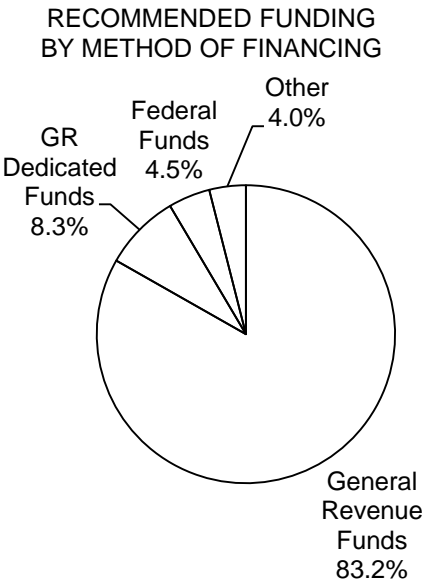


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$1,269,902,232	\$1,196,618,899	(\$73,283,333)	(5.8%)
GR Dedicated Funds	\$118,857,791	\$119,077,791	\$220,000	0.2%
Total GR-Related Funds	\$1,388,760,023	\$1,315,696,690	(\$73,063,333)	(5.3%)
Federal Funds	\$63,104,442	\$65,226,692	\$2,122,250	3.4%
Other	\$83,542,680	\$57,014,860	(\$26,527,820)	(31.8%)
All Funds	\$1,535,407,145	\$1,437,938,242	(\$97,468,903)	(6.3%)

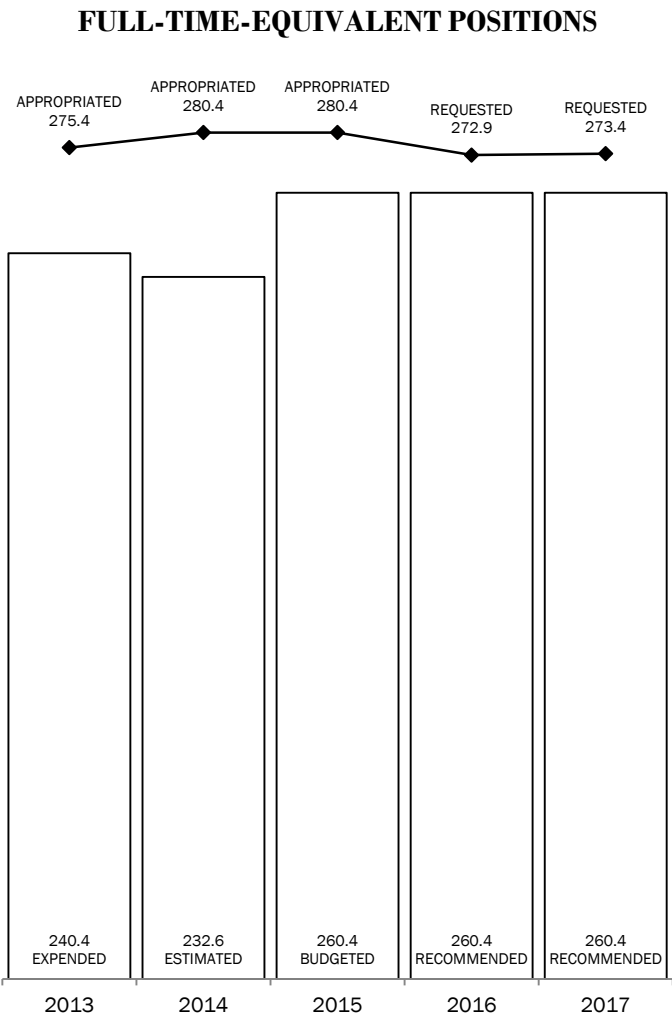
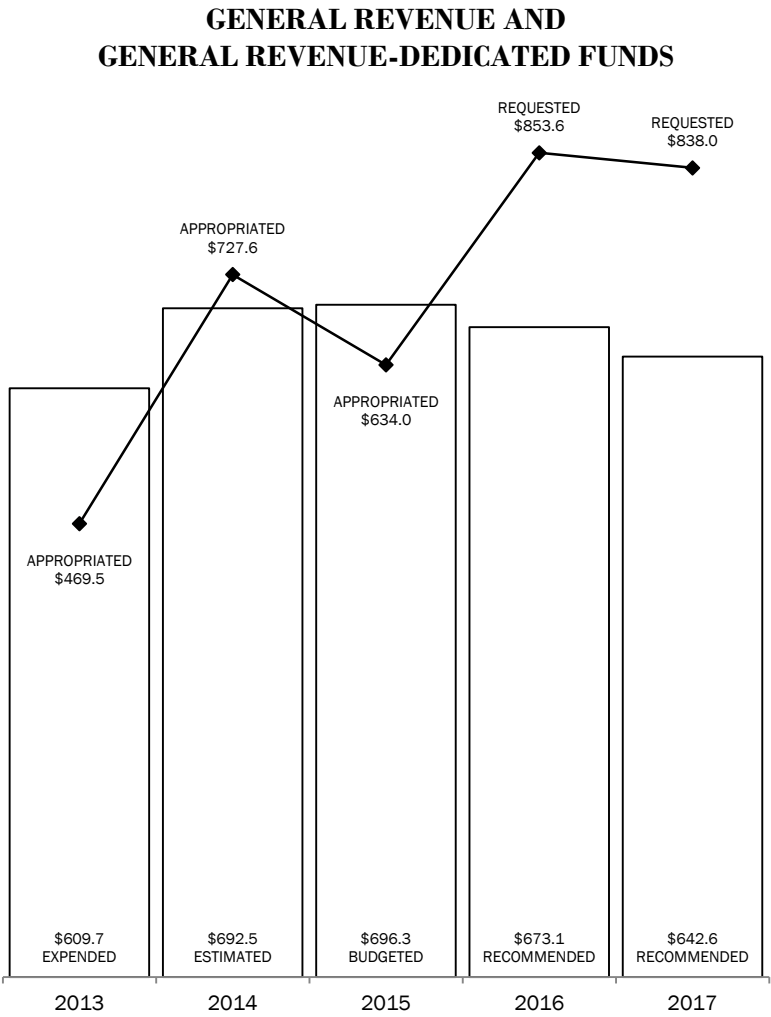
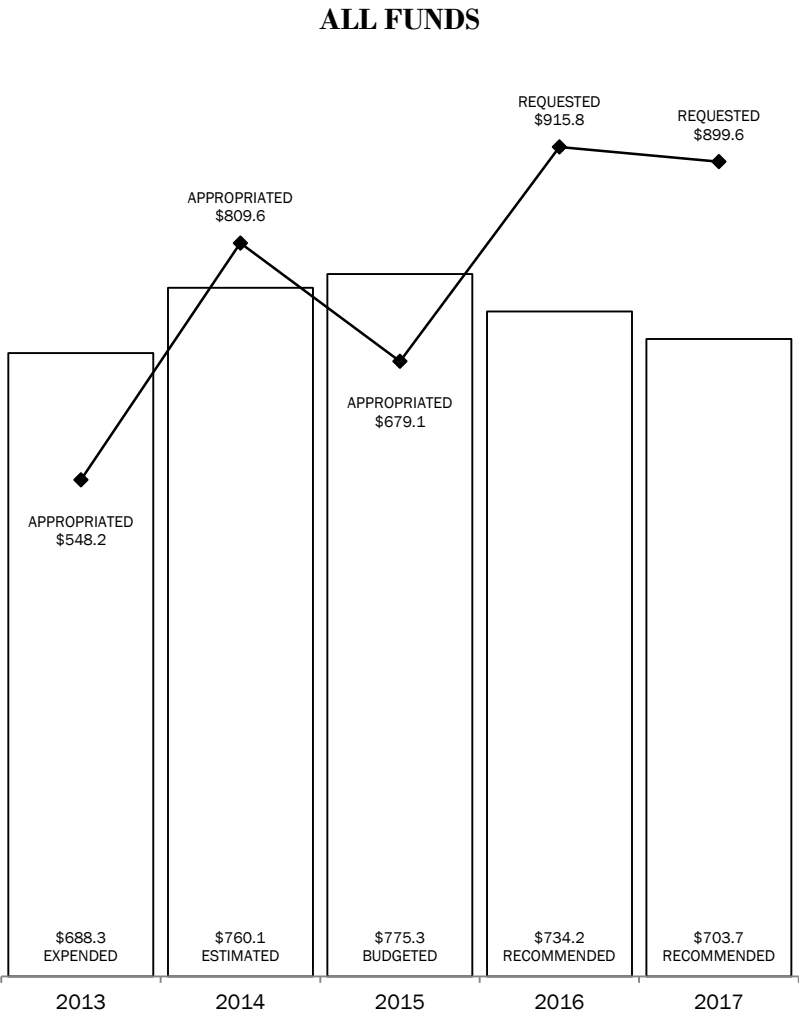
	FY 2015 Budgeted	FY 2017 Recommended	Biennial Change	% Change
FTEs	260.4	260.4	0.0	0.0%

