

SUNSET ADVISORY COMMISSION

P.O. Box 13066 ❖ Austin Texas 78711-3066

Short Bio:

Ken Levine is the Interim Director of the Sunset Commission. Before being appointed to this position in October of last year, he served as Deputy director of the Commission since 1995. He has worked for the Sunset Commission and the Texas Legislature in various roles since 1981 and has performed or supervised policy evaluation projects in almost every functional area of state government. Ken is the past chair of the National Legislative Program Evaluation Society and is a staff vice-chair of National Conference of State Legislatures' Standing Committee on Budget and Revenue. He also serves on the Government Technology Conference Advisory Board. Ken has a BA in Government from the University of Texas at Austin and a Masters in Public Affairs from the Lyndon B. Johnson School of Public Affairs.

Texas Higher Education Coordinating Board

Staff Contact: John Hawkins

S.B. 286 Shapleigh (Morrison)

Summary

The Texas Higher Education Coordinating Board (the Coordinating Board) was created in 1965 to provide leadership and coordination among Texas' public higher education institutions. To this end, the Coordinating Board establishes state higher education plans; reviews and recommends changes in formulas for allocation of state funds to public institutions; approves and coordinates degree programs at higher education institutions and the construction of major facilities at public universities; and administers state and federal financial aid programs. The Coordinating Board operates with an annual budget of about \$490 million. About \$17.4 million is used for the agency's operating budget – the remaining amount is trusted to the agency through special item appropriations that the agency ultimately allocates to higher education institutions and students throughout the state. The agency has a staff of 288.

Senate Bill 286 continues the Coordinating Board for 12 years, and contains the Sunset Commission's recommendations to require the Board to articulate implementation strategies for the higher education plan and to report to the Legislature on statutory and institutional funding changes that best support the plan. The legislation establishes the informal P-16 Council in statute to ensure that coordination efforts among the state's various education agencies are sustained and restructures special-purpose financial aid programs to reduce administrative costs and increase student participation. The Legislature adopted all of the Sunset Commission's recommendations and added several new provisions including requiring the Coordinating Board to publish performance data of general academic institutions on the Board's Internet site. The legislation also repeals the Texas Academic Skills Program replacing it with the Success Initiative for student assessment and developmental education. Senate Bill 286 will have a positive impact of \$3.4 million during the next biennium. The list below summarizes the major provisions of S.B. 286, and a more detailed discussion follows.

Sunset Provisions

1. Require the Coordinating Board to Annually Assess How Well Its Activities Support the Higher Education Plan, *Closing the Gaps*.
2. Require the Coordinating Board to Report Biennially to the Legislature on Changes to the Higher Education Funding System That Best Support the Higher Education Plan.
3. Repeal the Statutory Requirement for the Joint Advisory Committee and Establish the State P-16 Council in Statute.
4. Restructure Loan Forgiveness Programs Into Loan Repayment Programs.
5. Require the Coordinating Board to Conduct a Study of the Laws Relating to Student Financial Aid Programs and Report to the Legislature on Needed Changes.

6. Require the Coordinating Board to Distribute All Hinson-Hazlewood College Student Loan Funds Through the Texas Guaranteed Student Loan Corporation's EFT System.
7. Prohibit the Coordinating Board From Originating Any New, Independent FFELP Loans Through the Hinson-Hazlewood Program.
8. Reduce the Coordinating Board's Size From 18 to Nine Members.
9. Repeal Obsolete Statutory Language in the Education Code.
10. Require the Use of the Common Course Numbering System by All Institutions of Higher Education Under the Direction of the Coordinating Board.
11. Continue the Higher Education Coordinating Board for 12 Years.

Provisions Added by the Legislature

12. Repeal the Texas Academic Skills Program and Enact the Success Initiative for Student Assessment and Developmental Education.
13. Require Reporting by Higher Education Authorities and Certain Non-Profits.
14. Require Collection and Reporting of Institutional Performance Data.
15. Allow Research Project Confidentiality.
16. Establish a Doctoral Incentive Loan Repayment Program.
17. Establish Baccalaureate Degree Pilot Programs at Two-Year Institutions.
18. Evaluate the Feasibility of Mexican American Studies Programs at Two-Year Institutions.

Sunset Provisions

1. Require the Coordinating Board to Annually Assess How Well Its Activities Support the Higher Education Plan, *Closing the Gaps*.

Senate Bill 286 requires the Coordinating Board to periodically review and revise the state's higher education plan, *Closing the Gaps*, to ensure the plan reflects the continuing higher education needs of the state. The bill requires the agency to identify and communicate any policy changes necessary to improve the implementation of the plan, including an analysis of the degree to which the Board's current activities support the plan. The legislation also requires the agency to refocus its biennial higher education status report to the Legislature to be a report on the State's progress toward meeting the goals of the higher education plan, and the statutory changes necessary to assist this effort.

