



LEGISLATIVE APPROPRIATIONS REQUEST
 FISCAL YEARS 2024-25
ADMINISTRATOR’S STATEMENT

FUNDAMENTAL ISSUES

Over the past 10 years, Texas has created nearly 25 percent of all new jobs in the United States and continues to attract major employers. However, today there is a disconnect between the skills and credentials the majority of these new jobs require and credentials and skills held by most Texans, creating gaps in our state talent pipelines. As the pace of innovation accelerates, Texas employers will increasingly need workers with education beyond high school.

Building a Talent Strong Texas, the state’s new higher education strategic plan adopted by the Texas Higher Education Coordinating Board in January 2022, expands the scope of who Texas higher education must serve, to emphasize not only traditional-age students transitioning directly from high school but also all working-age adults, with a wider range of programs that align with changing workforce needs. Until now, the state primarily tracked traditional degrees and certificates. The new plan includes these programs along with a broad range of industry-recognized credentials that play increasingly vital roles in our economy.

The updated state plan incorporates a clear set of goals designed to prominently position Texas for long-term economic security, competitiveness, and prosperity through expanded higher education opportunities. In particular, the *Building a Talent Strong Texas* plan highlights the critical importance of monitoring and advancing equitable opportunities across the rich diversity of our growing Texas population and vast geography. Removing historical barriers to high-quality postsecondary education and training, all Texans can participate in, contribute to, and benefit from our Texas economy.

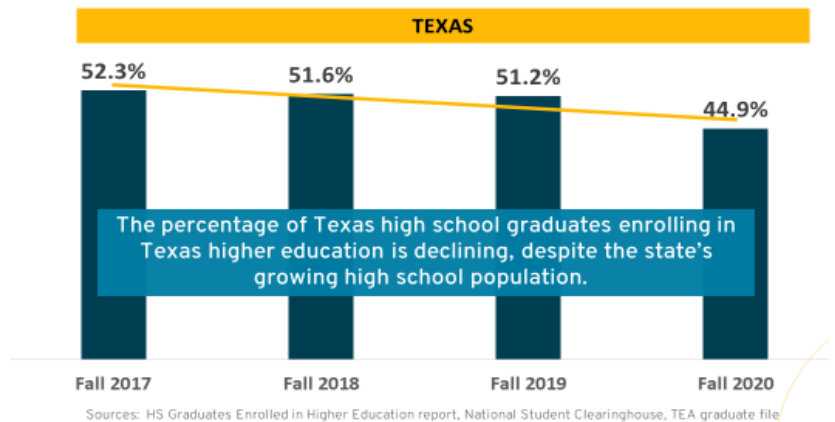
Building a Talent-Strong Texas



These changes are both timely and urgent. The COVID-19 pandemic not only dramatically accelerated emerging changes in the state’s educational and workforce needs but also caused unprecedented disruptions in student learning across public and higher education. Texas students and families, employers, and communities continue to feel the profound impact of these disruptions.

Even as Texas employers increasingly require highly skilled individuals with education and training beyond high school, higher education enrollments have not kept pace with pre-pandemic numbers and population growth. In particular, community college and broad-access university enrollments have not recovered to pre-pandemic levels. Direct high school to college enrollment has also declined, as many students have opted to take advantage of entry-level job opportunities and forego advanced education and training. For Texas to maintain and advance its competitive position into the future, the state must work swiftly and at scale to invest in and improve the systems, tools and practices to enroll, retain, graduate, and transition more Texans into the workforce with high-quality credentials of value.

Direct high school to higher education enrollment has been declining



The Coordinating Board, under the leadership of Commissioner Harrison Keller, is committed to working as a resource, partner, and advocate for Texas institutions of higher education. The agency, in partnership with higher education leaders, is focused on addressing post pandemic challenges and opportunities to improve the state's long-term competitiveness and prosperity, especially by raising postsecondary educational attainment and expanding higher education's collective role in powering the Texas economy.

Through the Governor's Tri-Agency Workforce Initiative, the Coordinating Board is also working with the Texas Education Agency, the Texas Workforce Commission, and other partners to recalibrate the workforce and educational systems quickly and efficiently. Comprehensive improvements involve re-envisioning, retooling, and reworking how Texas educates, trains, prepares, and engages students to dramatically expand educational and economic opportunities that align with current and emerging workforce needs.

The Governor issued renewed charges to the three agencies in February 2020 focused on three major themes:

- Aligning pathways between secondary and postsecondary education and training;
- Aligning education and training programs with state and regional workforce needs;
- Improving alignment between the agencies' processes, projects, and data.