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



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

TOTAL= \$1,437.9 MILLION



Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$4,103,547	\$3,778,637	(\$324,910)	(7.9%)	Most of the agency's administrative strategies include several sources of funding (General Revenue, General Revenue-Dedicated, primarily B-On-Time funds, and Other Funds-usually donations or student loan funds). Recommendations include an agency anticipated decrease of \$324,910 in donations for the Advise TX program.
STATE LOAN PROGRAMS A.1.2	\$11,300,000	\$11,300,000	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$1,883,278	\$1,883,278	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$5,055,040	\$4,920,039	(\$135,001)	(2.7%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 Base amounts reflect the transfer of funds from Strategy D.1.6, Trauma Care Program.
PLANNING/INFORMATION/EVALUATION A.3.1	\$4,617,906	\$4,397,341	(\$220,565)	(4.8%)	Recommendations include an anticipated decrease of \$220,565 in donations for the education research center.
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$127,200	\$0	(\$127,200)	(100.0%)	Recommendations include an anticipated decrease of \$127,200 in donations for the Higher Education Policy Institute.
Total, Goal A, COORDINATE HIGHER EDUCATION	\$27,086,971	\$26,279,295	(\$807,676)	(3.0%)	
TEXAS GRANT PROGRAM B.1.1	\$683,340,187	\$652,318,591	(\$31,021,596)	(4.5%)	Recommendations reflect a \$31,021,596 decrease in Other Funds. The 2014-15 base amounts include \$31 million in donations from the Texas Guaranteed Student Loan Corporation. The 2016-17 recommendations do not include any anticipated donations.
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$78,157,791	\$80,557,791	\$2,400,000	3.1%	Recommendations match the 2014-15 appropriated levels for the program. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Public to Strategy I.1.3 Other Support Services for administrative purposes.
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$31,408,000	\$19,199,700	(\$12,208,300)	(38.9%)	Recommendations cover renewal students in the program.
TUITION EQUALIZATION GRANTS B.1.4	\$180,095,654	\$180,095,654	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$65,114,950	\$65,114,950	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE WORK STUDY PROGRAM B.1.6	\$18,809,278	\$18,809,278	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$1,120,548	\$211,336	(\$909,212)	(81.1%)	Recommendations include a decrease of \$909,212 in Other Funds. Recommendations reflect funding for license plate programs administered by the agency. The 2014-15 base amounts include license plate revenue that was administered by the General Academic Institutions. This revenue will now be appropriated to the General Academic Institutions via a rider in Special Provisions Related to Higher Education Institutions.
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$4,425,000	\$7,000,000	\$2,575,000	58.2%	Recommendations reflect a \$2,575,000 increase in General Revenue.
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$375,626	\$375,626	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$496,072	\$372,054	(\$124,018)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$500,000	\$500,000	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$39,624,892	\$18,223,048	(\$21,401,844)	(54.0%)	Recommendations cover renewal students in the program.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$7,120,000	\$5,340,000	(\$1,780,000)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
T-STEM CHALLENGE PROGRAM B.1.14	\$5,792,000	\$13,011,000	\$7,219,000	124.6%	Recommendations reflect the allocation between the two biennia of donations received from the Texas Guaranteed Student Loan Corporation.
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$1,116,379,998	\$1,061,129,028	(\$55,250,970)	(4.9%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$1,000,000	\$1,000,000	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$35,625,000	\$26,718,750	(\$8,906,250)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$36,625,000	\$27,718,750	(\$8,906,250)	(24.3%)	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$12,780,000	\$12,780,000	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$10,206,794	\$10,206,794	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$33,800,000	\$33,800,000	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$220,000	\$220,000	100.0%	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$33,750,000	\$33,750,000	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TRAUMA CARE PROGRAM D.1.6	\$4,365,000	\$4,500,000	\$135,000	3.1%	Recommendations match the 2014-15 appropriated amounts for the program. The 2014-15 base amounts reflect the transfer of funds to Strategy A.2.1, Workforce, Academic Affairs & Research for administrative purposes.
GME EXPANSION D.1.7	\$14,250,000	\$14,250,000	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.8	\$2,100,000	\$2,100,000	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.9	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	The strategy includes funding for two new loan programs, the Saint David's Public Health Care Loan Repayment Program and the Speech Pathologist Loan Repayment Program, for which the agency has received donations. Recommendations reflect an anticipated decrease in donations.
UNT HSC COLLEGE OF PHARMACY	\$5,400,000	\$0	(\$5,400,000)	(100.0%)	Recommendations do not include funding the program.
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$119,202,403	\$112,882,100	(\$6,320,303)	(5.3%)	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$73,683,904	\$77,049,050	\$3,365,146	4.6%	Formula allocation is tied to Health Related Institutions Formula.
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$11,944,222	\$12,773,968	\$829,746	6.9%	Formula allocation is tied to GME Health Related Institutions Formula.
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$2,850,000	\$2,850,000	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$4,050,000	\$4,050,000	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$92,528,126	\$96,723,018	\$4,194,892	4.5%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$4,007,408	\$4,007,408	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$3,040,706	\$3,040,706	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$4,007,381	\$4,007,381	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.4	\$1,298,305	\$1,298,305	\$0	0.0%	
HAZLEWOOD EXEMPTION	\$30,000,000	\$0	(\$30,000,000)	(100.0%)	Recommendations do not include funding the program. Funding for the program, \$30 million, has been appropriated to the Texas Veterans Commission, which administers the program.
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$42,353,800	\$12,353,800	(\$30,000,000)	(70.8%)	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$51,604,218	\$55,208,436	\$3,604,218	7.0%	Recommendations reflect an anticipated increase in Federal Perkins funds that include Vocational Education Basic Grants and Tech-Prep Education Grants.

