

Senate Higher Education Committee

Interim Report

December 2012

Please direct questions and comments to:

Senator Kel Seliger, Chair
Senate Higher Education Committee
P.O. Box 12068
Austin, Texas 78711
512/463-4788

Interim Report developed by:

Mark Kavanaugh, PhD, Senate Higher Education Committee Director
Sean Opperman, JD, Policy Analyst
Trevin Franklin, JD, Policy Analyst
Sarah Willcox, Committee Clerk

SENATOR KEL SELIGER, CHAIR
SENATOR BRIAN BIRDWELL, VICE CHAIR



SENATOR ROBERT DUNCAN
SENATOR JOAN HUFFMAN
SENATOR KIRK WATSON
SENATOR JEFF WENTWORTH
SENATOR ROYCE WEST
SENATOR JUDITH ZAFFIRINI

Senate Higher Education Committee

December 3, 2012

The Honorable David Dewhurst
Lieutenant Governor of Texas
P.O. Box 12068
Austin, Texas 78711

Dear Lieutenant Governor Dewhurst:

The Senate Higher Education Committee hereby submits our interim report, including recommendations to the 83rd Legislature.

Respectfully submitted,

Handwritten signature of Kel Seliger in black ink.

Senator Kel Seliger, Chair

Handwritten signature of Brian Birdwell in black ink.

Senator Brian Birdwell, Vice Chair

Handwritten signature of Judith Zaffirini in black ink.

Senator Judith Zaffirini

Handwritten signature of Royce West in black ink.

Senator Royce West

Handwritten signature of Robert Duncan in black ink.

Senator Robert Duncan

Handwritten signature of Jeff Wentworth in black ink.

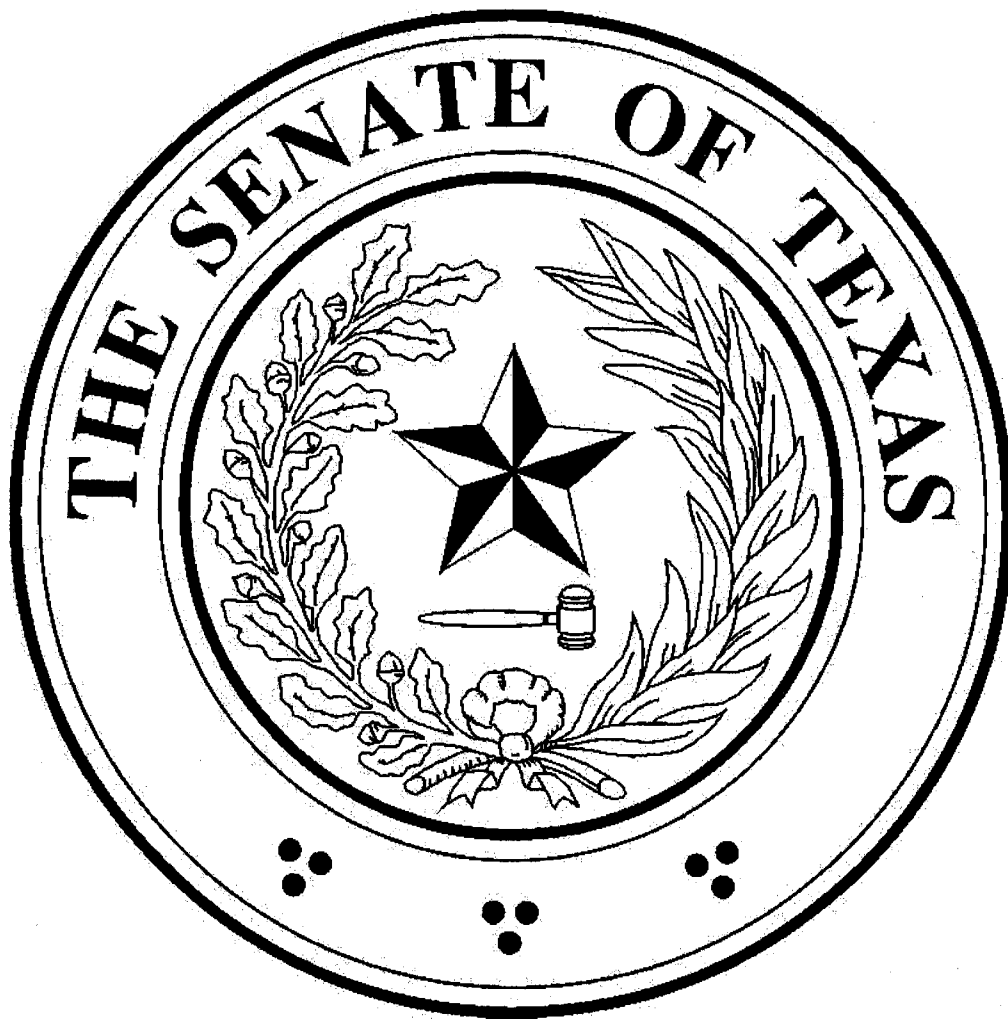
Senator Jeff Wentworth

Handwritten signature of Kirk Watson in black ink.

Senator Kirk Watson

Handwritten signature of Joan Huffman in black ink.

Senator Joan Huffman



Senate Higher Education Committee

Interim Report

December 2012

Contents

Acknowledgements.....	1
Introduction.....	3
Charge One. Financial Aid.....	7
Charge Two. Technology.....	17
Charge Three. Developmental Education.....	25
Charge Four. Transfer.....	35
Charge Five. Student Success.....	47
Charge Six. Capital Projects.....	N/A
Charge Seven. Texas State Technical Colleges.....	55
Charge Eight. Legislation Oversight.....	61
Letters from Members.....	69

Acknowledgements

The Senate Higher Education Committee thanks the following for their assistance during our interim hearings and contributions to the writing of this report:

Texas Higher Education Coordinating Board
Texas Public Universities and Systems
Legislative Budget Board

Patsy Spaw, Secretary of the Senate
Scott Caffey, Senate Committee Coordinator
Rick DeLeon, Senate Sergeant-at-Arms
Senate Publications and Printing
Texas Legislative Council
Senate Research Center

The report was made possible by the leadership of the Committee members and the contribution of their dedicated staff:

Mark Kavanaugh, Sean Opperman, Trevin Franklin, and Sarah Willcox,
representing Senator Seliger, Chair
Spencer Harris, representing Senator Birdwell, Vice Chair
Tracy Arámbula Ballysingh, representing Senator Zaffirini
Lajuana Barton and Susie Strzelec, representing Senator West
Porter Wilson, representing Senator Duncan
David Clark, representing Senator Wentworth
Susan Nold, representing Senator Watson
Patty Guerra and Austin Arceneaux, representing Senator Huffman
John Opperman and Caasi Lamb, representing Lieutenant Governor
Dewhurst

The Committee also appreciates the numerous stakeholders for their involvement in developing this report, especially those who provided testimony during public hearings.

Introduction

On February 29, 2012, Lieutenant Governor David Dewhurst issued the following eight interim charges to the Senate Higher Education Committee:

1. **Financial Aid.** Study and make recommendations regarding more cost-effective funding of financial aid, including ways to restructure financial aid programs to incentivize student success, particularly among low-income students, and the efficacy of current exemptions and waivers offered to students at institutions of higher education, including in-state tuition for undocumented students. Examine student loan debt, state and federal loan forgiveness programs, and institutional default rates.
2. **Technology.** Study and make recommendations regarding more effective means of using technology, including the effectiveness of online learning and online coursework for underprepared students. Examine the cost and funding of online education. Examine how electronic coursework and technology impacts students with disabilities, and make recommendations to ensure all students have access to electronic materials and courses. Review and make recommendations concerning statewide or inter-system cooperation for blended and online learning.
3. **Developmental Education.** Study developmental education programs in public higher education institutions. Include a demographic analysis of students who require developmental education, and identify alternative means of assessing the need for developmental education, the effectiveness of delivery of developmental education programs, and the role of P-16 councils in addressing solutions for better preparing students for higher education. Review alternative means of offering and financing developmental education courses and identify potential cost savings.
4. **Transfer.** Examine the existing transfer systems and the potential development of a 2+2 transfer system between public junior colleges and universities. Examine the transfer of credit between degree-granting private sector colleges, public junior colleges, and public universities. Examine the impact of national, regional, and professional accrediting associations on course credit transfer.

5. **Student Success.** Study and make recommendations regarding academic and non-academic barriers to non-traditional students, including students with disabilities. Focus on ways to restructure course and program delivery, student support services, financial barriers, and remediation and academic advising. Study and make recommendations to reduce time-to-degree, incentivize on-time graduation, and increase graduation rates to meet the goals of Closing the Gaps by 2015 and beyond.
6. **Capital Projects.** Study and make recommendations regarding the methods of financing capital projects at higher education institutions. Examine the levels of deferred maintenance, the impact of deferred maintenance on the ability to offer basic instructional services, and the methods used to finance deferred maintenance projects. Recommend alternatives for providing a structured and recurring funding mechanism more suited to the state's fiscal capacity and institutional needs. (Joint Charge with Finance Committee)
7. **Texas State Technical College System.** Consistent with the Texas Higher Education Coordinating Board's legislative directive to work with the Texas State Technical College System (TSTC) and other appropriate state agencies to develop a returned value funding model for TSTC, examine the benefits and challenges such an approach will have on technical education in Texas.
8. **Legislation Oversight.** Monitor the implementation of legislation addressed by the Senate Committee on Higher Education, 82nd Legislature, Regular and Called Sessions, and make recommendations for any legislation needed to improve, enhance and/or complete implementation. Specifically, monitor the following:
 - SB 5, relating to the administration and business affairs of public institutions of higher education;
 - SB 28, relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program;
 - HB 9, relating to student success-based funding;
 - HB 33, relating to measures to increase the affordability of textbooks used for courses at public or private institutions of higher education;

- SB 1107, relating to the vaccination against bacterial meningitis of entering students at public and private or independent institutions of higher education;
- HB 1000, relating to the distribution of money appropriated from the National Research University Fund.