In 2021, the 87th Legislature formally codified the Governor's Initiative. With a strategic roadmap in place and guided by the updated *Building a Talent Strong Texas* strategic plan, the Coordinating Board is working with partners across the state to seize this historic moment and help more Texans obtain postsecondary credentials of value that provide a clear line of sight to quality jobs and expanded opportunities to advance throughout their careers.

As our economy continues to undergo rapid transformation, Texas higher education will lead the way in expanding opportunities for individual Texans and their communities. The 88th Legislature represents a historic opportunity for Texas to make strategic investments to support pathways that propel students to complete credentials of value, modernize critical state infrastructure including data and advising tools, and accelerate innovation and collaboration to increase students' opportunities to succeed.

SIGNIFICANT CHANGES IN POLICY

In fall 2020, the Coordinating Board began the process of updating the state strategic plan for higher education to better reflect the state's current and emerging needs as one of the world's largest and most robust economies. Stakeholders from around the state provided insight and feedback to inform updated goals, metrics, and strategies. *Building a Talent Strong Texas* goals center on the following:

Educational Attainment – The new plan sets a goal for 60 percent of working-age Texas adults to have a degree, certificate, or other postsecondary credential of value by 2030. The plan expands the previous *60x30TX* focus on younger workers (25 to 34) to include adults ages 35 to 64, recognizing the growing need for Texans to build skills and knowledge throughout their careers.

Credentials of Value – The scope of higher education credentials included in the plan has been expanded to include degrees, certificates, and other credentials including industry-recognized credentials that translate into value for individuals and employers. The new plan emphasizes that all credentials counted towards state goals should be credentials of value, as reflected in the typical earnings in the Texas economy of graduates who earn them.

Student Debt – By 2030, 95 percent of Texas students should be able to complete undergraduate degrees or other credentials with no or low debt in relation to typical earnings for the credentials they earn.

Texas is the first state in the nation to condition state goals for higher education credentials on individuals' potential typical earnings in the state economy. This direction provides clear guidance for how ensuring value and affordability for students—including managing student debt—should be a shared responsibility among policymakers, higher education institutions, and students.

Research & Development – Two new goals focus on strengthening institutions' roles in promoting research, development, and innovation, to bolster the state's long-term competitiveness in the global economy. By 2030, the goal is to increase annual private and federal sponsored research and development expenditures by \$1 billion annually, and to increase the number of research doctorates earned annually to 7,500.

The pandemic underscored how the state's investment in high-quality research is not only about spurring innovation and creating new economic opportunities – research and development coming from Texas higher education institutions saves and improves lives.

Equity – Across all goals, *Building a Talent Strong Texas* emphasizes the importance of advancing equity and opportunity. Texas is one of the nation's youngest and most diverse states. If we do not advance our goals equitably, we simply will not meet them.

Advancing Equity for the Benefit of All Texans

In raw numbers, Texas grew more than any other state over the past decade, and more than 95% of that growth was in communities of color. Data for *Talent Strong Texas* indicators will be disaggregated and reported by race, gender, income level, and geographic area to monitor that all goals are being advanced equitably and all Texans have opportunities to succeed.

SIGNIFICANT EXTERNALITIES

The COVID-19 pandemic presented Texas higher education institutions with the greatest disruptions to their operations since the Second World War. More than 1.5 million students attending two- and four-year institutions had their educations and lives upended as campuses closed and courses transitioned online. Campus leaders and faculty rapidly reengineered their operations to help meet students' needs, integrate new health and safety protocols, and grow and support distance learning.

Today, overall enrollment at Texas public institutions has mostly rebounded – especially at research universities and health related institutions. However, enrollments at many regional universities and almost all community colleges has not recovered to pre-pandemic levels. As the state economy has recovered, many students have opted to work in entry-level jobs instead of enrolling in higher education. Over the longer term, these enrollment declines could exacerbate growing shortages of skilled employees with education, training, and credentials beyond high school. Continued state investment and coordination across all sectors of higher education will be essential to achieve the state's strategic higher education goals in *Building a Talent Strong Texas* and ensure the state's long-term competitiveness in the global economy.

This session, lawmakers will have a historic opportunity to address long-standing structural issues in the community college finance system and better align the system with the state's higher education goals. Community college enrollments – both academic and technical – have declined by 12 percent overall, to the lowest levels since 2008. During the current interim, the Texas Commission on Community College Finance, with the support of the Commissioner and Coordinating Board staff, has undertaken a comprehensive review of the community college finance system. The Commission is currently developing recommendations for the Legislature's consideration to realign the community college finance system to better serve Texans and employers. The Commission's report to the Legislature is due Nov. 1, 2022.