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$10,387,826	\$9,807,652	(\$580,174)	(5.6%)	Recommendations reflect an anticipated decrease in Teacher Quality State Grants.
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$217,302	\$0	(\$217,302)	(100.0%)	In 2014-15 funding for the John R. Justice Prosecutors & Defenders Incentive Program was reflected in the College Access Challenge Grant strategy. In 2016-17, this funding is reflected in the Other Federal Grants strategy.
OTHER FEDERAL GRANTS G.1.4	\$895,096	\$210,604	(\$684,492)	(76.5%)	Recommendations reflect funding for the John R. Justice Prosecutors & Defenders Incentive Program. The 2014-15 base includes funding for the Statewide Data Systems which is not included in the 2016-17 recommendations.
Total, Goal G, FEDERAL GRANT PROGRAMS	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	
EARNINGS - MINORITY HEALTH H.1.1	\$5,575,053	\$5,575,054	\$1	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$9,716,223	\$9,716,224	\$1	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$15,291,276	\$15,291,278	\$2	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$10,049,811	\$9,905,802	(\$144,009)	(1.4%)	Recommendations reflect a decrease of \$258,213 in Other Funds. Recommendations include an overall General Revenue increase of \$114,203 which includes a \$214,203 increase to biennialize salaries at 2015 levels offset by a \$100,000 decrease in anticipated Earned Federal Funds.
INFORMATION RESOURCES I.1.2	\$9,044,953	\$9,088,113	\$43,160	0.5%	Recommendation reflect an increase of \$90,177 in Other Funds offset by a decrease of \$47,017 to maintain current obligations for Data Center Services.
OTHER SUPPORT SERVICES I.1.3	\$3,740,365	\$1,340,366	(\$2,399,999)	(64.2%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Private to Strategy I.1.3 Other Support Services for administrative purposes. Recommendations reflect an anticipated decrease of \$300,000 in Earned Federal Funds offset by an anticipated increase of \$300,001 in Student Loan Funds (Other Funds).
Total, Goal I, INDIRECT ADMINISTRATION	\$22,835,129	\$20,334,281	(\$2,500,848)	(11.0%)	
Grand Total, All Strategies	\$1,535,407,145	\$1,437,938,242	(\$97,468,903)	(6.3%)	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$3,778,637	\$3,778,637	\$0	0.0%	
STATE LOAN PROGRAMS A.1.2	\$0	\$0	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$1,883,278	\$1,883,278	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$3,432,829	\$3,432,829	\$0	0.0%	
PLANNING/INFORMATION/EVALUATION A.3.1	\$4,166,231	\$4,166,231	\$0	0.0%	
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$0	\$0	\$0	0.0%	
Total, Goal A, COORDINATE HIGHER EDUCATION	\$13,260,975	\$13,260,975	\$0	0.0%	
TEXAS GRANT PROGRAM B.1.1	\$652,313,591	\$652,313,591	\$0	0.0%	
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$0	\$0	\$0	0.0%	
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$31,408,000	\$19,199,700	(\$12,208,300)	(38.9%)	Recommendations cover renewal students in the program.
TUITION EQUALIZATION GRANTS B.1.4	\$180,095,654	\$180,095,654	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$65,114,950	\$65,114,950	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$18,809,278	\$18,809,278	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$0	\$0	\$0	0.0%	
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$4,425,000	\$7,000,000	\$2,575,000	58.2%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$375,626	\$375,626	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$496,072	\$372,054	(\$124,018)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$500,000	\$500,000	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$39,624,892	\$18,223,048	(\$21,401,844)	(54.0%)	Recommendations cover renewal students in the program.
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$7,120,000	\$5,340,000	(\$1,780,000)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
T-STEM CHALLENGE PROGRAM B.1.14	\$0	\$0	\$0	0.0%	
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$1,000,283,063	\$967,343,901	(\$32,939,162)	(3.3%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$1,000,000	\$1,000,000	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$35,625,000	\$26,718,750	(\$8,906,250)	(25.0%)	Recommendations include a 25 percent reduction in General Revenue to the strategy.
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$36,625,000	\$27,718,750	(\$8,906,250)	(24.3%)	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$12,780,000	\$12,780,000	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$10,206,794	\$10,206,794	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$0	\$0	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$0	\$0	0.0%	
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$33,750,000	\$33,750,000	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.6	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.7	\$14,250,000	\$14,250,000	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.8	\$2,100,000	\$2,100,000	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.9	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY	\$5,400,000	\$0	(\$5,400,000)	(100.0%)	Recommendations do not include funding the program.
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$78,486,794	\$73,086,794	(\$5,400,000)	(6.9%)	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$73,683,904	\$77,049,050	\$3,365,146	4.6%	Formula allocation is tied to Health Related Institutions Formula.
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$11,944,222	\$12,773,968	\$829,746	6.9%	Formula allocation is tied to GME Health Related Institutions Formula.
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$85,628,126	\$89,823,018	\$4,194,892	4.9%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$4,007,408	\$4,007,408	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$3,040,706	\$3,040,706	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$4,007,381	\$4,007,381	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.4	\$1,298,305	\$1,298,305	\$0	0.0%	
HAZLEWOOD EXEMPTION	\$30,000,000	\$0	(\$30,000,000)	(100.0%)	Recommendations do not include funding the program. Funding for the program, \$30 million, has been appropriated to the Texas Veterans Commission, which administers the program.
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$42,353,800	\$12,353,800	(\$30,000,000)	(70.8%)	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	
EARNINGS - MINORITY HEALTH H.1.1	\$0	\$0	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$8,055,610	\$8,169,814	\$114,204	1.4%	Recommendations include an overall General Revenue increase of \$114,203 which includes a \$214,203 increase to biennialize salaries at 2015 levels offset by a \$100,000 decrease in anticipated Earned Federal Funds.
INFORMATION RESOURCES I.1.2	\$4,007,164	\$3,960,147	(\$47,017)	(1.2%)	Recommendation reflect a decrease of \$47,017 to maintain current obligations for Data Center Services.
OTHER SUPPORT SERVICES I.1.3	\$1,201,700	\$901,700	(\$300,000)	(25.0%)	Recommendations reflect an anticipated decrease of \$300,000 in Earned Federal Funds.
Total, Goal I, INDIRECT ADMINISTRATION	\$13,264,474	\$13,031,661	(\$232,813)	(1.8%)	
Grand Total, All Strategies	\$1,269,902,232	\$1,196,618,899	(\$73,283,333)	(5.8%)	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
COLLEGE READINESS AND SUCCESS A.1.1	\$0	\$0	\$0	0.0%	
STATE LOAN PROGRAMS A.1.2	\$0	\$0	\$0	0.0%	
STUDENT GRANTS AND SPECIAL PROGRAMS A.1.3	\$0	\$0	\$0	0.0%	
WORKFORCE, ACADEMIC AFFAIRS, & RSCH A.2.1	\$135,000	\$0	(\$135,000)	(100.0%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 Base amounts reflect the transfer of funds from Strategy D.1.6, Trauma Care Program.
PLANNING/INFORMATION/EVALUATION A.3.1	\$0	\$0	\$0	0.0%	
HIGHER EDUCATION POLICY INSTITUTE A.3.2	\$0	\$0	\$0	0.0%	
Total, Goal A, COORDINATE HIGHER EDUCATION	\$135,000	\$0	(\$135,000)	(100.0%)	
TEXAS GRANT PROGRAM B.1.1	\$0	\$0	\$0	0.0%	
TEXAS B-ON-TIME PROGRAM - PUBLIC B.1.2	\$78,157,791	\$80,557,791	\$2,400,000	3.1%	Recommendations match the 2014-15 appropriated levels for the program. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Public to Strategy I.1.3 Other Support Services for administrative purposes.
TEXAS B - ON - TIME PROGRAM-PRIVATE B.1.3	\$0	\$0	\$0	0.0%	
TUITION EQUALIZATION GRANTS B.1.4	\$0	\$0	\$0	0.0%	
TEXAS EDUCATIONAL OPPORTUNITY GRANTS B.1.5	\$0	\$0	\$0	0.0%	
COLLEGE WORK STUDY PROGRAM B.1.6	\$0	\$0	\$0	0.0%	
LICENSE PLATE SCHOLARSHIPS B.1.7	\$0	\$0	\$0	0.0%	
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$0	\$0	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$0	\$0	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$0	\$0	\$0	0.0%	
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$0	\$0	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$0	\$0	\$0	0.0%	
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$0	\$0	\$0	0.0%	
T-STEM CHALLENGE PROGRAM B.1.14	\$0	\$0	\$0	0.0%	
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$78,157,791	\$80,557,791	\$2,400,000	3.1%	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$0	\$0	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$0	\$0	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$0	\$0	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$0	\$0	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$33,800,000	\$33,800,000	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$220,000	\$220,000	100.0%	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$0	\$0	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.6	\$4,365,000	\$4,500,000	\$135,000	3.1%	Recommendations match the 2014-15 appropriated amounts for the program. The 2014-15 base amounts relect the transfer of funds to Strategy A.2.1, Workforce, Academic Affairs & Research for administrative purposes.
GME EXPANSION D.1.7	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.8	\$0	\$0	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.9	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$38,165,000	\$38,520,000	\$355,000	0.9%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$0	\$0	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.4	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	

Section 2

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	
EARNINGS - MINORITY HEALTH H.1.1	\$0	\$0	\$0	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES I.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES I.1.3	\$2,400,000	\$0	(\$2,400,000)	(100.0%)	Recommendations include a decrease in General Revenue-Dedicated Funds. The 2014-15 base amounts reflect the transfer of \$2,400,000 from the Texas B-On-Time Program-Private to Strategy I.1.3 Other Support Services for administrative purposes.
Total, Goal I, INDIRECT ADMINISTRATION	\$2,400,000	\$0	(\$2,400,000)	(100.0%)	
Grand Total, All Strategies	\$118,857,791	\$119,077,791	\$220,000	0.2%	

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

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

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
TRAUMA CARE PROGRAM D.1.6	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.7	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.8	\$0	\$0	\$0	0.0%	
OTHER LOAN REPAYMENT PROGRAMS D.1.9	\$0	\$0	\$0	0.0%	
UNT HSC COLLEGE OF PHARMACY	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$0	\$0	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$0	\$0	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.4	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$51,604,218	\$55,208,436	\$3,604,218	7.0%	Recommendations reflect an anticipated increase in Federal Perkins funds that include Vocational Education Basic Grants and Tech-Prep Education Grants.
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$10,387,826	\$9,807,652	(\$580,174)	(5.6%)	Recommendations reflect an anticipated decrease in Teacher Quality State Grants.
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$217,302	\$0	(\$217,302)	(100.0%)	In 2014-15 funding for the John R. Justice Prosecutors & Defenders Incentive Program was reflected in the College Access Challenge Grant strategy. In 2016-17, this funding is reflected in the Other Federal Grants strategy.
OTHER FEDERAL GRANTS G.1.4	\$895,096	\$210,604	(\$684,492)	(76.5%)	Recommendations reflect funding for the John R. Justice Prosecutors & Defenders Incentive Program. The 2014-15 base includes funding for the Statewide Data Systems which is not included in the 2016-17 recommendations.
Total, Goal G, FEDERAL GRANT PROGRAMS	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
EARNINGS - MINORITY HEALTH H.1.1	\$0	\$0	\$0	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$0	\$0	\$0	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$0	\$0	\$0	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$0	\$0	\$0	0.0%	
INFORMATION RESOURCES I.1.2	\$0	\$0	\$0	0.0%	
OTHER SUPPORT SERVICES I.1.3	\$0	\$0	\$0	0.0%	
Total, Goal I, INDIRECT ADMINISTRATION	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$63,104,442	\$65,226,692	\$2,122,250	3.4%	