Charge One--Financial Aid

Study and make recommendations regarding more cost-effective funding of financial aid, including ways to restructure financial aid programs to incentivize student success, particularly among low-income students, and the efficacy of current exemptions and waivers offered to students at institutions of higher education, including, in-state tuition for undocumented students. Examine student loan debt, state and federal loan forgiveness programs, and institutional default rates.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on September 12, 2012. The hearing included invited testimony from the following persons:

- Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board
- Dan Weaver, Assistant Commissioner, Business and Support Services, Texas Higher Education Coordinating Board
- Joseph Pettibon II, Associate Vice President for Academic Services, Texas A&M University and Chair, Texas Higher Education Coordinating Board's Financial Aid Advisory Committee
- Tom Melecki, PhD, Director of Student Financial Services, The University of Texas at Austin
- David Ximenez, Associate Vice Chancellor for Enrollment Services, Tarrant County College
- Jeff Webster, Assistant Vice President TG Research and Analytical Services, Texas Guaranteed Loan Corporation
- Minita Ramirez, PhD, Vice President, Division of Student Success, Texas A&M International University
- Chris Murr, PhD, Director of Financial Aid and Scholarships, Texas State University - San Marcos

Findings/Analysis

In general, witnesses agreed that financial aid is key to ensuring access and opportunity in higher education. As Texas begins to look past Closing the Gaps by 2015 and towards a new higher education initiative, ensuring that students have access to adequate and consistent financial aid will remain important.

According to Raymund Paredes, PhD, Commissioner of the Texas Higher Education Coordinating Board, average tuition and fees at Texas public institutions is at or below the national average. For community colleges, the statewide average is \$2,194 compared with a national average of \$2,794. For universities, the statewide average is \$7,004 compared with a national average of \$7,249. While being at or below the national average indicates that Texas is maintaining affordability, according to Dan Weaver, Assistant Commissioner for the Texas Higher Education Coordinating Board, approximately 60 percent of the students in K-12 are considered poor, suggesting that the needy population of Texas is much greater than in many other states. This requires that the state and public institutions maintain a focus on low-tuition and adequate financial aid.

As noted by Dr. Paredes, several state financial aid programs were subject to reductions in state funding between 2010-2011 and 2012-2013. For example, the TEXAS Grant program was reduced from \$622 million to \$559.7 million (10 percent); the Top 10 Percent Scholarship was reduced from \$51.5 million to \$39.6 million (23.1 percent); B-on-Time was reduced from \$157.1 million to \$112 million (28.7 percent); and the Texas Equalization Grant was reduced from \$211.8 million to \$168.8 million (20.3 percent). Both the Texas College Work-Study program (\$15 million) and the Texas Educational Opportunity Grant (\$24 million) received level funding. The reductions for the 2012-2013 biennium come after nearly a decade of significant state investment in financial aid. This increase, however, also came during a time when higher education enrollment increased to all-time highs, spreading the financial aid dollars among an increasing number of students.

Invited witnesses testified to various proposals intended to modify several state financial aid programs, specifically TEXAS Grants, B-on-Time, and the Texas Educational Opportunity Grant. In general, the various policy proposals come down to a discussion of more financial aid dollars to fewer students and greater

central coordination of those dollars versus more dollars to fewer students and greater institutional autonomy.

Dr. Paredes provided the Coordinating Board's proposal to modify TEXAS grants. He stated that the proposal seeks to alter the program from one based on the average total cost of attendance to covering only academic costs. In essence, living expenses, whether in residence halls or in private residences, would no longer be considered when institutions award TEXAS grants to students. This would reduce the average TEXAS grant from approximately \$5,000 to \$3,000. Additional proposed changes include capping TEXAS grant eligibility to 8 semesters, requiring full time enrollment, creating TEXAS grant pathways for all transfer students, and eliminating the requirement for institutions to make up the difference between TEXAS grants and the cost of attendance via grant aid. According to Dr. Paredes, this model would allow the state to provide TEXAS grants to 95 percent of eligible students.

Mr. Weaver testified to a proposal to change the B-on-Time Student Loan Program. In general, the proposal would allow institutions to retain the set-aside funds collected currently for the B-on-Time program. The funds would be awarded to students who graduate timely (usually in four years) and with a B-average in the form of a tuition rebate. The program essentially would divide money collected via the tuition set-asides by the number of eligible graduates, and award it to the graduates who met the criteria. This proposal, according to Mr. Weaver, would alleviate some of the funding concerns associated with B-on-Time as currently structured. He noted that in its current form, it takes tuition set-asides from approximately 65 students to fund one student for one year. To offset concerns that this would impact students' access to higher education, Mr. Weaver and the Coordinating Board are recommending the creation of a new student loan program that would be zero interest while the student is enrolled. After graduation, the interest rate would increase to 6.8 percent and it would be treated similar to other state loan programs.

Regarding in-state tuition to undocumented persons, the Coordinating Board provided a three page overview of the definition of resident and how that definition impacts the providing of in-state tuition. The policy decision to provide undocumented students with in-state tuition arose in large part due to an impasse at the federal level relating to comprehensive immigration reform, including border security. It is likely that legislation may be filed to address this issue. Both U.S.

residents and undocumented persons can qualify for the receipt of in-state tuition provided that they meet the definition of the term resident. To do so, the student must live in the state for three years prior to graduating from high school or receiving a GED. For undocumented persons, they also must complete an affidavit indicating an intent to apply for permanent resident status. In FY 2010, 16,476 students (approximately 1 percent of total enrollment) received in-state tuition under this definition of the term resident and 12,028 (or 73 percent) attended community colleges. Of the total population of the students qualifying for in-state tuition using this definition of resident, 2,495 students received 2,681 state funded financial aid awards. It currently is estimated that these awards were funded by \$9.53 million in state general revenue. The Coordinating Board estimates that approximately \$32.7 million in tuition and fees were paid by these students.

Joseph Pettibon II, Associate Vice President for Academic Services, Texas A&M University provided testimony in his capacity as Chair of the Texas Higher Education Coordinating Board's Financial Aid Advisory Committee. He stated that much of the work the Committee has done during the previous year has been on the proposed changes to financial aid, and specifically TEXAS grants. He noted that there were two overwhelming sentiments from the financial aid officers who sit on the Committee. First, there is no substitute for increased funding for financial aid. Second, the state has not implemented the Priority Model (passed as SB 28 in 2011) and there is a general sense that it would be advantageous to determine how these changes will impact the TEXAS grant program before further changes are implemented.

Regarding potential changes, Mr. Pettibon stated that TEXAS grants does not serve transfer students from community colleges adequately. If a student does not receive a TEXAS grant when he or she first enrolls at a community college or if he or she does not graduate with an Associate's degree, he or she is not eligible to receive it upon transfer to a four-year institution. While there is not total agreement regarding how to treat these transfer students, current consensus is to base the eligibility requirements on the renewal requirements for a TEXAS grant, specifically a cumulative 2.5 GPA and 24 semester credit hours earned in the previous academic year. Mr. Pettibon notes that the lack of eligibility for transfer students may be part of the reason that transfer students graduate with the same amount or more debt than native students. Relating to renewal students, there currently is no Expected Family Contribution (EFC) cap for renewal students, meaning that even though financial aid circumstances have improved, a student

may be eligible to continue to receive the grant. Mr. Pettibon's recommendation is to attach an EFC cap for TEXAS grant renewal students.

Tom Melecki, PhD, Director of Student Financial Services, The University of Texas at Austin also provided testimony, primarily from the perspective of The University of Texas at Austin. He noted that there are many expenses that a student must incur, such as living expenses or books that are outside of the control of institutions. These expenses vary widely by the location of the institution and whether it is in a high or low cost of living area. He recommends three goals. First, that the students have the means to cover tuition and their living expenses, that the state promote four-year graduation, and encourage as little "off-campus" work as possible. He does not recommend that the state change TEXAS grants in a way that would decrease the maximum amount of the grant, and that institutions be allowed to set a maximum amount that best reflect the needs of the individual students. In terms of B-on-Time, Dr. Melecki notes that approximately 60 percent of the B-on-Time borrowers at The University of Texas at Austin have qualified for forgiveness, meaning that these students graduated in four-years with a B-average. He stated that while the program has been a success at his institution, there may be room for a pilot project that would allow the university to forgive federal unsubsidized loans for eligible undergraduates that complete 15 semester credit hours per semester. This, according to Dr. Melecki, would save the students a significant amount of money when they start repaying the loan, while expanding the program's benefits to more users.

David Ximenez, Associate Vice Chancellor for Enrollment Services, Tarrant County College provided testimony from a community college financial aid officer's perspective. Mr. Ximenez provided several recommendations regarding state financial aid programs. He noted that it would be beneficial to allow community colleges to move funds from the B-On-Time program to TEXAS grants since many community colleges do not use the B-On-Time funds appropriated to those institutions. He noted also that community colleges should be allowed to use grants as incentives for early enrollment and completion of the relevant financial aid forms. Mr. Ximenez testified also that the Top 10 Percent Scholarship continue to be merit based but all other financial aid programs be need-based. Additional recommendations included, allowing Texas Educational Opportunity Grants and work-study funds to be interchangeable, requiring financial need for work-study, and allowing community colleges to partner with area businesses to use the Work-Study program.

Jeff Webster, Assistant Vice President TG Research and Analytical Services, Texas Guaranteed Loan Corporation was the first witness to testify from Panel Two. He noted that student loan debt nationally recently exceeded \$1 trillion and was spread among 37 million current and former students. Regarding Texas, Mr. Webster stated that, compared with other states, Texas relies more heavily on federal student financial aid. Specifically, 85 percent of student aid in Texas comes from the federal government compared with 77 percent nationally. Texas students also rely disproportionately on student loans, with 60 percent of the aid in Texas being student loans, compared with 54 percent nationally. Concerning student loan defaults, the rates vary significantly by institutional sector. Specifically, FY 2008 three-year cohort default rates for Texas institutions ranged from 9.0 percent for four-year private institutions to 29.9 percent for proprietary institutions. In Texas, there are 106 schools with default rates of 20 percent or higher and 27 percent of students attend one of these schools. A key predictor of default is whether the student graduates. For students who do graduate, the default rate is 3.6 percent while for those who do not earn a credential, the rate is 13.9 percent.

