EXCEPTIONAL ITEM REQUESTS FOR THE 2020-21 BIENNIUM
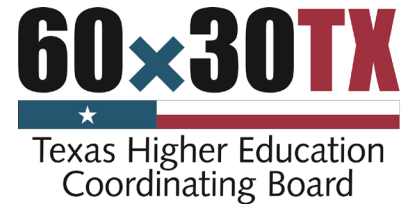
The Texas Higher Education Coordinating Board has requested 14 Exceptional Items totaling $122,451,641 for the 2020-2021 biennium. A total of $4,414,850 (or 3.6 percent) would support critical agency operations and the remaining $118,036,791 (or 96.4 percent) would support statewide programs.

Exceptional Items to Support Agency Operations

1. **$2,247,400 for Critical Agency Operations:** This funding would support the agency perform its core functions and deliver high-quality services to students, institutions, policymakers and other stakeholders. Specifically, the funding would:
   a. support a total of 10.5 new FTE to perform the following functions: review undergraduate and graduate degree programs for quality assurance (1 FTE); assist with work related to the marketable skills goal of *60x30TX* (.5 FTE); perform data analysis (1 FTE); support the Grad TX Consortium (1 FTE; contingent on approval of Grad TX funding); provide IT security (1 FTE); provide web programming (1 FTE); support technology operations (1 FTE); provide contract and grant management (1 FTE); support a chief privacy officer (1 FTE); perform budget analysis (1 FTE); and provide HR administrative support (1 FTE)
   b. recruit and retain excellent employees
   c. enhance the Higher Education Accountability System for external users
   d. support the Board-directed annual external audit of the agency's financial statements

2. **$1,040,000 for IT Application Portfolio Modernization**: This would provide funding for one-time costs to introduce a modern architecture design for developing and supporting applications and to consolidate approximately 150 existing applications into an agile, lean, and productive portfolio. It would fund senior level contract developers to complete the work. The major benefits include the alignment of IT investments with agency strategic direction, improved efficiency, reduced support costs, and greater data security.

3. **$270,000 for Access to Out-of-State Student Data:** The total biennial fee to the National Student Clearinghouse (NSC) is $430,000. This request would cover $230,000 for the THECB's portion (TEA has committed to covering $200,000). NSC is the nationwide repository for student-level higher education data which enables the THECB and TEA to track the outcomes of students who graduate from a Texas high school and transfer out-of-state. Approximately $40,000 of this request would allow the THECB to obtain additional data analysis services.

4. **$707,450 for Compliance Monitoring**: This would fund 4 additional FTE to support the agency's compliance monitoring function and allow the team to audit institutions of higher education approximately every 6 years instead of the current 10-year rotation cycle. Since FY14, the Compliance Monitoring team has completed 112 engagements and identified approximately $4.2M in non-compliant or misreported funds, as well as 16 institutions with significant information security weaknesses.

5. **$150,000 for Facility Lease Extension**: The Texas Facilities Commission has indicated that the agency will move to the Capitol Complex as early as 2022. The agency's current building lease expires June 2020. A short-term lease extension will be necessary until the new building is available. This funding would cover the estimated additional cost of the lease extension for FY21.

Exceptional Items to Support Statewide Programs

1. **$112,636,791** for **TEXAS Grants**: This would fund 100 percent of renewal students, as well as maintain the current percentage of eligible new students receiving a grant (70 percent) and increase the current target award amount of $5,000 by approximately 2.5 percent each year of the biennium.

2. **$500,000** for **Grad TX Consortium**: This would fund the development of a consortium of institutions of higher education to support Grad TX, a THECB sponsored program designed to help adults with some college credit return to higher education and finish a certificate or degree. Funds would support professional development, staffing (advising/admissions), transcript review/tool, targeted financial incentives, and outreach and communication tools.

3. **$50,000** for **Transfer Initiatives**: This would support faculty from small institutions of higher education with tight budgets to pay for their travel costs to develop Fields of Study and Programs of Study. These efforts are intended to improve the transferability of courses from one institution to another and the applicability of those courses to a student's major, thereby decreasing time-to-degree and saving money for both students and the state.

4. **$1,300,000** for **60x30TX Regional Strategies**: The 10 higher education regions have identified strategies for reaching 60x30TX goals and targets. This would provide funding via a competitive process to 4 -5 higher education regions to launch the strategies they developed during a FY18 stakeholder engagement and planning process.

5. **$1,000,000** for **Texas Success Initiative Assessment (TSIA) Modernization**: The TSIA is used to measure college readiness. It was originally developed through a no-cost contract with The College Board and implemented in the fall 2013. An upgrade to the TSIA is greatly needed to address ongoing concerns by students, school districts, and institutions of higher education relating to alignment, transportability, integrated reading and writing, and standard setting.

6. **$100,000** for **Financial Literacy Initiatives**: This would support the identification, administration, and scaling of effective institutional financial literacy initiatives focused on promoting a better understanding of reducing student debt and how to pay for training and education after high school.

7. **$250,000** for **Open Educational Resource (OER) Repository (and one FTE):** This would fund the development of an OER repository using OER Commons, an existing resource. First year funds would set up the repository ($90,000) and cover fees by OER Commons (annual fee is $20,000 beginning in the second year). Second year funds ($70,000 annually) would support an FTE for maintenance of the repository and ongoing maintenance fees to OER Commons. Up to 100,000 users are covered under this plan.

8. **$200,000** for **OER Grant Program**: This would fund additional grants to faculty for the development of OER course materials.

9. **$2,000,000** for **Family Practice Residency Program**: This program improves the distribution of family physicians across the state and provides medical care in underserved areas. These funds would allow the resident funding to increase from $6,236 to $7,600 per resident for approximately 773 family medicine residents.

EXCEPTIONAL ITEMS IN PRIORITY ORDER

- TEXAS Grants
- Critical Agency Operations
- IT Application Portfolio
- GradTX Consortium
- Transfer Initiatives
- *60x30TX* Regional Strategies
- TSIA Enhancements
- Out-of-State Student Data
- Compliance Monitoring
- Financial Literacy Initiatives
- Open Educational Resource Repository
- Open Educational Resource Grants
- Family Practice Residency Program
- Facility Lease Extension