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

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

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
LICENSE PLATE SCHOLARSHIPS B.1.7	\$1,120,548	\$211,336	(\$909,212)	(81.1%)	Recommendations include a decrease of \$909,212 in Other Funds. Recommendations reflect funding for license plate programs administered by the agency. The 2014-15 base amounts include license plate revenue that was administered by the General Academic Institutions. This revenue will now be appropriated to the General Academic Institutions via a rider in Special Provisions Related to Higher Education Institutions.
TEACH FOR TEXAS LOAN REPAYMENT B.1.8	\$0	\$0	\$0	0.0%	
BORDER FACULTY LOAN REPAYMENT PGM B.1.9	\$0	\$0	\$0	0.0%	
OAG LAWYERS LOAN REPAYMENT PROGRAM B.1.10	\$0	\$0	\$0	0.0%	
ENGINEERING RECRUITMENT PROGRAM B.1.11	\$0	\$0	\$0	0.0%	
TOP 10 PERCENT SCHOLARSHIPS B.1.12	\$0	\$0	\$0	0.0%	
TX ARMED SERVICES SCHOLARSHIP PGM B.1.13	\$0	\$0	\$0	0.0%	
T-STEM CHALLENGE PROGRAM B.1.14	\$5,792,000	\$13,011,000	\$7,219,000	124.6%	Recommendations reflect the allocation between the two biennia of donations received from the Texas Guaranteed Student Loan Corporation.
Total, Goal B, CLOSE THE GAPS - AFFORDABILITY	\$37,939,144	\$13,227,336	(\$24,711,808)	(65.1%)	
N HACKERMAN ADVANCED RESEARCH PGM C.1.1	\$0	\$0	\$0	0.0%	
TEXAS RESEARCH INCENTIVE PROGRAM C.1.2	\$0	\$0	\$0	0.0%	
Total, Goal C, CLOSE THE GAPS - RESEARCH	\$0	\$0	\$0	0.0%	
FAMILY PRACTICE RESIDENCY PROGRAM D.1.1	\$0	\$0	\$0	0.0%	
JOINT ADMISSION MEDICAL PROGRAM D.1.2	\$0	\$0	\$0	0.0%	
PHYSICIAN ED. LOAN REPAY. PROGRAM D.1.3	\$0	\$0	\$0	0.0%	
DENTAL ED. LOAN REPAY. PROGRAM D.1.4	\$0	\$0	\$0	0.0%	
PROF NURSING SHORTAGE REDUCTION PGM D.1.5	\$0	\$0	\$0	0.0%	
TRAUMA CARE PROGRAM D.1.6	\$0	\$0	\$0	0.0%	
GME EXPANSION D.1.7	\$0	\$0	\$0	0.0%	
PRIMARY CARE INNOVATION GRANT PGM D.1.8	\$0	\$0	\$0	0.0%	

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

Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
OTHER LOAN REPAYMENT PROGRAMS D.1.9	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	The strategy includes funding for two new loan programs, the Saint David's Public Health Care Loan Repayment Program and the Speech Pathologist Loan Repayment Program, for which the agency has received donations. Recommendations reflect an anticipated decrease in donations.
UNT HSC COLLEGE OF PHARMACY	\$0	\$0	\$0	0.0%	
Total, Goal D, CLOSE THE GAPS - HEALTH PROGRAMS	\$2,550,609	\$1,275,306	(\$1,275,303)	(50.0%)	
BAYLOR COLLEGE OF MEDICINE - UGME E.1.1	\$0	\$0	\$0	0.0%	
BAYLOR COLLEGE OF MEDICINE - GME E.1.2	\$0	\$0	\$0	0.0%	
BAYLOR COLL MED PERM ENDOWMENT FUND E.1.3	\$2,850,000	\$2,850,000	\$0	0.0%	
BAYLOR COLL MED PERM HEALTH FUND E.1.4	\$4,050,000	\$4,050,000	\$0	0.0%	
Total, Goal E, BAYLOR COLLEGE OF MEDICINE	\$6,900,000	\$6,900,000	\$0	0.0%	
DEVELOPMENTAL EDUCATION PROGRAM F.1.1	\$0	\$0	\$0	0.0%	
TEACHER EDUCATION F.1.2	\$0	\$0	\$0	0.0%	
ACCELERATE TX CC GRANTS F.1.3	\$0	\$0	\$0	0.0%	
TEXAS TEACHER RESIDENCY PROGRAM F.1.4	\$0	\$0	\$0	0.0%	
HAZELWOOD EXEMPTION	\$0	\$0	\$0	0.0%	
Total, Goal F, QUALITY, ACCESS AND SUCCESS	\$0	\$0	\$0	0.0%	
CAREER/TECHNICAL EDUCATION PROGRAMS G.1.1	\$0	\$0	\$0	0.0%	
TEACHER QUALITY GRANTS PROGRAMS G.1.2	\$0	\$0	\$0	0.0%	
COLLEGE ACCESS CHALLENGE GRANTS G.1.3	\$0	\$0	\$0	0.0%	
OTHER FEDERAL GRANTS G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, FEDERAL GRANT PROGRAMS	\$0	\$0	\$0	0.0%	
EARNINGS - MINORITY HEALTH H.1.1	\$5,575,053	\$5,575,054	\$1	0.0%	
EARNINGS - NURSING/ALLIED HEALTH H.1.2	\$9,716,223	\$9,716,224	\$1	0.0%	
Total, Goal H, CLOSE GAPS - TOBACCO FUNDS	\$15,291,276	\$15,291,278	\$2	0.0%	
CENTRAL ADMINISTRATION I.1.1	\$1,994,201	\$1,735,988	(\$258,213)	(12.9%)	Recommendations reflected an anticipated decrease of \$258,213 in Student Loan Funds.

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Higher Education Coordinating Board					
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
INFORMATION RESOURCES I.1.2	\$5,037,789	\$5,127,966	\$90,177	1.8%	Recommendation reflect an increase of \$90,177 in Other Funds.
OTHER SUPPORT SERVICES I.1.3	\$138,665	\$438,666	\$300,001	216.3%	Recommendations reflected an anticipated increase of \$300,001 in Student Loan Funds.
Total, Goal I, INDIRECT ADMINISTRATION	\$7,170,655	\$7,302,620	\$131,965	1.8%	
Grand Total, All Strategies	\$83,542,680	\$57,014,860	(\$26,527,820)	(31.8%)	

Section 3A

Higher Education Coordinating Board Selected Fiscal and Policy Issues-Senate

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

1. Financial Aid Programs (Goal B).

Financial Aid Programs-Reductions tied to Strategic Fiscal Review:

- Top Ten Percent Scholarships. Recommended funding level is \$18.2 million, a decrease of \$21.4 million in General Revenue. Recommendations incorporate the agency's funding alternative to cover only renewal students in the program during the 2016-17 biennium. The agency indicates that current funding levels are not sufficient to make full awards (\$2,000) to all eligible students. Authority for this program is only through Rider 32 in the agency's bill pattern.
- B-On-Time-Private General Revenue. Recommended funding level is \$19.2 million, a decrease of \$12.2 million. Funding supports renewal awards only at private institutions.
- OAG Lawyer's Loan Repayment Program. Recommended funding level is \$0.4 million, a decrease of \$0.1 million, or 25 percent, in General Revenue funds compared to the 2014-15 funding levels. Funding is intended to serve as an incentive for attorneys to work for the Office of the Attorney General (OAG). The OAG selects the recipients and recommends the award amounts based on years of service and other factors. Higher Education Coordinating Board staff verify applicant loan balances and disburse loan repayment awards to lenders on behalf of qualifying OAG employees. This program was determined to not be central to the agency's mission.