Minita Ramirez, PhD, Vice President, Division of Student Success, Texas A&M International University provided testimony regarding some of the policies in place to limit default rates and financial aid programs to low-income students. She noted that students attending Texas A&M International University increasingly have relied on student loans in previous years, which mirror trends at other institutions. In her recommendations, Dr. Ramirez requested that TEXAS grants continue to be funded and for additional help in promoting and funding the B-on-Time Student Loan Program. Similar to previous witnesses, Dr. Ramirez noted that the Priority Model had not yet been adopted and recommended that no further significant changes be made to TEXAS grants until such time as the impact of the Priority Model could be determined. She notes that the suggestions of major changes impact students' perceptions of the availability of state financial aid programs.

Chris Murr, PhD, Director of Financial Aid and Scholarships, Texas State University - San Marcos addressed student loan indebtedness as related to Texas State University. He noted that according to new data from the U.S. Department of Education, the Texas State University default rate would increase by as much as 3 percentage points compared to the previous year. While this figure is still below the national average, any increase is of concern to the institution. To offset these increases, Dr. Murr recommended that the state and institutions enhance financial literacy and outreach programs to ensure that students understand the impact of

borrowing. He additionally noted that by decreasing students' time-to-degree, the amount of loans borrowed decreases. There also are improvements that can be made in intrusive counseling with students before they borrow.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding financial aid to the 83rd Legislature:

01. In considering funding financial aid, the Legislature should prioritize TEXAS grants.
02. The Legislature should limit significant changes to TEXAS grants until the Priority Model has taken effect and research is conducted to determine its effectiveness.
03. An Expected Family Contribution (EFC) cap should be placed on all need-based financial aid programs for renewal students.
04. Financial aid officers should be provided maximum flexibility in awarding TEXAS grants so long as the policy is consistent with ensuring low-income students receive funding.
05. The Legislature should fund B-on-Time consistently.
06. The Legislature should consider policies to hold all institutions accountable for excessive default rates.
07. The Legislature should amend the Texas Guaranteed Student Loan Corporation statute to authorize TG to participate in the Federal Direct Loan Program.
08. The Legislature should expand the Texas Work-Study program.
09. Until current financial aid programs are funded fully, the Legislature should not create any new financial aid programs, waivers, or exemptions.
10. The Texas Higher Education Coordinating Board should implement strategies to inform middle and high school students about relevant student financial aid programs, including B-on-Time.
11. Financial aid officers should be encouraged to inform students about state and federal student loan forgiveness programs.

Charge Two--Technology

Study and make recommendations regarding more effective means of using technology, including the effectiveness of online learning and online coursework for underprepared students. Examine the cost and funding of online education. Examine how electronic coursework and technology impacts students with disabilities, and make recommendations to ensure all students have access to electronic materials and courses. Review and make recommendations concerning statewide or inter-system cooperation for blended and online learning.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on June 20, 2012. The hearing included invited testimony from the following persons:

- Mark Milliron, PhD, Chancellor, Western Governors University-Texas
- C. Sidney Burrus, PhD, Professor Emeritus of Engineering and Senior Strategist for Connexions, Rice University
- David Gardner, PhD, Deputy Commissioner for Academic Planning and Policy, Texas Higher Education Coordinating Board
- James D. Spaniolo, JD, MPA, President, The University of Texas at Arlington
- Darcy Hardy, PhD, Former President, U.S. Distance Learning Association and Former Appointee to the Office of the Assistant Secretary for the Employment and Training Administration, U.S. Department of Labor
- Paula Nichols, EdD, Executive Director of Distance Learning, Lamar University

Findings/Analysis

Online learning currently is being utilized at most higher education institutions in Texas. For example, higher education institutions capture lectures through video and archive them on the web, homework may be submitted online, and online learning systems are utilized to distribute digital content. Higher education institutions and state agencies still are determining the effectiveness of online learning and whether it reduces costs for students or the state. Many experts agree that, although online learning may be effective and useful for some students, it may not be effective for others. As noted during the testimony, there were several recommendations for legislation to improve online education and the use of technology.

James D. Spaniolo, JD, MPA, President, The University of Texas at Arlington, recommended that higher education institutions embrace a diversified strategy to educate students, including offering more courses and degrees online. Higher education institutions can reach a wider demographic of students by utilizing online learning because it increases access to courses and can allow the creation of new degree programs. Mark Milliron, PhD, Chancellor, Western Governors University-Texas, concurred that higher education institutions should embrace a new generation of learning that leverages new resources to help all students make the most of their time in higher education. Often, higher education institutions focus their policy discussions on traditional students, however, Texas should embrace a robust learning infrastructure for all of its students. Dr. Milliron believes with the rapidly changing student demographic, online and blended learning formats increasingly are essential to higher education. Online and blended learning initiatives can serve more students because each student's need and situation are different. Online learning can be beneficial to students with jobs or who have children because it enables them to work at their own pace. However, most experts agree that online learning is not effective for all students.

David Gardner, PhD, Deputy Commissioner for Academic Planning and Policy, Texas Higher Education Coordinating Board, recommended that higher education institutions use quality open educational resources to supplement textbooks. C. Sidney Burrus, PhD, Professor Emeritus of Engineering and Senior Strategist for Connexions, Rice University, further added that open textbooks enable students to interact with the course material. Dr. Burrus noted that user-friendly formats may enhance different learning styles. Although online learning may provide more

accessibility to resources for students, there are still questions about whether it actually improves students' ability to learn.

Dr. Milliron noted that Western Governors University-Texas has embraced digital coursework to reduce costs and increase quality in three ways. First, Western Governors University-Texas constantly is curating high quality digital learning resources from publishers, corporate learning resources, and open content providers and tying them to assessment outcomes. Second, Western Governors University-Texas charges a once-a-term content resource fee. This one-time fee provides students access to content for all of their coursework so that students do not have to purchase books for each course. Finally, Western Governors University-Texas enables its students to access these resources on a variety of hardware platforms, including mobile devices. Dr. Milliron believes these initiatives enhance their students' learning experience while reducing the costs of higher education.

Paula Nichols, EdD, Executive Director of Distance Learning, Lamar University, noted that one of the fallacies about online learning is the belief that it is the "silver bullet" that will increase revenues without increasing instructional costs. Dr. Nichols explained how Lamar University has attempted to utilize technology by seeking new ways of teaching that enhance learning and capitalize on the capabilities of technology. In taking this approach, Dr. Nichols noted that there are cost savings for both institutions and students. She asserted that traditional costs for institutions, such as the need for classroom space and utilities, are reduced through online education. Further, Dr. Nichols noted that students enrolled in online education do not have to travel to campus or find childcare. These are just a few examples of the reduced costs to students that may result from online education.

However, Dr. Nichols noted that online education may also increase costs. There are considerable start-up costs for institutions to set up online courses. Dr. Gardner agreed that the design and delivery of online education can be costly if innovative approaches to cut costs are not used. Higher education institutions must ensure they have sufficient instructional design services and support for each online course. Institutions must provide sufficient technology and invest in course development to ensure the online courses remain relevant and up-to-date. Dr. Nichols noted students also may incur increased costs in taking online courses. Students enrolled in online courses will need access to technology and high-speed

Internet. This may require students to purchase new products or services to access course materials. Because online education is in the developmental stage at many institutions, it is unclear whether this new learning approach will provide cost savings to higher education institutions and students.

Dr. Gardner noted that online education can improve and ensure accessibility for all students, including those with disabilities. Dr. Nichols agreed that online learning provides access to higher education that is particularly suited to the needs of students with disabilities. For example, a student with a mobility issue faces challenges when on-campus courses are scheduled in a variety of locations and only provide a short time frame between each class. Online courses can eliminate certain issues students with disabilities may have. Additionally, students with auditory disabilities can participate directly in an online class instead of through the interpreter required in a face-to-face setting, giving them the independence to pursue learning at their own pace. At Lamar University, Dr. Nichols noted that it has a higher than average number of students with auditory disabilities due to the welcoming campus culture resulting from their doctoral program in Deaf Studies and Deaf Education. Dr. Nichols asserted that this program would not be as successful without online learning and the accessibility it provides to students.

Although online courses may provide many students with disabilities higher education opportunities that may not previously have been available, there still are concerns whether all online courses are accessible. Many online courses are not fully compliant with The Americans with Disability Act of 1990. Further, many faculty members do not have the appropriate training to create accessible course content in a variety of formats. Dr. Burrus noted that many of the open textbooks available online are not yet accessible in a variety of formats. This presents concerns as certain forms of online education are not accessible to all students.

Some experts believe that developing multi-campus, collaborative online degree programs is the next opportunity to advance online education. Darcy Hardy, PhD, Former President, U.S. Distance Learning Association and Former Appointee to the Office of the Assistant Secretary for the Employment and Training Administration, U.S. Department of Labor, noted that there are several benefits to designing and developing inter-system and/or interstate collaborative programs, including: (1) cost savings, (2) efficiencies of scale, (3) lower individual campus development burden, (4) faster time to market, and (5) stronger relationships across participating institutions. However, Dr. Hardy noted that there also are challenges

involved to build these types of programs. Participating institutions must agree upon a curriculum, course development and delivery, and to offer the program even though the student may only enroll in a limited number of courses from the institution granting the degree. Further, students enrolled in collaborative programs must be able to take courses from multiple institutions without being admitted in a traditional manner.

Currently, many state policies and funding models do not promote inter-institutional collaboration. It may be difficult to get institutions to collaborate together when these institutions are competing for the same students. Although interstate or inter-system cooperation for online learning may seem appealing in theory, there are many issues including accreditation, institutional autonomy, or shared governance that should be addressed before implementation.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding technology to the 83rd Legislature:

01. Higher education institutions should work with program developers to ensure online courses and online educational platforms are available to students with disabilities in a format that they can access.
02. Higher education institutions should continue to monitor the effectiveness of online learning and the financial impact it may have on students and higher education institutions.
03. Higher education institutions should work with publishers, corporate learning resources, and open content providers to use quality open educational resources to supplement textbooks when appropriate.
04. The Legislature should direct the Higher Education Coordinating Board to work with institutions of higher education to study the current information technology infrastructure of colleges and universities.