2. Require the Coordinating Board to Report Biennially to the Legislature on Changes to the Higher Education Funding System That Best Support the Higher Education Plan.

Senate Bill 286 requires the Coordinating Board to make a biennial evaluation of the adequacy of the current higher education funding system in supporting the state's higher education plan and submit recommendations for improvement to the Legislature. The bill requires the agency to focus on incentives that can be used within the funding system to encourage institutions to meet the goals of the plan and consider how well the funding system holds institutions accountable.

3. Repeal the Statutory Requirement for the Joint Advisory Committee and Establish the State P-16 Council in Statute.

Senate Bill 286 deletes the statutory requirement for the primarily inactive Joint Advisory Committee and formally creates the State P-16 Council in statute with specific duties, including those of the current Joint Advisory Committee. Specified duties include coordination on teacher recruitment and retention, adult education, and career and technology education and making recommendations to align curriculum and testing between secondary and post-secondary education. The bill specifies that the Council is composed of the Commissioner of Education, the Commissioner of Higher Education, the Executive Director of the Texas Workforce Commission, and the Executive Director of the State Board for Educator Certification.

4. Restructure Loan Forgiveness Programs into Loan Repayment Programs.

To reduce costs, S.B. 286 restructures as loan repayment programs the Teach for Texas Conditional Grant Program, Early Childhood Childcare Provider Student Loan Repayment Program, Part III of the Physician Education Loan Repayment Program, and the Conditional Loan Repayment Program for Attorneys Employed by the Office of the Attorney General. The bill requires the Coordinating Board to provide repayment of traditional student loans for participants who meet the individual program requirements. The bill allows the Coordinating Board to set the structure of repayments by rule and specifies that the new requirements do not apply to students currently funded by the programs.

5. Require the Coordinating Board to Conduct a Study of the Laws Relating to Student Financial Aid Programs and Report to the Legislature on Needed Changes.

Senate Bill 286 requires the Coordinating Board to evaluate improvements the Legislature could make to existing financial aid programs to maximize the benefits of the programs by reducing administrative burdens and increasing student access. The study should include recommendations for legislative action necessary to consolidate, expand, or otherwise modify existing programs. As part of its review, the Coordinating Board should include financial aid officers and student groups as resources.

6. Require the Coordinating Board to Distribute All Hinson-Hazlewood College Student Loan Funds Through the Texas Guaranteed Student Loan Corporation's EFT System.

Senate Bill 286 requires the Coordinating Board to allocate Hinson-Hazlewood loan funds to participating institutions of higher education through the Texas Guaranteed Student Loan Corporation's electronic funds transfer system. If not feasible, the bill allows an institution to request payments using alternate means.

7. Prohibit the Coordinating Board From Originating Any New, Independent FFELP Loans Through the Hinson-Hazlewood Program.

Senate Bill 286 prohibits the Coordinating Board from issuing new Federal Family Education Loan Program loans, except to students already participating in the Hinson-Hazlewood program. The Legislature added a provision that allows the agency to continue making FFELP loans if the Commissioner of Higher Education determines that market conditions warrant.

8. Reduce the Coordinating Board's Size From 18 to Nine Members.

Senate Bill 286 reduces the size of the Higher Education Coordinating Board to nine members, modifying the Sunset Commission's original recommendation of 15 members. The Governor will appoint one-third of the members every two years and the Board will continue to be composed entirely of public members.

9. Repeal Obsolete Statutory Language in the Education Code.

Senate Bill 286 repeals several obsolete provisions in the Education Code, including Subchapter Q, relating to the State Postsecondary Review Program.

10. Require the Use of the Common Course Numbering System by All Institutions of Higher Education Under the Direction of the Coordinating Board.

Senate Bill 286 requires the Coordinating Board to approve the common course numbering system already in use in the state to number and label courses taught at institutions of higher education and requires the institutions to use this numbering system in their course listings. The bill allows the Coordinating Board to exempt institutions from this requirement for good cause.

11. Continue the Higher Education Coordinating Board for 12 Years.

Senate Bill 286 continues the Coordinating Board for 12 years as an independent agency responsible for coordinating the State's system of higher education.

Provisions Added by the Legislature

12. Repeal the Texas Academic Skills Program and Enact the Success Initiative for Student Assessment and Developmental Education.

Senate Bill 286 repeals the Texas Academic Skills Program (TASP), created to assess entering college students to determine their skills in reading, writing, and mathematics and provide educational assistance needed to become college ready if deficiencies were identified. The bill replaces TASP with the Success Initiative to better identify entering students' skill deficiencies, especially any that indicate a low probability of success in freshman-level academic course work. This change allows institutions to address skill deficiencies in a flexible manner that best serves the needs of each student.

13. Require Reporting by Higher Education Authorities and Certain Non-Profits.

The Legislature added a provision that requires the Coordinating Board to collect and make available to the public information regarding higher education authorities and non-profit corporations serving as secondary markets for student loans.