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- Texas Armed Forces Scholarships. Recommended funding level is \$5.3 million, a decrease of \$1.8 million or 25 percent compared to the 2014-15 base. Funding is intended to serve as an incentive to encourage students to contract to serve as a commissioned officer in any branch of the United States Armed Forces or to become members of the Texas Army National Guard, Texas Air National Guard, Texas State Guard, United States Coast Guard or United States Merchant Marine. The agency indicates that there may be a reduction in the number of commissioned officers due to federal defense budget cuts and to date, elected officials have not nominated the maximum number of students allowed. This program was determined to not be central to the agency's mission.

Financial Aid Programs-Increased funding over 2014-15 levels.

- Teach for Texas Loan Repayment Program. Recommended funding level is \$7.0 million in General Revenue, an increase of \$2.6 million.

Financial Aid Programs-Maintained at 2014-15 levels.

- TEXAS Grants. Recommended funding level is \$652.3 million which maintains General Revenue funding at 2014-15 levels. The recommended funding level is a decrease of \$31 million in All Funds compared to the 2014-15 base. The 2014-15 base includes \$31 million in donations from the Texas Guaranteed Student Loan Corporation. The 2016-17 recommendations do not include any anticipated donations.
- B-On-Time –Public General Revenue-Dedicated. Recommended funding level is \$80.6 million in designated tuition set-asides which matches the 2014-15 appropriated levels for the program. Institutions are required to set-aside 20 percent of designated tuition above \$46 per semester credit hour for financial assistance. The B-On-Time program is supported by 5 percent of this 20 percent set aside.
- Tuition Equalization Grants. Recommended funding level is \$180.1 million in General Revenue.
- Texas Educational Opportunity Grants. Recommended funding level is \$65.1 million in General Revenue.
- College Work Study. Recommended funding level is \$18.8 million in General Revenue.
- Border Faculty Loan Repayment Program-Recommended funding level is \$0.4 million in General Revenue.

2. Research Programs (Goal C).

Research Programs-Reductions tied to Strategic Fiscal Review:

- Texas Research Incentive Program. Recommended funding level is \$26.7 million, a decrease of \$8.9 million or 25 percent, in General Revenue funds compared to 2014-15 funding level. Eight emerging research institutions are eligible for the Texas Research Incentive Program. Since the program began in the 2010-11 biennium, \$153 million in state appropriations have been expended on the program. Three institutions, Texas Tech University, The University of Texas at Dallas, and University of Houston have received approximately 80 percent, or \$122 million, of this funding.

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Research Programs-Maintained at 2014-15 levels.

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

3. Health Programs (Goal D).

Health Programs-Reductions tied to Strategic Fiscal Review:

- UNT Health Science Center Pharmacy College. During the Eighty-third Legislative Session, the agency was appropriated \$5.4 million in General Revenue for the University of North Texas Health Science Center School of Pharmacy. Beginning in the 2016-17 biennium, the School of Pharmacy will be eligible for formula funding so this funding was not continued in Senate Bill 2.

Health Programs-Maintained at 2014-15 levels.

- Family Practice Residency Program. Recommended funding level is \$12.8 million in General Revenue.
- Joint Admission Medical Program. Recommended funding level is \$10.2 million in General Revenue.
- Professional Nursing Shortage Reduction Program. Recommended funding is \$33.8 million in General Revenue.
- Physician Education Loan Repayment Program. Recommended funding level is \$33.8 million in General Revenue-Dedicated.
- Physician and Nurse Trauma Care Program. Recommended funding level is \$4.5 million in General Revenue-Dedicated.
- Graduate Medical Education Expansion. Recommended funding level is \$14.3 million in General Revenue. Special Provisions Relating Only to State Agencies of Higher Education includes rider that appropriates an additional \$60 million in General Revenue for the program.
- Primary Care Innovation Grants. Recommended funding level is \$2.1 million in General Revenue.

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

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

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

Funding for Quality and Access Programs-Reductions tied to Strategic Fiscal Review:

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

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support the program, recommendations do not continue funding of the program in the 2016-17 biennium.

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

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

6. Funding for Administrative Goals A and I.

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

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

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

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

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 Senate Bill 2	Difference of Senate Bill 2 to 2014-15 Est/Bud	Explanation
B.1.6	Texas College Work Study	\$18.8	\$18.8	\$0.0	\$18.8	\$18.8	\$0.0	The agency's base request would support approximately 4,100 students each year of the biennium.
B.1.8	Teach for Texas Loan Repayment Program	\$4.4	\$4.4	\$0.0	\$4.4	\$7.0	\$2.6	Recommendations increase funding for the program by \$2.6 million.
B.1.9	Border Faculty Loan Repayment Program	\$0.4	\$0.4	\$0.0	\$0.4	\$0.4	\$0.0	The agency's base request would allow the agency to make annual loan repayment awards in the amount of \$5,000 to approximately 40 faculty members in each year of the biennium.
B.1.10	OAG Lawyer's Loan Repayment Program	\$0.6	\$0.6	\$0.0	\$0.6	\$0.5	-\$0.1	Recommendations reduce funding for the program by \$0.1 million or 25 percent.
B.1.11	Engineering Recruitment Program	\$0.5	\$0.5	\$0.0	\$0.5	\$0.5	\$0.0	
B.1.12	Top Ten Percent Scholarships	\$39.6	\$39.6	\$0.0	\$39.6	\$18.2	-\$21.4	At the agency's requested base funding level, all current renewal students who meet the priority awarding deadline of March 15th would receive a \$1,200 award and approximately 15,600 new students would receive a \$800 award each year of the biennium. Recommendations, which implement a funding alternative provided by the agency, cover only renewal awards.
B.1.13	Texas Armed Forces Scholarships	\$7.1	\$7.1	\$0.0	\$7.1	\$5.3	-\$1.8	Recommendations reduce funding for the program by 25 percent.
	Goal C Close the Gaps by Providing Trusteed Funds for Research							
C.1.1	Advanced Research Program	\$1.0	\$1.0	\$0.0	\$1.0	\$1.0	\$0.0	The agency's base funding would support approximately 12 grants of \$80,000 each.
C.1.2	Texas Research Incentive Program.	\$35.6	\$35.6	\$0.0	\$35.6	\$26.7	-\$8.9	Recommendations reduce funding for the program by \$8.9 million or 25 percent.

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

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 Senate Bill 2	Difference of Senate Bill 2 to 2014-15 Est/Bud	Explanation
	Goal D Close the Gaps by Providing Trusteed Funds for Health Care Education							
D.1.1	Family Practice Residency Program	\$5.0	\$12.8	\$7.8	\$12.8	\$12.8	\$0.0	In the 83rd Session, House Bill 1025 appropriated an additional \$7.8 million to the program that was expended in fiscal year 2014.
D.1.2	Joint Admission Medical Program	\$10.2	\$10.2	\$0.0	\$10.2	\$10.2	\$0.0	
D.1.3	Physician Education Loan Repayment Program-General Revenue Dedicated.	\$33.8	\$33.8	\$0.0	\$33.8	\$33.8	\$0.0	In 2014-15, appropriations covered two cohorts of 100 participants for all four years (per the contract requirement), one cohort being paid for their first year of service in fiscal year 2014, the other being paid for their first year of service in fiscal year 2015.
D.1.4	Dental Education Loan Repayment Program	\$0.0	\$0.0	\$0.0	\$0.0	\$0.2	\$0.2	Recommendations include the appropriation of all estimated revenue from the dental school tuition set aside.
D.1.5	Professional Nursing Shortage Reduction Program	\$33.8	\$33.8	\$0.0	\$33.8	\$33.8	\$0.0	
D.1.6	Physician and Nurse Trauma Care Program	\$4.5	\$4.4	-\$0.1	\$4.4	\$4.5	\$0.1	In 2014-15, the agency transferred \$0.1 million to an administrative strategy. The 2016-17 recommended amounts match the 2014-15 appropriated levels for the program.
D.1.7	Graduate Medical Education Expansion	\$5.0	\$14.3	\$9.3	\$14.3	\$14.3	\$0.0	Special Provisions Relating Only to State Agencies of Higher Education include an additional \$60 million in General Revenue for program.
D.1.8	Primary Care Innovation Grants	\$2.1	\$2.1	\$0.0	\$2.1	\$2.1	\$0.0	
	UNT HSC Pharmacy College	\$5.4	\$5.4	\$0.0	\$5.4	\$0.0	-\$5.4	Recommendations do not fund the program.
	Goal E Baylor College of Medicine							
E.1.1	Baylor College of Medicine Undergraduate Medical Education-Agency did not request formula funding per LBB request.	\$73.7	\$73.7	\$0.0	\$0.0	\$77.0	\$3.3	Formula allocation is tied to Health Related Institutions Formula.
E.1.2	Baylor College of Medicine Graduate Medical Education - Agency did not request formula funding per LBB request.	\$11.9	\$11.9	\$0.0	\$0.0	\$12.7	\$0.8	Formula allocation is tied to Graduate Medical Education Health Related Institutions Formula.