Charge Three--Developmental Education

Study developmental education programs in public higher education institutions. Include a demographic analysis of students who require developmental education, and identify alternative means of assessing the need for developmental education, the effectiveness of delivery of developmental education programs, and the role of P-16 councils in addressing solutions for better preparing students for higher education. Review alternative means of offering and financing developmental education courses and identify potential cost savings.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on June 20, 2012. The hearing included invited testimony from the following persons:

- Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board
- Suzanna Morales-Vale, PhD, Director of Developmental Education, Texas Higher Education Coordinating Board
- Cynthia Ferrell, PhD, Director, Texas Developmental Education Initiative State Policy Team
- Bill Holda, EdD, President, Kilgore College
- Selina Vásquez Mireles, PhD, Professor, Department of Mathematics and Doctoral Program in Developmental Education, Texas State University - San Marcos
- John Fitzpatrick, State P-16 Council Member and Executive Director, Educate Texas

Findings/Analysis

The 82nd Legislature passed several key pieces of legislation that impacted developmental education in Texas and expanded upon the framework laid out during the 81st Legislative Session. Testimony focused primarily on scaling best practices and recommendations for legislation to improve the effectiveness and implementation of legislation passed by the 82nd Legislature.

Senate Bill 162 directed the Texas Higher Education Coordinating Board to develop a statewide developmental education plan that would build upon the goals of the previous 2009 Statewide Developmental Education Plan. Specifically, the 2012-2017 Developmental Education Plan, was designed to serve students who require developmental education in an effective and cost-efficient manner. The 82nd Legislature also passed House Bill 1244 and House Bill 3468 to improve developmental education.

Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board testified that 86 percent of students requiring developmental education are enrolled at two-year colleges compared with 14 percent being enrolled at universities. Accordingly, SB 162 assigned primary responsibility and oversight for implementing developmental education programs to two-year colleges.

Dr. Paredes noted also that of the students enrolling at community or technical colleges directly from high school, 49.5 percent of them met Texas Success Initiative (TSI) standards and were deemed college ready. This compares to 28.8 percent of students enrolling not directly from high school meeting TSI standards in 2010. Students who do not meet TSI standards require developmental education to make them college-ready. Dr. Paredes broke this data down further by noting that in 2010, the racial and ethnic makeup of students who receive developmental education varied widely. The data suggest that minority ethnic groups enrolling in community or technical college straight from high school are considerably more unprepared than their peers. Due in part to Texas' changing demographics, this remains a key public policy concern.

The Academic Excellence Indicator System 2010 data derived from the Office of the State Demographer and from the Texas Education Agency (TEA) outlines the number of students who are not college-ready by ethnicity and region. The TEA utilizes six indicators to determine whether students are college-ready. Utilizing

these indicators, the Texas student population not college ready was determined by finding the difference between the total student population (the 2010 graduating high school class) included in each College Readiness Indicator and subtracting the number of students labeled as college-ready by the TEA. General findings from this data show a high percentage of economically disadvantaged students are not college ready.

Bill Holda, EdD, President, Kilgore College noted that there are many reasons for student success in the process of transitioning from high school to higher education. Specific areas of concern are high school preparation, disconnect between high school graduation standards and college readiness, instructional design, delivery, options, and providing students with incorrect pathways.

Dr. Holda's testimony focused on pathways as a mode for assessing and addressing the different needs of the developmental education student population. He stated that pathways can either promote or hinder students' success based on availability/unavailability of an Adult Basic Education pathway for students who are not ready for developmental education studies. Dr. Holda's policy recommendation is that Texas fund an adult basic educational pathway for those students who are not ready for developmental education courses. He believes this will increase the performance rate of all developmental education students since it separates the students who are struggling through developmental education courses. Additionally, by providing multiple pathways, students can move more quickly through developmental education studies to employment and certificate programs, or transfer to a technical school, community college, or university. By clearly outlining the different options for developmental education students (many of whom may not be interested in getting a bachelor's degree), they are better able to make informed decisions about the courses they need to take to move through the educational system more quickly.

As an alternative way to offer developmental education, Dr. Holda spoke on the New Mathways Project, which is the Charles Dana Center's vision for a systematic approach to improve student success and completion. He noted, mathematics has been the burial ground for many students. He has found that regardless of a student's individual aspirations, the underlying problem for many of them is mathematics. His proposal is to establish the New Mathways Project in community colleges. This program implements three mathematics pathways and a supporting student success course. The mathematic pathways are rigorous and offer different

options for students depending upon their program of study, and future jobs. Basic math is an important skill to master regardless of one's profession, so providing different areas of mathematics for students at an accelerated rate may allow them to become more productive members of society. Furthermore, these courses are not designed to reteach students what they should have learned in high school, but rather teach shortened courses focusing on the information each student needs.

Dr. Holda also made a significant point regarding developmental education students and financial aid. Students who are not properly prepared for credit-bearing classes and do not perform well, end up on financial aid warning and/or suspension. If those students are unable to improve their grades, they will lose their financial aid and may not be able to continue in their education. Additionally, some of those students have already accrued debt from their education and will now have difficulty paying back those loans since they did not earn a certificate or degree. This only contributes to the growing financial debt impacting many students across the state and nation.

Suzanne Morales-Vale, PhD, Director of Developmental Education, Texas Higher Education Coordinating Board testified that to teach developmental education effectively to students, it is necessary to use innovation, acceleration, and utilize support services. Dr. Morales-Vale notes that effective strategies outlined by the Coordinating Board are to: increase opportunities for faculty professional development, create a comprehensive and coordinated Adult Basic Education strategy, continue to pursue accelerated options and non-course based options, scale best practices as demonstrated by the Developmental Education Demonstration Projects, and align funding for community colleges with educational milestones. With all of these initiatives being carried-out at selected community colleges across Texas, it will be important to monitor carefully their success and to continue to scale best practices on more community college campuses.

One point in particular Dr. Morales-Vale made is that an advising rule for developmental education placement tests should be adopted. It was noted that since the 82nd Legislative Session, the Coordinating Board has not adopted advising guidelines for developmental education placement tests. This proposal was passed by the 82nd Legislature in the General Appropriations Act, Section 52 (Rider 52) that appropriated \$2 million in general revenue for Fiscal Years 2012 and 2013 to implement and support projects demonstrated to support and improve

developmental education at community and technical colleges. Upon further discussion, it was concluded that an advising rule would be recommended at the Coordinating Board's July 23, 2012 meeting and expedited through the adoption process in the Fall of 2012.

Dr. Morales-Vale also testified on the Coordinating Board's options for offering developmental education that would also possibly reduce funding costs. The Developmental Education Demonstration Projects implement thorough advising systems that provide students with clear pathways to career and college, as well as, accelerated learning models with integrated course options, and combined reading and writing courses. This allows students to attain their degrees faster, which reduce costs. Dr. Morales-Vale also spoke on the statewide and national success of blended models of taking developmental education courses (non-course competency-based education) with credit-bearing courses, especially for students who fall right on the edge of developmental education and college readiness. Developmental Education Summer Bridge Programs are another method of getting students the developmental education courses they need quickly. Currently, over 45 percent of institutions are utilizing non-course competency-based options for their developmental education students, and the Coordinating Board's goal is that in the spring of 2013, 100 percent of institutions will be offering these initiatives.

Selina Vásquez Mireles, PhD, Professor, Department of Mathematics and Doctoral Program in Developmental Education at Texas State University - San Marcos provided invited testimony on an alternative way to assess students needing developmental education. She suggested using placement test scores such as the Texas Higher Education Assessment (THEA) or the Learning and Studies Strategies Inventory (LASSI), which measure learning and study strategies. Also, she recommended using the Measurement and Research Services (MARS) scores, which measure mathematics anxiety, as well as grade point average, TSI scores in mathematics, reading, and writing, looking at mathematics course history, and SAT and ACT test scores. By using multiple methods to profile students, developmental educators are better able to determine students' strengths and weaknesses.

Dr. Mireles provided testimony on the Fundamentals of Conceptual Understanding and Success (FOCUS) model as a different way to offer developmental education. The FOCUS model is designed to be more "student centered" in the delivery of instructional methods. Specifically, the FOCUS model provides just-in-time

remediation in content (developmental mathematics), content-specific support (learning support), and academic support (college going and success) to students while they are enrolled in credit-bearing college courses. This program is cost effective because it allows students to receive college credit, allowing them to earn their degree faster, while getting the developmental education and guidance they need to be successful in those courses. All aspects of this program are research-based instructional best practices. Dr. Mireles' legislative recommendation is that all higher education institutions offer an "eclectic" developmental education program, such as the FOCUS program.

John Fitzpatrick, State P-16 Council Member and Executive Director of Educate Texas testified on the role of P-16 councils in connecting K-12 schools to institutions of higher education at local and regional levels. He spoke on the work of P-16 councils to connect community colleges and universities directly with school districts and school boards to increase postsecondary enrollment and completion. Mr. Fitzpatrick's policy recommendation is that the Legislature establish a seal of approval and report card system for measuring the success of developmental education initiatives. There are 27 different developmental education initiatives being used by Texas colleges, so by developing a measurement system, it would allow institutions to more easily replicate successful initiatives.

Mr. Fitzpatrick provided three additional policy recommendations on behalf of the P-16 councils that would enhance their work in communities. First, he suggested more data be collected and provided to school districts about where students are going after graduation, whether it is to a technical college, community college, or a university. Most regional and local colleges and universities get their students from schools in the area, so by tracking where students are going upon graduation from high school, more communication can occur between those institutions. Secondly, have P-16 councils shift their goals from general student success to specific outcomes. For example, math faculty at colleges and universities should communicate and set goals with high school math departments to allow education to be streamlined, which will better prepare students for their education after high school. Finally, he suggests leveraging local success and allowing different P-16 council regions the flexibility to implement programs that work best for their region while still maintaining common goals for success.

Cynthia Ferrell, PhD, Director, Texas Developmental Education Initiative State Policy Team provided invited testimony on the work of the Texas Leadership Team, which was established to collaborate on best-practices in developmental education among all 50 Texas community colleges. Their focus is to scale faculty-identified promising practices and data to improve developmental education across the state while also providing guidance and leadership on these measures.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding developmental education to the 83rd Legislature:

01. The Legislature should establish a report card system for measuring the success of developmental education initiatives.
02. P-16 councils should shift their goal from general student success to specific outcomes.
03. The Texas Higher Education Coordinating Board should collaborate with the Texas Education Agency to collect data, at the district level, regarding where high school graduates are attending higher education.
04. An Adult Basic Education program should be established at institutions offering developmental education for those students needing additional educational support.
05. The Legislature should continue to monitor the results of newly established developmental education programs in institutions of higher education and scale best practices to all campuses across the state.