14. Require Collection and Reporting of Institutional Performance Data.

The bill requires the Coordinating Board to publish certain performance data of general academic institutions on the agency's Internet site by March 1, 2005. The bill sets deadlines for institutions to report the information to the Board. The information includes such items as overall grade point average, enrollment percentages by ethnicity, retention of full-time students after completion of one academic year, and statistics regarding job placement rates.

15. Allow Research Project Confidentiality.

Senate Bill 286 establishes confidentiality provisions regarding information submitted as part of a pre-proposal or proposal related to the evaluation and selection of research projects funded by the Advanced Research Program and the Advanced Technology Program.

16. Establish a Doctoral Incentive Loan Repayment Program.

The bill requires the Coordinating Board to establish a doctoral incentive loan repayment program to increase the number of persons in faculty and administrative positions at institutions where those persons are in an underrepresented group. The program will be funded through a \$2 per semester credit hour set-aside from tuition of students enrolled in doctoral degree programs other than a law or health professional degree program.

17. Establish Baccalaureate Degree Pilot Programs at Two-Year Institutions.

The legislation requires the Coordinating Board to establish a pilot project for three two-year institutions to offer baccalaureate degree programs in the fields of applied science and technology. No college in the pilot project may offer more than five baccalaureate degree programs.

18. Evaluate the Feasibility of Mexican American Studies Programs at Two-Year Institutions.

The bill requires governing boards of junior college districts with a substantial and growing Mexican American population to evaluate the demand for and feasibility of establishing a Mexican American studies program or other course work.

Fiscal Implication Summary

Senate Bill 286 contains several provisions that will have a fiscal impact to the State. They are discussed below, followed by a five-year summary chart.

Eliminating the Joint Advisory Committee will result in a total annual savings of \$1,600 in reduced costs for travel and per diem of eight Board members. In addition, reducing the size of the Board will result in an annual reduction of approximately \$7,200 for Board member travel expenses.

Restructuring the Teach for Texas Conditional Grant program will generate initial savings of \$1.25 million in fiscal year 2004 and \$2.5 million in fiscal year 2005 as grants are discontinued and students have not yet met the service requirements for loan repayment. The restructuring will have a conversion cost of approximately \$138,000 in the first two years.

Allocating Hinson-Hazlewood funds through the Guaranteed Student Loan Corporation's electronic funds transfer process will slightly increase the cost of loan disbursements by a total \$55,000. Most of this cost will be offset by a savings of \$15,200 per year through the discontinuation of the issuance of paper checks.

Collecting and publishing performance data on the Internet will incur initial set-up costs of \$7,000, with maintenance costs of approximately \$1,500 each year thereafter.

Fiscal Year	Savings to the General Revenue Fund	Cost to the General Revenue Fund
2004	\$1,274,000	\$200,000
2005	\$2,524,000	\$194,500
2006	\$1,524,000	\$56,500
2007	\$1,324,000	\$56,500
2008	\$1,024,000	\$56,500

Implementation Results by Agency

Agency	Bill Number	Changes Required	Completed	In Progress	Not Implemented
Accountancy, Texas State Board of Public	HB 1218	17	14	3	
Administrative Hearings, State Office of	SB 1147	9	8	1	
Aerospace Commission, Texas	SB 275	1	1		
Architectural Examiners, Texas Board of	SB 283	23	23		
Bar of Texas, State	HB 599	14	14		
Court Reporters Certification Board	SB 273	19	18	1	
Dental Examiners, State Board of	SB 263	15	14	1	
Economic Development, Texas Department of	SB 275	8	7	1	
Engineers, Texas Board of Professional	SB 277	33	33		
Ethics Commission, Texas	HB 1606	51	50	1	
Funeral Service Commission, Texas	HB 1538	11	11		
Higher Education Coordinating Board, Texas	SB 286	26	21	5	
Housing Corporation, Texas State Affordable	SB 284	16	16		
Housing and Community Affairs, Texas Department of	SB 264	23	23		
Human Services, Texas Department of *	SB 285	8	4	4	
Land Surveying, Texas Board of Professional	SB 260	22	21	1	
Law Examiners, Board of	SB 266	11	11		
Licensing and Regulation, Texas Department of	SB 279	39	38	1	
Plumbing Examiners, Texas State Board of	SB 282	27	26	1	
Purchasing from People with Disabilities, Texas Council on	SB 261	11	8	3	
Tax Professional Examiners, Board of	SB 276	16	16		
Workforce Commission, Texas	SB 280	42	39	2	1**
Workforce and Economic Competitiveness, Texas Council on	SB 281	11	11		
Totals		453	427	25	1

* Separate legislation (HB 2292) transferred the Department of Human Services' responsibilities to the Health and Human Services Commission and Department of Aging and Disability Services.

** While in the TWC Sunset bill, this provision placed a requirement on the Texas Education Agency, which TEA has not implemented.