Across institutions, campus leaders report unprecedented demands for academic support services and student mental health resources, especially for students re-entering higher education after stopping out and for students who were in high school during the most severe months of the pandemic. Many of these students require intensive support services to successfully complete their programs.

Disruptions to K-12 and higher education impacted every student, but those disruptions were particularly challenging for economically disadvantaged, first-generation, Black, and Hispanic students who were already at risk for not enrolling or persisting in postsecondary programs. Improved access to financial aid will be a major factor for addressing these issues.

As the pace of change in the economy continues to accelerate, the pandemic also widened Texas' middle skills gap. In 2021, the Texas Workforce Commission estimated approximately 1 million Texans could improve their career trajectory by earning a short-term credential. Additionally, the Workforce Commission has estimated in early 2022 that between 600,000 and 800,000 vacant positions remained unfilled across Texas because of the lack of qualified workers to fill them.

Early in the pandemic, Governor Abbott and legislative leaders recognized the importance of higher education to drive economic recovery and invested more than \$360 million through the Governor's Emergency Education Relief (GEER) funding in higher education. These one-time funds presented an opportunity for multiple strategic investments in higher education that helped spur the Texas economy into a new stage of growth and innovation.

The first \$270 million investment of Coronavirus Aid, Relief, and Economic Security (CARES) Act GEER funding allocated to the Coordinating Board was focused on immediate higher education needs. In particular, these funds helped insulate the state's major need-based financial aid programs from budget cuts during the initial financial shocks of the pandemic. More than 60,000 students received targeted financial aid to help them stay enrolled and on track toward earning their credentials. Additional GEER funding has been used for strategic investments to improve digital learning across colleges and universities, strengthen and innovate college and career advising from secondary schools through higher education institutions, and modernize the state's educational and workforce data infrastructure to be more responsive to the needs of students, institutions, and employers. Strategic investments of GEER funds have also fueled critical investments to establish and expand high-demand programs at colleges and universities aligned with current and emerging workforce needs, and to expand work-based learning opportunities such as internships and apprenticeships.

SIGNIFICANT CHANGES IN PROVISION OF SERVICE

The adoption of *Building a Talent Strong Texas* renews the Coordinating Board's commitment to increase postsecondary attainment and award credentials that offer purpose in the economy, value in the labor market, and opportunity for a good job and meaningful career. To support the success of more Texans in postsecondary programs, it is more important than ever to invest in resources, tools, evidence-based practices, and incentives that yield results.

The new state strategic plan for higher education expands Texas' attainment goals to include all working-age adults and encourages institutions to expand work-based learning opportunities and offer a broader array of credentials. This includes short-term workforce credentials and industry-recognized credentials that align with current and emerging workforce needs.

The Coordinating Board's IT and data infrastructure is at the core of all agency efforts. By statute, the Coordinating Board is the steward of the state's combined educational and workforce data infrastructure that supports the state's network of Education Research Centers. To make this data more secure, accessible to authorized users, and useful for informing key decisions, the Coordinating Board has led a major initiative to modernize the state's educational and workforce data to better equip decision makers with actionable data insights to inform policy and improve student success. The Governor's Tri-Agency Initiative partners have been central to these efforts. The three agencies are now finalizing new statewide workforce development goals and strategies and multiple large-scale projects that will enhance collaborative efforts. These improvements, along with new processes and controls established through a new master data sharing agreement across the Tri-Agency partners, create the foundation needed to securely share data and improve insights. The public, institutions of higher education, key stakeholders, and many professionals across the state will all benefit from insights and tools powered by this new data infrastructure and related projects.

In 2019, the Legislature signaled a strong commitment to improving student transfer through the passage of Senate Bill 25. Since Commissioner Keller's appointment in October 2019, the Coordinating Board has made improving transfer a central priority. Today, the agency has fully implemented statutory provisions to improve transfer, including requiring all colleges and universities to publish recommended course sequences for undergraduate degree programs, earlier filing of degree plans, and new reporting on nontransferable credit. To build upon the momentum created by the Legislature, the Coordinating Board is supporting a robust faculty-led process to develop discipline-specific curriculum pathways that will ensure applicability of student's credits, so

that up to 60 hours can be guaranteed for transfer into universities. This work has included comprehensive revisions to rules that establish a new framework for transfer curricula and a new governance committee, the Texas Transfer Advisory Committee (TTAC). Soon, the agency will be launching a branded marketing and advising initiative, *Texas Direct*, to promote these new policies and opportunities to students and advisers across the state.

Changes or Additions to Exempt Positions

The Coordinating Board requests to move the exempt position to group 9.