Charge Four--Transfer of Credit

Examine the existing transfer systems and the potential development of a 2+2 transfer system between public junior colleges and universities. Examine the transfer of credit between degree-granting private sector colleges, public junior colleges, and public universities. Examine the impact of national, regional, and professional accrediting associations on course credit transfer.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on April 11, 2012. The hearing included invited testimony from the following persons:

- Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board
- Marc Cutright, EdD, Associate Professor, Department of Counseling and Higher Education, the University of North Texas
- Martha Ellis, PhD, The University of Texas System, Associate Vice Chancellor for Community College Partnerships
- Dana Gibson, D.B.A., President, Sam Houston State University
- Richard Rhodes, PhD, President, Austin Community College
- Joe Fisher, President and CEO, Hallmark College System and Legislative Committee Chair, Career Colleges and Schools of Texas
- MacGregor Stephenson, PhD, Assistant Commissioner, Workforce, Academic Affairs, and Research, Texas Higher Education Coordinating Board
- Karan Watson, PhD, Provost and Executive Vice President for Academic Affairs, Texas A&M University
- Anthony S. Bieda, Director of Regulatory Affairs, Accrediting Council for Independent Colleges and Schools

Findings/Analysis

As the cost of attendance to four-year universities increases, state support decreases, and enrollment grows, community colleges likely will continue to be a primary point of entry for many Texas students. For students who are academically inclined, it is important to ensure that the transfer of credit between institutions, particularly between community colleges and four-year universities, is as seamless as possible. This not only decreases the cost to the student by minimizing the need for taking a course multiple times, but also lowers the cost to the state related to funding these courses.

As noted by Raymund Paredes, PhD, Commissioner, Texas Higher Education Coordinating Board, Texas is one of nine states where community college enrollment exceeds 50 percent of total undergraduate enrollment and the percentage of Hispanics and African Americans make up over 50 percent of students enrolled in community colleges. What's more, a higher number of high achieving students are utilizing community colleges as an entry point into higher education. One reason for the increase in the enrollment in community colleges may be that public community colleges cost approximately one-third of that of public universities. This factor is especially relevant given the high percentage of Texas' poor population and the rise in dual credit courses being provided by community colleges.

The October 2011 Community College Transfer Student Report, required by Rider 55 of SB 1 of the 81st Legislative Session provides a significant amount of information regarding the transfer of credit between Texas community colleges and general academic institutions. Rider 55 required that an annual report be developed to assess each institution's existing academic and technical transfer pathways, identify each institution's barriers to transfer, and define emerging issues. What's more, the Texas Higher Education Coordinating Board is required to provide performance data by institution (application rates, admission rates, financial aid awarded, time-to-degree, and baccalaureate completion rates) of transfer and native students by program completion at community colleges and universities during the preceding fiscal year.

Students who were Juniors in 2006 were tracked for 4 years for this study and it compared the average completion rate, average time-to-degree, and average

number of semester credit hours attempted for university native students with community college transfer students.

The statewide average completion rate for university native students was 83 percent compared to 67 percent for community college transfer students. The universities with the greatest disparity between the completion rates for native and transfer students are: Texas Southern University (-31 percent), Texas A&M - Corpus Christi (-25 percent), the University of Houston (-24 percent), and The University of Texas at Dallas, Lamar University, and the University of North Texas at Dallas (-21 percent). The universities with the smallest difference are: The University of Texas Pan American (-1 percent), the University of Houston - Downtown (-2 percent), Prairie View A&M (-2 percent), the University of Texas at Brownsville (-3 percent) and Texas A&M University (-4 percent). The university native student rate ranged from a high of 93 percent at Texas A&M University to a low of 60 percent at Texas Southern University. The community college transfer student rate ranged from a high of 89 percent at Texas A&M University to a low of 29 percent at Texas Southern University. Taken together, these figures suggest that while there may be differences between the success rates of transfer and native students, the variation likely may be due to student selection or institution type.

The average time-to-degree (in years) for native students was 5.37 compared with 7.45 for community college transfer students. The universities with the greatest difference between community college transfer students and native students in time-to-degree (in years) are: Texas A&M - Kingsville (+3.53), Texas A&M - Corpus Christi (+3.23), Prairie View A&M (+3.22), Texas A&M International University (+2.78), and Texas Woman's University (+2.64). The universities with the lowest difference between community college transfer students and native students in time-to-degree are: Texas A&M University (+.78), Texas Tech University (+1.12), Lamar University (+1.24), The University of Texas at Brownsville (+1.25), The University of Texas at Austin (+1.41), and Texas State University - San Marcos (+1.52). The university native student rate ranged from a high of 6.54 at the University of Houston - Downtown to a low of 5 at The University of Texas at Austin. The community college transfer student rate ranged from a high of 9.4 at Texas A&M University - Kingsville to a low of 5.5 at Sul Ross State University. While it could be argued that the significant disparity in time-to-degree between native and transfer students could be due to the transfer

students not being granted credit for their transfer courses, this may not be the case and more data are needed.

The argument that transfer students lose a significant amount of course credit upon transfer is rebutted by the data regarding average number of semester credit hours attempted. Statewide, university native students attempt 143 semester credit hours while community college transfer students attempt only 3 hours more, or 146. The universities with the greatest disparity between native and transfer students in semester credit hours attempted include: Texas A&M - Galveston (+23), the University of Houston - Clear Lake (+17), Texas Tech University (+10), The University of Texas at Austin (+10), and Texas A&M University and The University of Texas of the Permian Basin (+8). The universities with the smallest difference include: The University of Texas at Brownsville (-19), Midwestern State University (-16), Texas A&M - Kingsville (-13), Tarleton State University (-12), the University of Houston - Downtown (-7), and The University of Texas El Paso (-5).

Taken together, the data suggest that while transfer students take longer to graduate than their native counterparts, transfer of credit, at a statewide level, is not a significant barrier in terms of cost or time. Community college student time-to-degree and lower completion percentages likely can be explained by life factors that often effect the community college population such as employment or family obligations. While there are many ways to consider student success data, the Community College Transfer Student Report makes clear that "the similarity in the number of semester credit hours attempted by transfer and native students suggests that students who transfer from a community college may progress more slowly in time-to-degree, but are only very slightly less cost-efficient in terms of the number of attempted semester credit hours. Even with the longer time-to-degree, transfer students realize cost efficiencies in the lower tuition and fees they pay during the community college portion of their studies, and they do not actually enroll in many more courses than their native university counterparts" (p.3).

In an effort to provide a more seamless pathway between community colleges and universities while maintaining institutional autonomy, the Coordinating Board is undertaking the creation and implementation of voluntary transfer compacts. Specifically, the Coordinating Board is working to create 12 Statewide Voluntary Transfer Compacts by 2013 including Mechanical, Industrial, Civil, Electrical,

Biomedical and Chemical Engineering, Biology, Chemistry, Math, Business, Computer Information Systems, and Management Information Systems.

To implement the voluntary transfer compacts, the Coordinating Board is proposing revisions to the Texas Core Curriculum to be implemented in Fall 2014, including 6 core objectives, and 3-4 Core Objectives mapped for each course. The learning objectives for core courses should ensure that the institutions sending and receiving the transfer credit have better information concerning how to apply the credit to specific courses. Further streamlining the process, the Coordinating Board is providing that there should be no more than 42 semester credit hours in the Core. While limiting institutional autonomy concerning what types of courses should be offered and accepted, this may help ensure that students who take all of the courses in the Core are able to transfer those to the receiving institution without having to retake those courses.

Marc Cutright, EdD, Associate Professor, Department of Counseling and Higher Education, the University of North Texas provided testimony from an academic perspective regarding transfer. He indicated that many students participate in a "transfer swirl" meaning that they may attend several institutions over the course of their higher education careers. In his testimony, he noted that there were several policy areas where Texas may improve efficiency of credit transfer.

For example, he noted that the Common Course Numbering System is valuable in articulating course credit between institutions. By having the same course number across institutions, this helps students and administrators understand easily how course credit should apply. The Common Course Numbering System currently is voluntary, which Dr. Cutright noted may impede its effectiveness. This was echoed by Martha Ellis, PhD, The University of Texas System, Associate Vice Chancellor for Community College Partnerships.

Dr. Cutright provided additional testimony concerning an information gap relating to current state policy that may negatively impact transfer students, particularly when compared to native students. One example is the state's six-course drop rule, which impedes many transfer students. This policy states that students may not, after the 12th class day, drop more than six courses. Transfer students may have met this limit prior to transfer and not be aware that they do not start over when they transfer to a four-year institution. There currently is no requirement that institutions make students aware of the six-course drop rule, further exacerbating a

lack of information. Similarly, Dr. Cutright noted that the consequences of the 30 excess hour rule fall more heavily on community college transfer students. Most often, these consequences include an institution being able to charge a student out-of-state tuition when the student takes more than 30 semester credit hours over the student's degree plan.

Despite these concerns, Texas has made significant improvement regarding the transfer of credit between institutions, particularly relating to general education/Core courses. House Bill 3025 (2011) implements a reverse transfer policy that will ensure students who transfer from a community college prior to their receiving an associate's degree are notified that they are eligible for that degree once they complete the necessary hours. While there remains outstanding concerns related to the Family Educational Rights and Privacy Act (FERPA), the Coordinating Board and institutions of higher education are working to alleviate those issues. While HB 3025 is an important step in ensuring that transfer students receive all of the credentials that they have earned, Dr. Cutright testified that its implementation and monitoring may result in an unfunded mandate being placed on some institutions.

There was discussion regarding rigor and whether the perception of a lack of rigor at community colleges inhibited the transfer of credit. This perception was more likely to impact the acceptance of transfer credit into the major, which relates to courses taken between 42 and 60 semester credit hours. Witnesses noted that one policy to address the concerns related to rigor is to ensure that any transfer compacts or articulation agreements involve the faculty members at the receiving institutions and specifically the faculty in the receiving academic department. By involving the individual faculty members, it becomes possible to alleviate concerns relating to not only rigor, but also questions about whether transfer students would take precedent over native students when considering admissions to departments.

Dr. Ellis noted the importance of vertical teams of faculty members coming together to develop articulation agreements in streamlining the transfer of credit. This should be augmented by vertical teams of academic advisors. She, along with other witnesses suggested that imposing a mandated transfer compact may be detrimental to institutional autonomy and notions of shared governance, particularly if it did not include the significant use of faculty members and agreed upon learning outcomes. Additionally, she pointed out that the diversity of

institutions in Texas may make the implementation of any uniform compact more difficult compared to other, less populated states.