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

	HIGHER EDUCATION COORDINATING BOARD	2014-15 Appropriated	2014-15 Est/Bud	Difference of 2014-15 Est/Bud to Appropriated	2016-17 Base Line Request by HECB	2016-17 Senate Bill 2	Difference of Senate Bill 2 to 2014-15 Est/Bud	Explanation
	Goal F Close the Gaps by Providing Trusteed Funds to Improve Quality/Delivery							
F.1.1	Developmental Education Programs	\$4.0	\$4.0	\$0.0	\$4.0	\$4.0	\$0.0	
F.1.2	Centers for Teacher Education	\$3.0	\$3.0	\$0.0	\$3.0	\$3.0	\$0.0	
F.1.3	Accelerate Texas Community College Grants	\$4.0	\$4.0	\$0.0	\$4.0	\$4.0	\$0.0	
F.1.4	Texas Teacher Residency Program	\$1.3	\$1.3	\$0.0	\$1.3	\$1.3	\$0.0	
	Hazlewood Tuition Exemption Program	\$0.0	\$30.0	\$30.0	\$30.0	\$0.0	-\$30.0	In the 83rd Session, HB 1025 appropriated \$30 million in General Revenue for the program. In the 83rd Session, Senate Bill 1158 transferred administrative authority to the program from the Higher Education Coordinating Board to the Texas Veterans Commission. Senate Bill 2 includes funding of \$30 million in General Revenue at the Texas Veterans Commission.
	Total Under 2014-15 Amounts*						-\$70.4	The difference in General Revenue related funds in this schedule as compared to Section 1 is primarily due to \$2.4 million in General Revenue-Dedicated funds included in the 2014-15 Base of administrative strategy I.1.3 Other Support Services, that is not reflected on this schedule.

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

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

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

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

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

A-1: PROGRAM DESCRIPTION AND AUTHORITY

Program Name:

Hinson Hazlewood Student Loan Program

SBP Program Name:

N/A

Program Description:

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

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

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

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

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

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

Select Type
Constitution
Statute
Other
(Select Type)

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

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

**Sunset Review/Senate Bill 215
Selected Policy Overview-Senate**

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

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

Sunset Commission Recommendations Included in SB 215

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

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

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

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

Sunset Commission Management Directives Included in Sunset Commission Report

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

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organization.

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

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

\$16.35 million - Total Appropriation for FY 2014 - FY 2015

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

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

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

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

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

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

Section 3H

Higher Education Coordinating Board
Performance Measure Highlights-Senate

		Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
•	Number of Students Receiving TEXAS Grants	77,289	93,292	76,884	67,134	65,758
	Senate Bill 2 recommendations total \$652.3 million. The 2014-15 estimated/budgeted funding for the program included \$652.3 million in General Revenue and \$31 million in Other Funds (donations from the Texas Guaranteed Student Loan Corporation). Per Senate Bill 215, beginning in Fall 2015, the program is a university only program with only renewal students at two year institutions being supported through the program.					

Section 3I

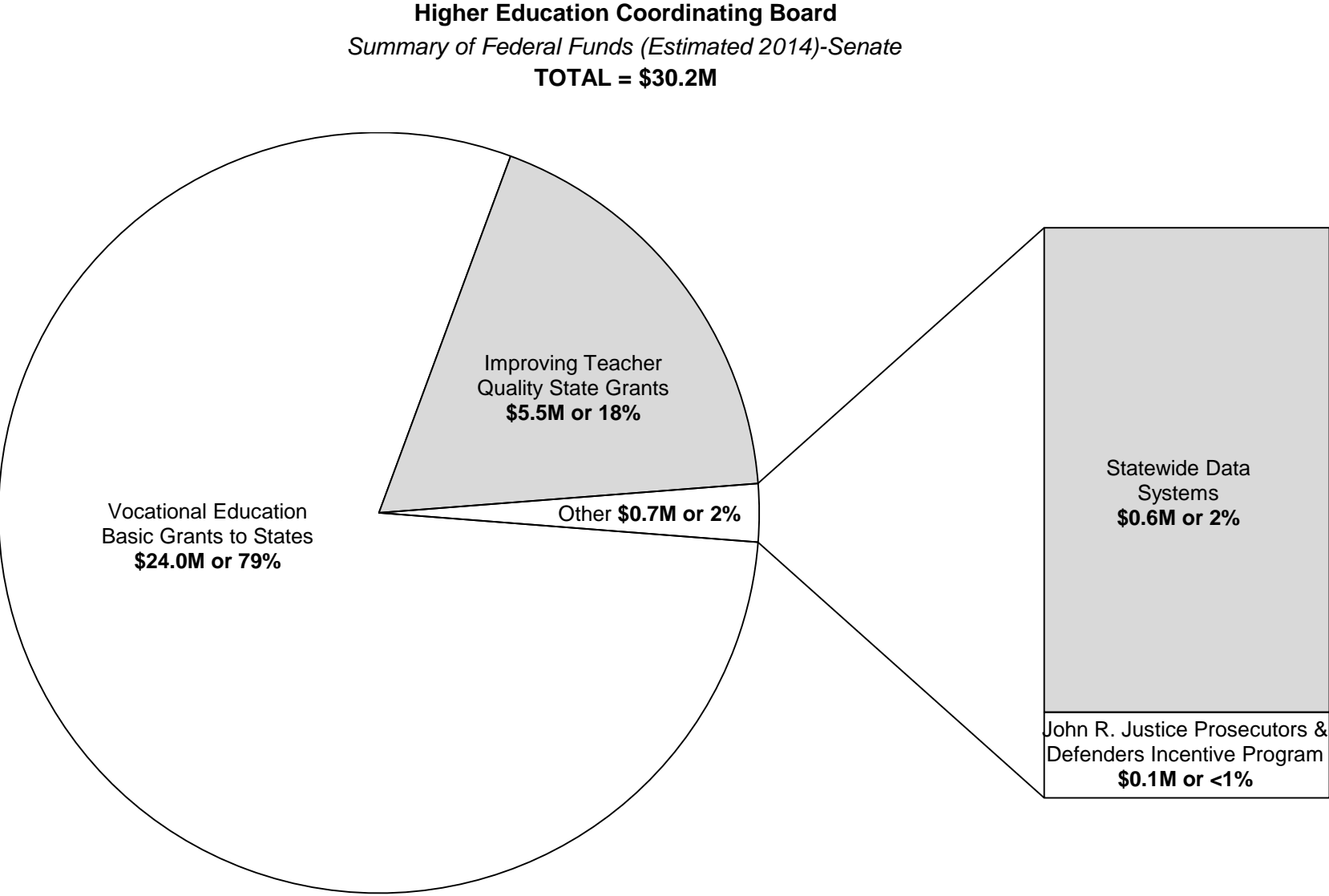
Higher Education Coordinating Board
FTE Highlights-Senate

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

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

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

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

Section 3J

Higher Education Coordinating Board
Significant Federal Funds Changes-Senate

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

Section 4**Higher Education Coordinating Board
Performance Review and Policy Report Highlights**

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

Section 4

Higher Education Coordinating Board
Performance Review and Policy Report Highlights

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

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

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

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

1. Include a rider in the introduced 2016-17 General Appropriations Bill to direct the Texas Higher Education Coordinating Board to evaluate the nursing field of study curricula.	\$ -			Rider 60 p. III-63	NA
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Section 5

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

Rider Modifications

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

Section 5

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

Section 5

- 53. **Nursing Faculty Loan Repayment Assistance Program.** Recommendations clarify that reallocated funds are appropriated for the program.
- 58. **Teacher Residency Program.** Rider modified to remove reference to being a contingency for HB 1752 or similar legislation relating to the establishment of a Teacher Residency Program.
- 59. **Primary Care Innovation Grant Program.** Rider modified to remove reference to being a contingency for Senate Bill 143 or similar legislation relating to the establishment of a primary care innovation grant program.