Background Checks Authority and Agency Practices/Procedures

The agency conducts criminal history background checks in accordance with Texas Government Code (TGC), Sec. 411.1405 and 411.094. The agency obtains from the Department of Public Safety (DPS) criminal history record information maintained by DPS and FBI that relates to a person who is an employee, top candidate for employment, contractor, subcontractor, intern, or other volunteer with the Coordinating Board, and has access to information resources or information resources technologies as defined in TGC Sec. 2054.003; or is in a security-sensitive area as defined in TGC Sec. 411.094(2).

Centralized Accounting and Payroll/Personnel Systems (CAPPS)

The Coordinating Board received funding for this transition in the 2022-2023 biennium. The agency is working closely with the Comptroller of Public Accounts to complete successful transition by the end of fiscal 2023.

NEW FUNDING BEING REQUESTED

STUDENT FINANCIAL AID-STATE GRANT FUNDING

Expanding student opportunity and success through strategic investments

FY24-25 EXCEPTIONAL ITEM REQUEST: \$153M

State need-based student financial aid has proven to be essential to ensure students across the state have opportunities to enroll in and complete postsecondary credentials. The Coordinating Board proposes additional funding to continue serving the same percentage of eligible students in the TEXAS Grant (68%), Texas Educational Opportunity Grant (TEOG-Community Colleges – 28%/TEOG-State and Technical Colleges – 23%), and Tuition Equalization Grant programs (TEG – 54%). As a point of reference, increasing TEOG to serve the same percentage of eligible students as the TEXAS Grant program serves would cost an additional \$127.3M for the biennium beyond this request. The agency's request also includes funding to continue targeted financial aid programs that support transfer students and high-achieving, low-income students. The state's financial aid programs provide crucial support to students across public and independent institutions of higher education. Continued investment in financial aid will ensure the state is advancing access to higher education equitably for the benefit of all Texans.

DATA SECURITY AND MODERNIZATION

Modernizing state educational and workforce data and enhancing security

FY24-25 EXCEPTIONAL ITEM REQUEST: \$15M

The Governor and Legislature have made significant investments in upgrading the security and utility of the state's education and workforce data infrastructure, to protect sensitive student-level data and provide timely and actionable information and analysis for students, employers, institutions, policymakers, and other key stakeholders. The Coordinating Board proposes funding

to sustain momentum across these critical efforts and implement applications that will enable new security software to enhance protection of confidential data and will support innovative platforms to engage students and key stakeholders. This funding will enable the Coordinating Board to rewrite, consolidate, and retire obsolete legacy applications to make the agency's application portfolio more sustainable, cost effective, and secure.

CAREER AND COLLEGE ADVISING

Transforming student advising and streamlining pathways to completion

FY24-25 EXCEPTIONAL ITEM REQUEST: \$20M

The Legislature has charged the Coordinating Board to implement multiple initiatives to bolster college and career advising from secondary schools through higher education, to support advisers across the state, provide modern digital advising resources, and make advising more relevant, accessible, and effective for today's students. During the height of the COVID-19 pandemic, the Governor and Legislature expanded this charge to include interactive digital advising resources that will enable adult learners, transfer students, and secondary students across the state to explore and connect with postsecondary educational options aligned with current and emerging workforce needs. The Coordinating Board proposes funding to continue momentum across these initiatives and requests flexibility to direct funds toward advising strategies that demonstrate impactful results in assisting students to enroll in postsecondary education and training opportunities and attain credentials of value.

INNOVATION AND COLLABORATION

Centralizing college support, encouraging inter-institutional partnerships, and supporting innovative approaches to workforce education

FY24-25 EXCEPTIONAL ITEM REQUEST: \$47.5M

The COVID-19 pandemic brought many challenges for institutions of higher education, including the need to redesign and develop new programs to address rapidly changing workforce needs. Employers across every sector continue to report challenges hiring employees with the increasingly advanced technical skills employers need. Each year, hundreds of thousands of incumbent workers will need to upskill or reskill to advance in their careers. To meet these challenges, the Governor and the Legislature have made strategic investments in startup costs for new educational and training programs delivered through institutions of higher education, especially short-term programs aligned with current and emerging workforce needs. The Coordinating Board proposes continued investments deployed through grants to institutions that will provide expanded opportunities for Texans to complete credentials of value, reskill and upskill, and participate in paid work-based learning experiences. This request also supports the Coordinating Board's efforts to launch centralized technical and administrative support for small, mid-sized, and rural-serving institutions, especially public community and technical colleges, and to support expanded inter-institutional partnerships that collaboratively and efficiently advance state goals.