Despite the problems pointed out concerning a uniform transfer compact, the invited witnesses provided recommendations designed to improve the transfer of credit. Dr. Paredes and Dr. Cutright noted that there may not be enough incentives at either the university or the community college levels to shape courses or expend significant resources. For example, it was noted that universities believe that they should receive more credit for students who transfer into their institutions and many data sets do not capture transfer students in graduation rates. Community colleges, since they are funded largely by semester credit hour formula funding, do not have incentives to shape courses or student behavior toward transferring students to universities. Procedurally, a uniform transcript system has proven beneficial in other states to reduce the significant amount of time needed to evaluate transfer credit.

Dana Gibson, D.B.A., President, Sam Houston State University, provided testimony regarding some of the policy changes made at Sam Houston State University that are designed to streamline the transfer of course credit. Specifically, she noted that articulation agreements with community colleges are valuable in ensuring that students do not lose a large amount of credit. Similarly, the institution utilizes a single centralized location, the SAM Center, for its advising, mentoring, and transfer programs. This, according to Dr. Gibson, helps provide students with one location where they can receive information and guidance on what courses apply to which academic programs and keep these students on track to graduate timely. She noted also that Sam Houston's Joint Admission Program, which provides students the opportunity to jointly enroll in community colleges and Sam Houston State University helps minimize any confusion relating to the transfer process. This, along with the institution's online transfer portal, help bridge the information gap that may exist between two- and four-year institutions.

Richard Rhodes, PhD, President, Austin Community College provided testimony from the community college perspective. He testified that students who complete the Core Curriculum do well after they transfer to four-year institutions and that students who complete their associate's degree do as well or better than native students. Dr. Rhodes recommended that, because of the success of associate's degree recipients, there should be a state goal of ensuring completion of the

associate's degree before students transfer. This relates to his recommendation to implement a 2+2 transfer system where the transferability of courses should be assured to students, similar to the arrangement recently created between the Texas Association of Community Colleges and Western Governors University-Texas.

Joe Fisher, President and CEO, Hallmark College System and Legislative Committee Chair, Career Colleges and Schools of Texas testified to the state of transfer among career schools. He noted that there were approximately 156,000 students enrolled in career schools in Texas at the certificate, associates, bachelors, and masters levels. Related to the Core Curriculum, Mr. Fisher stated that it works and is relevant for many students at career schools, but that the primary issue for students is a course's applicability to degree plans. A notable problem for these students, according to Mr. Fisher, is that some universities have stated policies that they do not accept transfer credit from institutions that are not accredited by the Southern Association of Colleges and Schools (SACS) or other regionally accredited bodies.

MacGregor Stephenson, PhD, Assistant Commissioner, Workforce, Academic Affairs, and Research, Texas Higher Education Coordinating Board, provided an overview of accreditation and its impact on state universities in Texas. He noted that accreditation, and specifically accreditation from an organization approved by the U.S. Department of Education is required prior to an institution becoming eligible for most federal financial aid programs. In general, he stated that there are two types of accreditors: institutional, which can be regional or national; and programmatic accreditors, which govern specific degree programs or types of degree programs. Institutional accreditors review issues such as governing structures, finances, facilities, curriculum, and faculty against a specific set of standards. This helps to ensure that students receive a consistent educational opportunity across the accredited institutions. Professional accreditors, according to Dr. Stephenson, review individual degree programs such as education, engineering, or nursing. Regarding career schools, the Coordinating Board recently has begun to collect individual student-level data to determine the success rate of students after they transfer to a university. To mitigate some of the loss of credit that impacts community college students, Dr. Stephenson recommends that associate's degrees be limited to 60 semester credit hours, absent a compelling academic reason such as licensure or accreditation.

Karan Watson, PhD, Provost and Executive Vice President for Academic Affairs, Texas A&M University, provided testimony from the institutional and professional accreditor perspective. She noted that all accreditors, including regional and professional agencies, encourage transfer. One of the benefits of regional accreditation is that it helps in evaluating the courses from other regionally accredited institutions. All accreditors require also that institutions have processes and mechanisms to evaluate transfer credits. According to Dr. Watson, accrediting bodies recently have moved from counting hours to measuring learning outcomes and competencies in the evaluation of transfer credit. Regarding professional accreditors, it has become very important for the institutions to discuss with the stakeholders that hire or accept graduates for graduate school the necessary competencies for proper undergraduate education. The institution then tunes the courses to meet the objectives of the various stakeholders and different institutions have different stakeholders, which require institutional autonomy to work with the various constituencies. This, according to Dr. Watson, makes it very difficult to apply a one-size fits all approach.

Anthony S. Bieda, Director of Regulatory Affairs, Accrediting Council for Independent Colleges and Schools, testified relating to national accreditors. He stated that the transfer of credit between career schools and public institutions in Texas may be made difficult by institutions not accepting credit because of the national accrediting status of the sending institution, but that he did not have specific data regarding its frequency. The requirements for recognition of accrediting agencies by the U.S. Department of Education is the same for regional and national accreditors, except for the scope of the authority. This scope may reference geographic, degree type, or similar limitations regarding what type of institution may be accredited by that agency.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding transfer to the 83rd Legislature:

01. The Coordinating Board should reactivate the Transfer Issues Advisory Committee to advance student transfer.
02. General Academic Institutions and community colleges should share contact information for first-time in college and transfer-declared students to facilitate early contact, recruitment, and advising.
03. The Legislature should not mandate a single statewide transfer compact but should encourage the expansion of voluntary transfer agreements.
04. Colleges and universities should not reject course credit based solely on whether the sending institution is regionally or nationally accredited. Additional examination should take place to determine whether the course is appropriate for acceptance of credit at the receiving institution.
05. Institutions should report to the Texas Higher Education Coordinating Board the cost and success of reverse transfer.
06. The Legislature should consider mandating the Common Course Numbering System across all institutions over the course of several years.
07. Institutions of higher education should prioritize articulation agreements with community colleges that send the highest number of transfer students to those universities.

Charge Five--Student Success

Study and make recommendations regarding academic and non-academic barriers to non-traditional students, including students with disabilities. Focus on ways to restructure course and program delivery, student support services, financial barriers, and remediation and academic advising. Study and make recommendations to reduce time-to-degree, incentivize on-time graduation, and increase graduation rates to meet the goals of Closing the Gaps by 2015 and beyond.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on June 20, 2012. The hearing included invited testimony from the following persons:

- Steven H. Tallant, PhD, President, Texas A&M University-Kingsville
- Shaniqua Johnson, Texas A&M University College Advisor, Nimitz High School, Advise Texas College Advising Corps
- Rudy Becerra, 2010 Alumnus and Former Disability Consultant, Office of Disability Services, Stephen F. Austin State University
- Guy Bailey, PhD, Former President, Texas Tech University
- Havidan Rodriguez, PhD, Provost and Vice President for Academic Affairs, The University of Texas-Pan American
- Byron McClenney, EdD, Director of Student Success Initiatives, Community College Leadership Program, The University of Texas at Austin and National Director of Coaching for Achieving the Dream

Findings/Analysis

There is neither a single approach nor one solution to ensure student success; however, higher education institutions are developing a wide array of initiatives aimed at responding to the different needs and multiple learning styles of an increasingly diverse student population. Academic and non-academic barriers have become an issue for non-traditional students, including students with disabilities. Reducing the time-to-degree may become more critical as financial aid becomes less available and higher education costs rise. As noted during the testimony, there were several recommendations for legislation to resolve these issues.

Steven H. Tallant, PhD, President, Texas A&M University-Kingsville, provided an overview of the main barriers to student success. Dr. Tallant noted that Texas A&M-Kingsville conducted a campus self-study that identified numerous barriers that adversely affect student success, including insufficient financial aid, lack of college readiness, lack of course availability, lack of clearly defined degree plans, and inaccurate or lack of professional advising. He noted that several programs and initiatives are in place currently at Texas A&M-Kingsville designed to remove these barriers.

Some of the programs described by Dr. Tallant provide accommodations and support services to students with disabilities, first generation students, and low income students. These support services include academic counseling, tutoring, mentoring, and cultural and educational activities that may mitigate many of the barriers students face throughout their higher education career. Dr. Tallant believes providing more effective and targeted student support services is key to student success.

Financial aid is becoming increasingly a problematic issue for students. Due to recent changes in federal and state grant programs, a greater financial burden has been placed on students. Because of this, Dr. Tallant believes higher education institutions need to seek alternative forms of financial aid to assist students. Dr. Tallant noted that Texas A&M-Kingsville pursues federal, state, and private funding to support academic success, including financial aid. Higher education institutions may be able to alleviate some of the financial concerns students are experiencing by seeking alternative sources of aid.

Rudy Becerra, 2010 alumnus and Former Disability Consultant, Office of Disability Services, Stephen F. Austin State University, noted that barriers for students with physical and mental disabilities should be more strongly considered by institutions and policymakers. One of the challenges Mr. Becerra highlighted is that students with disabilities have problems accessing electronic information. Mr. Becerra noted that "E Learning" and online classes have become integral in higher education, however, students with certain disabilities cannot access this electronic information in a timely manner, which makes it difficult for these students to send and receive assignments, access class information, correspond with professors and colleagues, discuss course content with classmates on course webpages, and access textbooks. Mr. Becerra suggested that higher education institutions work with program developers and textbook publishers to ensure all electronic information is available to students with disabilities in a format that these students can access.

Mr. Becerra identified additional problems for students with disabilities when dealing with student organizations. He believes that many students with disabilities miss out on many of the auxiliary services that can enhance any student's college experience. He stated some student organization leaders feel that they are not mandated to comply with accessibility statutes or do not understand their responsibilities in providing accommodations. Mr. Becerra suggested that higher education institutions establish a uniform process for providing accommodations in student organizations that is consistent with current academic practices. Creating this process could ensure students with disabilities have access to student organizations that may enhance their college experience.