New Riders

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

Rider Deletions

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

Section 6

Higher Education Coordinating Board
Items not Included in Recommendations-Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items-In Priority Order		
1. Towards EXcellence, Access and Success (TEXAS) Grant Program. The agency requested \$137.9 million as an exceptional item to enable universities to make \$5,300 awards to all eligible entering students.	\$ 137,900,000	\$ 137,900,000
2. Texas Educational Opportunity Grant Program. The agency requested \$37.3 million to maintain level funding for 2-year institutions in fiscal year 2016 and 2017. The agency estimates this funding along with base level funding, would allow institutions to serve all renewal students and approximately 22 percent of initially-eligible students.	\$ 37,303,000	\$ 37,303,000
3. Acquisition and Refresh of IT Infrastructure. Funding to replace outdated agency equipment and technology, including computers, laptops, tablets, and network equipment.	\$ 390,000	\$ 490,000
4. Security Upgrades to Agency's IT Infrastructure. Funding for information security initiatives for the agency's information technology infrastructure.	\$ 312,000	\$ 390,000
5. Security Upgrades to Agency's DCS IT Infrastructure Funding for information security initiatives related to the agency's information technology infrastructure maintained under the Data Center Services (DCS) contract.	\$ 550,137	\$ 550,137
6. Graduate Medical Education Expansion. The agency requested \$40 million as an exceptional item. This additional funding includes: \$19.7 million for new and expanded program grants; \$9.8 million for unfilled position grants; \$5.0 million for resident physician expansion; \$2.3 million for an additional years of residency; \$2.1 million for primary care innovation; \$0.9 million for planning grants; and \$0.2 million for administration costs. Section 64 of Special Provisions Relating Only to State Agencies of Higher Education appropriates an addiitonal \$60 million for Graduate Medical Education with the goal of attaining the ratio of 1.1 first year residency positions for every Texas medical school graduate.	\$ 40,000,000	\$ 40,000,000
7. Field of Study. Funding to provide the personnel and related costs for THECB to evaluate Fields of Study (FOS). This evaluation includes revising existing FOS, transforming voluntary transfer compacts into FOS, and reviewing FOS periodically.	\$ 600,000	\$ 600,000

Section 6

Higher Education Coordinating Board			
Items not Included in Recommendations-Senate			
8. Family Practice Residency Program. Additional funding to increase the per resident funding level from \$8,737 to \$14,350 to support approximately 730 family practice residents, and to provide for an increase in the number of rural and public health rotations from 56 funded at \$2,000 to 80 positions funded at \$2,500.	\$	16,000,000	\$ 16,000,000
9. Restoration of Developmental Education Funding. Additional funding to provide the resources for the agency to engage institutions of higher education in effective and efficient practices and strategies that support regional professional development relating specifically to developmental education, including the changes that have occurred as the result of the new TSI assessment and TSI operational plan.	\$	2,400,000	\$ 2,400,000
10. Texas College Work Study Program. Additional funding to provide work-study jobs to an additional 1,577 students per year, based on a fiscal year 2014 average award of \$1,680.	\$	5,300,000	\$ 5,300,000
11. Additional Staff for Workforce Analysis. Funding for additional staff (1.0 FTE) specializing in education and workforce alignment analysis in response to increased interest in workforce alignment.	\$	140,000	\$ 140,000
12. Regional Pathways Project. Funding for additional THECB staff and start-up support for local communities for a regional coordinator position and startup stipend funds for five additional regional pathways sites for teachers and faculty to attend team meetings.	\$	274,000	\$ 274,000
13. Advise TX. Additional funding to expand the Advise TX College Advising Corps.	\$	8,000,000	\$ 8,000,000
14. Teach for Texas Loan Repayment Assistance Program. The agency requested \$4.2 million in additional funding to support 846 additional teachers receiving a \$2,500 award in each year of the biennium or 423 additional teachers receiving a \$5,000 award in each year of the biennium. Senate Bill 2 includes \$2.6 million in additional funding for the program.	\$	4,232,164	\$ 4,232,164
15. Tuition Equalization Grant Program (TEG). Additional funding to support a total of 30,000 students per year, equal to the number of students per year the program served between fiscal year 2006 and fiscal year 2009.	\$	18,000,000	\$ 18,000,000
16. Joint Admissions Medical Program (JAMP). Additional funding to support approximately 672 JAMP medical students in the 2016-17 biennium from the current level of \$3,500 per medical student to an estimated \$6,500 per medical student.	\$	2,000,000	\$ 2,000,000
17. Texas Research Incentive Program (TRIP). The agency requested \$14.2 million as an exceptional item.	\$	14,200,000	\$ 14,200,000

Section 6

Higher Education Coordinating Board			
Items not Included in Recommendations-Senate			
18. Norman Hackerman Advanced Research Program. Additional funding, combined with base funding of \$1 million, would support approximately 50 research projects at an estimated \$150,000 per award.	\$	7,000,000	\$ 7,000,000
19. Centralized Accounting & Payroll/Personnel System (CAPPS). Funding for resources necessary to implement the conversion to CAPPS, including resources in the accounting, HR office, and IT department.	\$	2,780,800	\$ 2,780,800
20. Doctoral Incentive Loan Repayment Program. Funding to provide student loan repayment assistance as an incentive to attract members of underrepresented groups to serve as full-time faculty members or administrators at public or independent institutions of higher education.	\$	700,000	\$ 700,000
21. Redesign of Website. Funding to hire a professional web design and marketing firm to assist the agency in the redesign of the THECB website.	\$	175,000	\$ 175,000
22. Compliance with Accessibility Laws. Funding for updates to the agency's electronic and information resources to ensure compliance with accessibility laws.	\$	379,400	\$ 379,400
23. Phone System Upgrade. Funding to upgrade the agency's phone and related communication infrastructure.	\$	-	\$ 400,000
24. Videoconferencing Upgrades to Comply Statute. Funding for enhancements to the agency's video-conferencing facilities to allow greater stakeholder input without incurring significant travel expenses.	\$	215,000	\$ 215,000
Total, Exceptional Items	\$	298,851,501	\$ 299,429,501

Unexpended Balance Estimates

B-On-Time-General Revenue-Dedicated. The estimated unexpended balances from fiscal year 2014 into fiscal year 2015 is approximately \$142.1 million. Based on 2014 actual amounts, the estimated revenue from the tuition set asides in 2016 and 2017, is \$64.9 million per year. Recommendations are \$31.6 million in fiscal year 2016 and \$23.6 million in fiscal year 2017 and support renewal students only attending public institutions.	\$	142,131,139	\$ 142,131,139
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Section 6

Higher Education Coordinating Board
Items not Included in Recommendations-Senate

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

Unexpended Balance Estimates Not Included in Recommendations	\$	257,420,239	\$	257,420,239
Other Requests Not Recommended				
Commissioner's Salary. The agency requested to increase the Commissioner of Higher Education's salary from \$188,163 in FY 2014 and \$191,926 in FY 2015 to \$220,000 in FY 2016 and FY 2017. The agency would re-allocate existing Other Funds to pay for the increase.	\$	-	\$	-
Total, Items Not Included in the Recommendations	\$	556,271,740	\$	556,849,740

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
1	University of North Texas Health Science Center College Of Pharmacy	Reduce funding for the College of Pharmacy at University of North Texas Health Science Center.	\$540,000	\$540,000		\$0	10%	Yes
2	Office of Attorney General (OAG) Lawyers Loan Repayment Program	The reduction eliminates all funding for the program and would result in the elimination of loan repayment assistance in the amount of \$3,000 (generally the minimum amount awarded) for 82 OAG employees or loan repayment assistance in the amount of \$6,000, the maximum award amount, for 41 OAG employees in each year of the biennium.	\$496,072	\$496,072		\$0	100%	Partial, program reduced 25%.
3	Border Faculty Loan Repayment Program	The reduction eliminates all funding for the program and would result in the elimination of loan repayment assistance in the amount of \$5,000 for approximately 38 doctoral faculty located at institutions in counties that border Mexico for each year of the biennium. This could possibly contribute to faculty decisions to accept positions at other institutions of higher education.	\$375,626	\$375,626		\$0	100%	No
4	College Readiness and Success Grants	The reduction would impact P-16 Initiatives that promote student readiness, persistence, and completion, including support for minority male student success activities, for 7,000 students and 140 mentors. Reductions would eliminate curriculum alignment work, partnerships of over 240 educators that serve more than 28,000 students statewide in alignment with the passage of House Bill 5, Eighty-third Legislature, activities supporting the replication and scaling of success initiatives that serve approximately 20,000 students and 65 educators at eight institutions, and tutor training at eleven community colleges in support of Work Study Mentorship grants that annually serve over 200 tutors and an estimated 34,000 students.	\$377,864	\$377,864		\$0	10%	No
5	Student Grants and Special Programs	The reduction would eliminate four budgeted full-time equivalents out of the current 17 budgeted full-time equivalents assigned to Grants, Special Programs, and Loan Repayments Programs.	\$188,328	\$188,328	4.0	\$0	10%	No

