider # 32, General Appropriations Act

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

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



Program: Centers for Teacher Education

Agency Ranking **33** out of 49

Summary of Recommendations

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

Summary of Recommendations and Fiscal and Policy Issues

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

Performance and/or Operational Issues

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

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

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

Recommended Statutory Changes for Program Improvement

- 1 The program is not in statute.

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

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

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Physician Education Loan Repayment Program

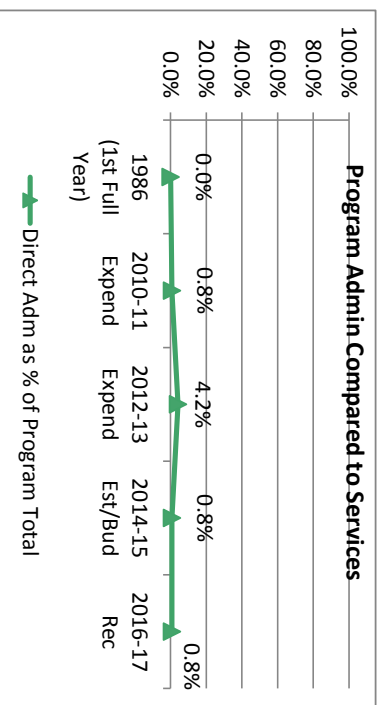
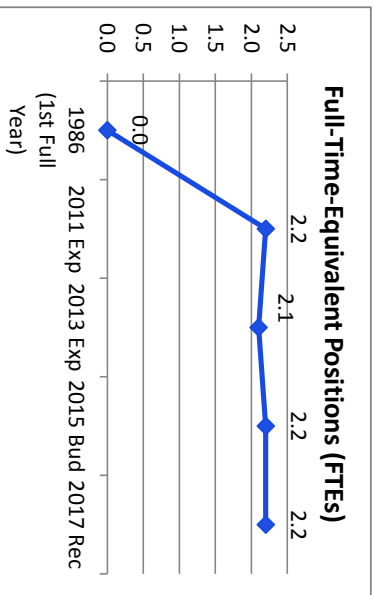
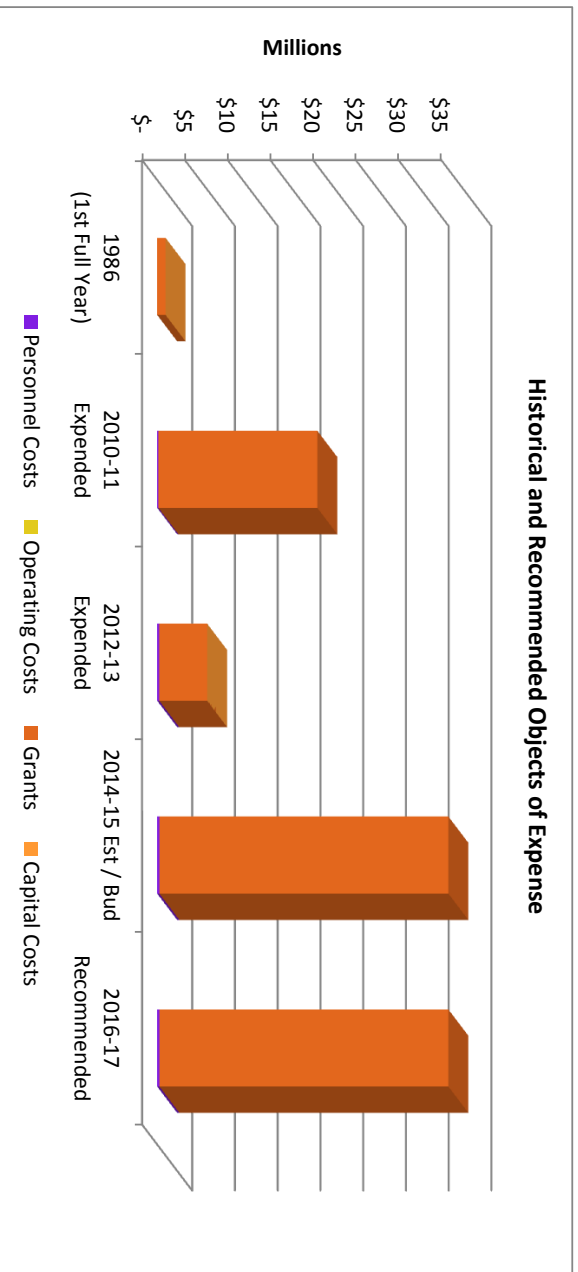
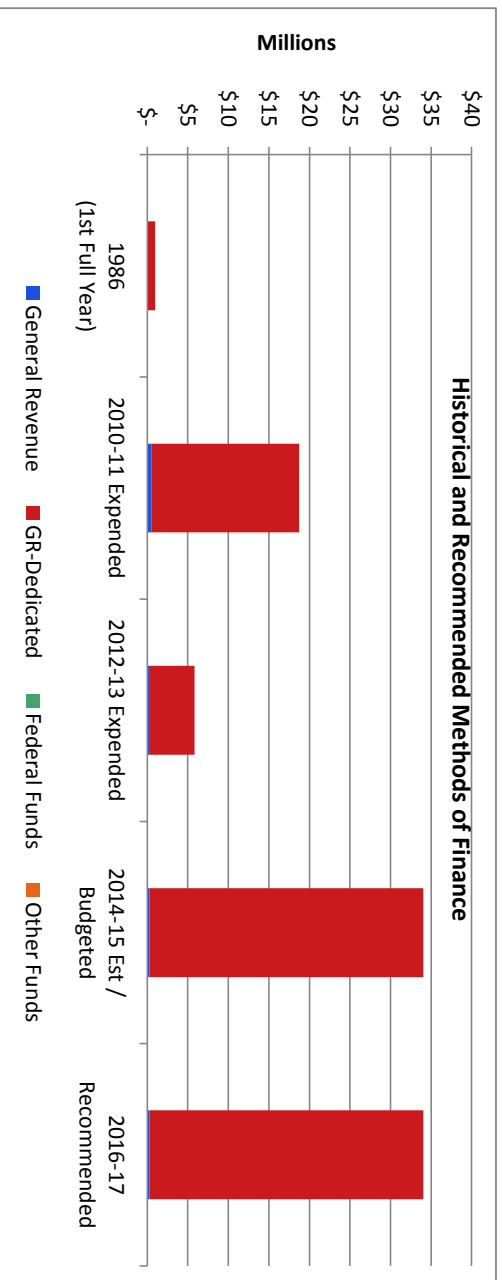
Agency Ranking
13 out of 49

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

Legal Authority: Education Code 61.531

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

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



All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Physician Education Loan Repayment Program

Agency Ranking **13** out of 49

Summary of Recommendations

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

Summary of Fiscal and Policy Issues

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

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

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

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

Performance and/or Operational Issues

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

Recommended Statutory Changes for Program Improvement

1 Elimination of medical school tuition set aside.

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