Professional academic advising is another issue that many believe to be a barrier for students across all higher education institutions. Guy Bailey, PhD, Former President, Texas Tech University, noted that a variety of studies suggest good, consistent, and timely advising is crucial to student success. Dr. Bailey pointed out there is a high turnover rate among advisors, which may create an experience gap and loss of institutional knowledge. This may lead to extending the time-to-degree because many students do not know which courses need to be taken under their degree plan and that may cause students to register for more course hours than required. This is one reason why employing knowledgeable advisors can ensure students do not spend money on courses that are not necessary under their degree plan. To address this problem, Dr. Bailey illustrated how Texas Tech University has implemented a plan to make advising a profession. Texas Tech University has created different ranks within advising and offers opportunities for promotion and

pay raises in hopes to retain advisors for longer periods of time. As with many important student services, this requires a re-allocation of limited resources.

Havidan Rodriguez, PhD, Provost and Vice President for Academic Affairs, The University of Texas-Pan American, noted that The University of Texas-Pan American has taken similar steps to address this issue. The University of Texas-Pan American provides academic advising to students every semester to ensure each student remains on track to meet their academic goals. Meeting routinely with an advisor also can ensure students understand their degree plan and do not enroll in courses that are not required for their degree. Byron McClenney, EdD, Director of Student Success Initiatives, Community College Leadership Program, The University of Texas at Austin and National Director of Coaching for Achieving the Dream, agreed that required advising would help eliminate numerous barriers. Dr. McClenney noted further that the completion of an individual education plan for every student by the end of the first term will ensure students understand their degree plans. Doing so may reduce tuition costs for students as they may enroll in less course hours in hopes of earning their degree quicker.

Shaniqua Johnson, Texas A&M University College Advisor, Nimitz High School, Advise Texas College Advising Corps, recommended that advising start in high school. Ms. Johnson works with low-income, first generation, and underrepresented high school students in an attempt to get more of these students to enter into post-secondary education. She noted that these students often are uninformed about higher education, which may be a reason many do not pursue any post-secondary education. Ms. Johnson believes that academic advising at the high school level is critical to increase the number of low-income, first generation, and underrepresented students applying for college. Improving advising at the high school level also may improve college readiness as students become more informed about higher education and the challenges it presents to incoming students.

Reducing the time it takes for students to earn a degree has become one of the focal points in higher education policy. Reducing this time may decrease the expense of earning a degree to the student and to the state. An increasing number of students enter college with a high number of course credit and these courses give students an excellent chance of graduating timely. Dr. Bailey believes that dual credit courses should be properly aligned with the state's core curriculum requirements to ensure all dual credit hours can transfer to any higher education

institution. Doing so may reduce the time to graduation for students who enter college with dual credit and/or AP credit hours.

In his testimony, Dr. Rodriguez provided several recommendations to incentivize students to graduate on-time. Dr. Rodriguez illustrated a plan designed to encourage students to enroll in at least 15 hours per semester with the goal of reducing the time-to-degree. He proposed to award a student who completes successfully at least 15 semester credit hours in any semester with \$500 credited towards tuition and fees for the subsequent semester. Further, his plan would award \$500 for summer enrollment in one class or \$1,000 for enrollment in two summer classes. Dr. Rodriguez believes this plan will help reduce the time to graduation and will satisfy the financial need for students relying previously on the summer Pell Grant. Incentivizing students with these awards may provide enough of an incentive for students to focus on graduating on-time.

One of the primary measures of student success is increased retention and graduation rates. Although there is no one solution to improve graduation rates, Dr. Rodriguez noted that improving student support services is key. Because there is a diverse student population, a multitude of initiatives must be in place to serve a greater portion of the student population. Dr. Rodriguez and Dr. McClenney suggested establishing mentoring programs for incoming students, tutoring programs, disability resource centers, and other similar programs that can assist students with different needs. Such initiatives may help higher education institutions improve their graduation rates and retain more students from semester-to-semester.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding student success to the 83rd Legislature:

01. Higher education institutions should consider providing academic advising for students each year; whether face-to-face, online, or via the telephone.
02. Higher education institutions should require academic advisors to receive continuous professional development each year.
03. Formula funding for dual credit courses should be limited to courses in the core curriculum, with exceptions for career and technical courses that apply to a certificate or associate's degree offered by the providing institution, foreign language courses, or Early College High School courses.
04. Higher education institutions should work with program developers and textbook publishers to ensure electronic information is available to students with disabilities in a format that they can access.
05. Higher education institutions should establish a uniform process for providing accommodations in student organizations that is consistent with current academic practices.

Charge Seven--Texas State Technical College System

Consistent with the Texas Higher Education Coordinating Board's legislative directive to work with the Texas State Technical College System (TSTC) and other appropriate state agencies to develop a returned value funding model for TSTC, examine the benefits and challenges such an approach will have on technical education in Texas.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on September 12, 2012. The hearing included invited testimony from the following persons:

- Susan Brown, Assistant Commissioner, Planning and Accountability, Texas Higher Education Coordinating Board
- Clay Cole, Director of Unemployment Insurance Support Services, Texas Workforce Commission
- Mike Reeser, MBA, Chancellor, Texas State Technical College System

Findings/Analysis

During the 82nd Legislative Session, Rider 42 in the Texas Higher Education Coordinating Board's bill pattern required that the Coordinating Board work with the Texas State Technical College System (TSTC) to develop a methodology by which TSTC institutions' Administrative and Instruction (A&I) formula be modified. Specifically, the modification should reflect a returned value methodology, basing formula funding on graduates' earning projections and not on contact hours.

TSTC institutions currently are funded similar to other academic institutions in that their A&I formula is based on semester credit hour contact with students. According to Susan Brown, Assistant Commissioner, Planning and Accountability, Texas Higher Education Coordinating Board, the Coordinating Board began working with TSTC, the Legislative Budget Board, the Texas Workforce Commission, and the Ray Marshall Center at The University of Texas at Austin in Fall 2011. In determining the returned value methodology, five categories of students were identified: graduates, separated by certificate, associates, and bachelor's degrees; transfer students; and students no longer enrolled. To determine the direct value added by a TSTC education, Ms. Brown noted that the annual salary for each student was calculated during a five year period using unemployment insurance wage records. The minimum wage (as a base salary) was subtracted from the annual salary earned, and this remainder was considered to be the direct value added by a TSTC education. To determine the value to the State of Texas, the value added was multiplied by the state tax-rate and then multiplied by an economic multiplier. This determines the indirect return to the state. According to Ms. Brown, this was calculated for each TSTC institution and then aggregated to the System level. The sum is then multiplied by 50 percent to reflect the system and the state share the benefits 50/50. To allocate the funding to institutions, the returned value model is applied to the actual amount of funding appropriated to each campus.

Ms. Brown noted that there were limitations regarding the collection and reporting of occupational level data. The model does not take into consideration students' disciplines or whether their job skills matched the training received at TSTC because the Texas Workforce Commission currently does not collect occupational level data. An example of missing data is if a TSTC graduate received training in automotive and then works at a large retail store, it currently is impossible to

determine whether that person is working in automotive or in a position not connected to the training that was received.

Clay Cole, Director of Unemployment Insurance Support Services, Texas Workforce Commission, provided testimony relating to much of the data that were used to develop the returned value model. He testified that Texas has approximately 460,000 employers that report wage data to the Texas Workforce Commission. These data are reported quarterly and are used to calculate taxes owed and eligibility for unemployment benefits. According to Mr. Cole, the United States Department of Labor provides grant funding that provides 100 percent of the funding for the administration of the collection and maintaining of these employer tax and wage records. Although Mr. Cole testified that there may be some place for employers to provide additional data, it appears unlikely that the U.S. Department of Labor will fund costs associated with the collection of additional data and the cost would fall to employers. These data could show post-exit performance and perhaps specific occupational level data, which would allow policymakers to know whether former TSTC students were working in the fields in which they received training.

Mike Reeser, MBA, Chancellor, Texas State Technical College System testified to the TSTC perspective and specifically to the benefits of the returned value funding model. As the workforce set of institutions, Chancellor Reeser stated that TSTC institutions focus on STEM related career training and providing graduates with the skills needed to utilize technology. He stated that by shifting to a returned value model, TSTC faculty and administrators focus will change from enrolling more students to ensuring that those already enrolled get a job that pays more than minimum wage after leaving the institution. Chancellor Reeser noted additionally that the returned value model would encourage TSTC to provide a more cost effective and customized education designed to fit employers' needs. One of the primary benefits of this model would be to link directly the funding of TSTC to whether a former TSTC student gets a job paying the excess of minimum wage. According to Chancellor Reeser, the returned value model aligns the best interests of the students with the best interest of TSTC, which is to ensure students who attend TSTC get good jobs.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding Texas State Technical College System to the 83rd Legislature:

01. If the Legislature adopts a returned value funding model for Texas State Technical College System, it should consider phasing it in over time.
02. In adopting a returned value model, the Legislature should ensure that the methodology and assumptions built into the model are appropriate and adequate data are available.
03. In adopting a returned value model, the Legislature should require that the methodology used is reviewed and updated biennially.
04. Additional research should be conducted to determine the cost to employers or the state to collect and report data necessary to implement the returned value model.

Charge Eight--Legislation Oversight

Monitor the implementation of legislation addressed by the Senate Committee on Higher Education, 82nd Legislature, Regular and Called Sessions, and make recommendations for any legislation needed to improve, enhance and/or complete implementation. Specifically, monitor the following: SB 5, relating to the administration and business affairs of public institutions of higher education; SB 28, relating to eligibility for a TEXAS grant and to administration of the TEXAS grant program; HB 9, relating to student success-based funding; HB 33, relating to measures to increase the affordability of textbooks used for courses at public or private institutions of higher education; SB 1107, relating to the vaccination against bacterial meningitis of entering students at public and private or independent institutions of higher education; HB 1000, relating to the distribution of money appropriated from the National Research University Fund.

Testimony

The Senate Higher Education Committee heard testimony regarding this charge on September 12, 2012. The hearing included invited testimony from the following persons:

- David Gardner, PhD, Deputy Commissioner, Academic Planning and Policy, Texas Higher Education Coordinating Board
- Lee Jackson, MPA, Chancellor, The University of North Texas System
- B.J. Crain, Chair, General Academic Formula Advisory Committee and Vice President for Finance and Chief Financial Officer, Texas A&M University
- Richard Carpenter, EdD, Chair-Elect, Texas Association of Community Colleges and Chancellor, LoneStar College System
- Renu Khator, PhD, Chancellor, The University of Houston System

Findings/Analysis

Legislation passed during the 82nd Legislative Session touched on many important aspects of higher education, including financial aid, unfunded mandates, health services, textbook costs, and research funding. As noted during the testimony, there were several recommendations for legislation to improve the implementation of many of these bills.