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
6	Other Support Services	The reduction would eliminate two full-time equivalents in support services. This would eliminate activities relating to receipt and sorting of agency mail, receiving of goods and express deliveries, bulk copying, and other facility support functions. In addition, the reduction would eliminate support for the agency phone system which supports the Student Loan program and could have an impact on loan payment receipt and customer service capabilities.	\$101,400	\$101,400	2.0	\$0	3%	No
7	Central Administration	The reduction would eliminate nine full-time equivalents from the departments within the Central Administration strategy. This would reduce internal and compliance audits relating to the performance of agency programs. The reduction could also impact legal and contractual compliance relating to the appropriate review and evaluation of agency contracts for grants and services, compliance with Comptroller financial reporting requirements, and compliance with Government Accounting Standards due to lack of proper controls and reporting capabilities from a reduced number of full-time equivalents.	\$662,308	\$662,308	9.0	\$0	8%	No
8	Centers for Teacher Education	The reduction would require participating institutions to reduce funds for information technology and auxiliary support programs. The reduction would have minimal impact on the students served in the teacher education program and have no substantial impact on the number of completers in the program.	\$304,070	\$304,070		\$0	10%	No.
9	Texas Armed Services Scholarship Program	The reduction would prevent 36 students from receiving awards in the amount of \$10,000 in each year of the biennium.	\$712,000	\$712,000		\$0	10%	Partial, program reduced 25%.
10	Top 10 Percent Scholarships	The reduction would prevent an estimated 31,411 students from receiving initial awards in the amount of \$600, the average amount for initial awards for fiscal year 2015.	\$18,846,841	\$18,846,841		\$0	48%	Yes
11	Norman Hackerman Advanced Research Program	The reduction would eliminate the Norman Hackerman Advanced Research Program, which provides support at public and private institutions of higher education to conduct basic research.	\$1,000,000	\$1,000,000		\$0	100%	No

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
12	Physician and Nurse Trauma Care	The reduction would lower the amount of the grants available to support emergency and trauma care education partnerships, which support partnerships between hospitals and graduate medical education programs that increase the number of emergency medicine and trauma care physician residents and fellows.	\$450,000	\$450,000		\$0	10%	No
13	Physician Education Loan Repayment Program	The reduction would prevent the enrollment of 67 new participants into the program each year of the biennium who would otherwise receive first year awards in the amount of \$25,000. Every physician practicing in a Health Professional Shortage Area provides access to primary health care for approximately 3,000 individuals and assuming these participants would no longer practice in these areas, this reduction could result in 444,000 persons losing access to primary care services.	\$3,380,000	\$3,380,000		\$0	10%	No
14	Professional Nursing Shortage Reduction Program	The reduction could slow the hiring of additional nursing faculty and reduce funds available to cover costs of training for future nurses that were previously provided through this program.	\$3,375,000	\$3,375,000		\$0	10%	No
15	Accelerate Texas Community College Grants	The reduction would reduce the number of funded Adult Education (AE) transition programs from 24 to 16 and therefore reduce the number of students served by 30%. The reduction would likely result in a number of service areas no longer having accessible postsecondary training and education options for AE students as no other program serves transitioning AE students. In addition, the reduction would limit professional development support, likely reducing program effectiveness. The reduction would also result in reduced agency staff due to fewer number of grantees and associated oversight and administrative support.	\$1,200,000	\$1,200,000		\$0	30%	No
16	Texas B-On-Time Program - Private	The reduction would prevent 311 students from receiving B-On-Time loans in the amount of \$8,000 while attending private or independent four-year institutions in each year of the biennium.	\$4,977,280	\$4,977,280		\$0	16%	Yes
17	Texas B-On-Time Program - Public	The reduction would prevent 562 students from receiving B-On-Time loans in the amount of \$8,000 while attending public four-year institutions in each year of the biennium.	\$8,055,779	\$8,055,779		\$0	10%	No

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
18	Texas Research Incentive Program	The reduction could slow progress made by the institutions in increasing funds available for enhancing the research activity at the institutions as these funds provide a match for private donations at emerging research universities. There are currently approximately \$92 million in unmatched gifts from private donations.	\$3,562,500	\$3,562,500		\$0	10%	Partial, program reduced 25%.
19	Joint Admission Medical Program	The reduction would eliminate support for medical students in their 3rd and 4th year of medical school and would reduce the amount of funding per student for the remaining students.	\$1,306,794	\$1,306,794		\$0	13%	No
20	Tuition Equalization Grants	The reduction would prevent an estimated 5,610 awards from being made to students in the annual amount of \$3,210, the average award amount reported by institutions for fiscal year 2014.	\$18,009,566	\$18,009,566		\$0	10%	No
21	Teach for Texas Loan Repayment Assistance	The reduction would prevent 89 teachers serving in acute shortage campuses and teaching shortage subjects from receiving loan repayment awards in each year of the biennium.	\$442,500	\$442,500		\$0	10%	No
22	Planning/Information/Evaluation	The reduction would stop the development of web pages for education data and accountability system presentations, reduce the ability of staff to perform analysis related to workforce needs, reduce the capability to respond to ad hoc requests for data analysis, reduce amounts available for adjustments in staff compensation to retain high performers in the division, and eliminate the attendance of division staff at conferences.	\$295,680	\$295,680		\$0	7%	No
23	Texas College Work Study Program	The reduction would prevent an estimated 560 work-study awards from being made to students in the annual amount of \$1,679, the average award amount reported by institutions for fiscal year 2014.	\$940,464	\$940,464		\$0	5%	No

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
24	Developmental Education Program	The reduction would reduce the number and availability of professional development and trainings for higher education institutions related to the TSI Assessment and support for the lowest academically skilled students across the state by 40%, potentially reducing the number of faculty and staff served from an estimated 5,000 to 3,000. Currently, estimates indicate that approximately 15,000 students across the state are in need of services being developed through the state-supported trainings. The reduction would reduce agency staff as the number of grantees and the associated oversight and administrative support needed would decrease.	\$400,000	\$400,000		\$0	10%	No
25	Family Practice Residency Program	The reduction would lower the per resident funding level and may result in the closure of smaller, more remote residency training sites. This would reduce the funding to the Family Practice Residency Program and its support programs, the Rural and Public Health Rotations, and the Faculty Development Center.	\$1,428,000	\$1,428,000		\$0	11%	No
26	Workforce, Academic Affairs, and Research	The reduction would reduce personnel, planned travel, and staff development and training. The reduction would affect the staff's ability to finalize the review of new doctoral proposals by hiring external consultants for site visits, reducing the number of site visits conducted per year, and preventing the institutions from starting new programs in a timely manner.	\$332,740	\$332,740		\$0	9%	No
27	Graduate Medical Education Expansion	The reduction would result in fewer medical students receiving support for primary care preceptorship experiences, potentially reducing interest in medical students selecting primary care careers.	\$1,275,000	\$1,275,000		\$0	9%	No
28	Primary Care Innovation Grant Program	The reduction would reduce the state support for residencies in internal medicine, obstetrics/gynecology, and pediatrics.	\$182,000	\$182,000		\$0	9%	No
29	Information Resources	The reduction would eliminate two full-time equivalents in application development and will create further backlog in system development projects. The reduction would eliminate further expansion of Managed Print Services and Multi-function printers throughout the agency to replace outdated personal printers, eliminate consulting programming services used for special projects or emergency situations, and eliminate the Gartner contract used for information technology, industry trends, and hardware/software evaluations.	\$200,358	\$200,358	2.0	\$0	5%	No

Section 7

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

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Senate Bill 2 Recs?
30	Texas Educational Opportunity Grants	The reduction would prevent an estimated 1,917 students from receiving initial awards in the annual amount of \$1,679, the average award amount reported by institutions for fiscal year 2014.	\$3,255,748	\$3,255,748		\$0	5%	No
31	Towards Excellence, Access and Success (TEXAS) Grant Program	The reduction would prevent an estimated 11,200 students from receiving initial awards in the annual amount of \$4,782, the average award amount reported by institutions for fiscal year 2014.	\$53,557,104	\$53,557,104		\$0	8%	No
TOTAL, 10% Reduction Options			<u>\$130,231,022</u>	<u>\$130,231,022</u>	<u>17.0</u>	<u>\$0</u>		

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