Senate Bill 5 removed unfunded mandates previously in statute placed on institutions of higher education. In general, it removed outdated or unnecessary reporting requirements, updated statutes to reflect changes in technology (such as allowing electronic signatures), and allowed for an expedited review process for certain capital projects.

David Gardner, PhD, Deputy Commissioner for Academic Planning and Policy, Texas Higher Education Coordinating Board provided an overview of all of the relevant legislation. Relating to SB 5, he noted that most of its provisions were limited to institutional specific requirements but two provisions related to the reporting of deferred maintenance and an expedited review process for certain capital projects. Since June 2011, the Coordinating Board utilized the expedited process to review and approve 67 capital projects, with a combined value of \$3.2 billion. Through Dr. Gardner's testimony, the Coordinating Board is requesting that the SB 5 provision eliminating the report relating to deferred maintenance be eliminated, which would continue the requirement that this information be reported. Dr. Gardner noted that in 2011, institutions reported \$740 million in non-critical deferred maintenance and \$1.7 million in critical deferred maintenance.

Lee Jackson, MPA, Chancellor, The University of North Texas System provided invited testimony relating to SB 5 from the institutional perspective. He noted that a previous study conducted by the Council of Public University Presidents and Chancellors and the Texas Association of State Senior College and University Business Officers found that state reports required of general academic and health related institutions required approximately 1,000 annual submissions at a cost of \$34 million per year and more than 1,000,000 labor hours. SB 5 eliminated or modified approximately 50 of these reports.

Concerning the expedited review, Chancellor Jackson testified that the process established by SB 5 allows institutions and systems and their architects and engineers to avoid spending limited time and resources traveling to Austin to participate in one of the Coordinating Board's Quarterly Meetings. Because Coordinating Board staff is able to review and approve the projects without a formal vote of the Board members, this avoids unnecessary expense while maintaining state oversight.

Chancellor Jackson also made several recommendations to improving SB 5, specifically the elimination of further unfunded mandates. He noted that significant university, system, and Coordinating Board staff time is expended on reviewing and approving certifications that already have been approved by Boards of Regents. Many of the projects subject to this centralized review process may cost a relatively little amount of money, yet significant state time may be spent on reviewing and approving them. He suggests that there must be some sort of balance between ensuring transparency and redundant and expensive approval processes.

Senate Bill 28 established the Priority Model for TEXAS grants and will apply to all grants awarded to students who enroll in Fall 2013. Due to SB 28, institutions will be required to prioritize low-income students who meet certain academic criteria while enrolled in high school. The Coordinating Board currently is working with the Financial Aid Advisory Committee and presidents and chancellors of public universities to develop the rules to implement SB 28. These rules will be adopted formally during the Coordinating Board's Quarterly Meeting in January 2013.

House Bill 9 established the process and methodology by which the Coordinating Board was required to work with public universities and community colleges to establish outcomes-based funding. In general, it required the Coordinating Board to work with various representatives from universities (via the General Academic Formula Advisory Committee) and the community and technical colleges (via the Community and Technical College Formula Advisory Committee) to develop various metrics on which to base no more than 10 percent of formula funding. For universities, this 10 percent was limited to the undergraduate formula funding.

According to Dr. Gardner and B.J. Crain, Chair, General Academic Formula Advisory Committee and Vice President for Finance and Chief Financial Officer,

Texas A&M University, after several months of review, both the General Academic Formula Advisory Committee and the Community and Technical College Formula Advisory Committee recommended that outcomes-based funding be adopted based on the sets of metrics developed during the meetings. The GAFAC recommended that the metrics relating to critical fields be updated to reflect a more modern view of those fields and that the metric concerning at-risk students be monitored and updated as needed. The committees also recommended the level of funding based on outcomes be set at 10 percent.

Senate Bill 1107 extended the requirement relating to students receiving a bacterial meningitis vaccine from students living on campus to all students who attend college or university and are 30 years of age and younger. As stated by Dr. Gardner, the mandate began with first-time or transfer students who enrolled in Spring 2012. In implementing the statute, the Coordinating Board created a subcommittee consisting of representatives from community colleges, public universities, private universities, and vaccine supporters. The subcommittee, after receiving public comments, created exceptions for students enrolled in certain continuing education courses, off-campus dual credit courses, and those students who are incarcerated. Additional changes to the mandate related to the exemption policy. Students were allowed to request an exemption from receiving the vaccine for medical excuses and reasons of conscience. The Coordinating Board also created an additional process by which students may request an exemption, in addition to the process that flowed through the Department of State Health Services. According to Dr. Gardner, this information was transmitted to community colleges and universities, posted on the Coordinating Board's website, and included on the Texas Common Application.

Dr. Gardner and Richard Carpenter, EdD, Chair-Elect, Texas Association of Community Colleges and Chancellor, LoneStar College System pointed out some of the problems with SB 1107's implementation. For example, the law requires that students provide evidence of vaccination 10 days prior to the start of the semester and many students, particularly at community colleges enroll with little time before the semester starts. This pattern of delayed enrollment may compound a lack of knowledge of the vaccination requirement, especially among first-generation students and students who do not know how to access relevant information. Additional concerns, especially at community colleges related to the lack of student health-centers, which make access to the vaccine more difficult than at universities that have these facilities. Tied to the access issue is cost. The

Department of State Health Services, after SB 1107 passed, removed the bacterial meningitis vaccine from its Adult Vaccine Safety Net Program, which arguably made the vaccine more difficult for uninsured and underinsured adults to afford.

Dr. Carpenter provided several recommendations from the community college perspective related to the implementation of SB 1107. Specifically, he recommended that the requirement be limited only to students who live on campus. He additionally suggested that the state provide more low cost vaccines, which would lower the cost to many students. He, and public witnesses, also recommended that the age requirement to receive the vaccine be limited to the recommendations of the Center for Disease Control and Prevention, which would lower the age requirement from 30 to approximately 22.

House Bill 1000 provided a distribution methodology for funds appropriated from the National Research University Fund. To receive funding, institutions must meet the eligibility requirements set out by House Bill 51 (2009) and related Texas Higher Education Coordinating Board rules. The distribution methodology provides that each eligible institution will receive an amount equal to one-seventh of the total amount appropriated plus an equal share of any amount remaining not to exceed one-quarter of the remaining amount. The total amount appropriated may not exceed 4.5 percent of the average net market value of the assets of the fund for the 12 consecutive state fiscal quarters preceding the last quarter of the state's current fiscal year. During fiscal year 2012, two institutions (the University of Houston and Texas Tech University) became NRUF eligible and each received \$7.8 million from the National Research University Fund in June 2012.

Renu Khator, PhD, Chancellor, the University of Houston System provided testimony from an institutional perspective concerning HB 1000 and NRUF appropriations. She noted that the University of Houston intended to combine various research funds (including NRUF, the Texas Competitive Knowledge Fund, the Research Development Fund, and the Texas Research Incentive Program) into one investment pool. This single fund is called the UH Research Investment Fund. Resources from the UH Research Investment Fund will be allocated to various research priorities at the University, including facilities, faculty salaries, and start-up ventures. Dr. Khator added that Texas' investment in research funding has helped the University of Houston multiply its royalty revenue 40 times over in ten years, including the development and commercialization of drugs intended to treat epilepsy and cancer.

Recommendations

The Senate Higher Education Committee makes the following recommendations regarding legislation oversight to the 83rd Legislature:

01. The age requirement to receive a bacterial meningitis vaccine should be lowered, in line with recommendations from the Center for Disease Control and Prevention.
02. The statute relating to distribution from the National Research University Fund (NRUF) should be updated to reflect the possibility of more than seven institutions becoming NRUF eligible.
03. The Legislature should continue to work with institutions of higher education and relevant state agencies to eliminate unnecessary or duplicative reporting requirements while maintaining transparency.
04. If the Legislature adopts outcomes-based funding, it should require that the General Academic Formula Advisory Committee and Community and Technical College Formula Advisory Committee report to the Texas Higher Education Coordinating Board every biennia any recommended changes to metrics, definitions, or funding amount based on outcomes.



COMMITTEES:
STATE AFFAIRS, CHAIR
FINANCE
HIGHER EDUCATION
JURISPRUDENCE
NATURAL RESOURCES

ROBERT DUNCAN
STATE SENATOR
DISTRICT 28

December 14, 2012

The Honorable Kel Seliger
Chairman, Senate Higher Education Committee
P.O. Box 12068
Capitol Station
Austin, Texas 78711

Dear Chairman Seliger:

As you know, the Senate Higher Education Committee worked diligently this interim and considered many issues that will be critical to the future of higher education and the State of Texas.

The reports prepared by committee staff provide an outstanding background on the topics examined and the recommendations proposed set out a positive course for discussion during the coming session. While I endorse most of the proposals made, I am not necessarily committed to all the recommendations. My signature on this report is a reflection of my support for an ongoing discussion of these topics and not an endorsement of all the recommendations.

I look forward to a productive session under your leadership.

Yours very truly,

A handwritten signature in cursive script that reads "Robert Duncan".

Robert Duncan

LUBBOCK DISTRICT OFFICE:
1500 BROADWAY
SUITE 902
LUBBOCK, TEXAS 79401
(806) 762-1122
1-800-546-9928
FAX (806) 749-2828
DIAL 711 FOR RELAY CALLS

CHILDRESS DISTRICT OFFICE:
119 AVENUE B NW
CHILDRESS, TEXAS 79201
(940) 937-0909
(888) 887-7027
FAX (940) 937-6994
DIAL 711 FOR RELAY CALLS

CAPITOL OFFICE:
ROOM 3E.10
P.O. BOX 12068
AUSTIN, TEXAS 78711
(512) 463-0128
(800) 322-9538
FAX (512) 463-2424
DIAL 711 FOR RELAY CALLS

SAN ANGELO DISTRICT OFFICE:
36 WEST BEAUREGARD
SUITE 510
SAN ANGELO, TEXAS 76903
(915) 481-0028
1-800-558-9928
FAX (915) 655-2541
DIAL 711 FOR RELAY CALLS

