Good morning and thank you all for being here. I am honored to be here with so many of Texas’ higher education leaders, as well as two lawmakers who will play leading roles in passing higher education legislation this session: Senator Shapiro and Representative Morrison.

Education has always been the foundation of opportunity. For most of the last century, a high school diploma provided a significant competitive edge in the workplace. As the marketplace evolved in more recent generations, staying ahead of the pack has required a college degree. Texas has made great progress in expanding higher education opportunities to more young Texans, a fact that is evidenced by the record number of students who today are attending one of our colleges or universities. But at the beginning of the 21st Century, as the global economy continually places a higher premium on new skills and knowledge, Texas’ higher education funding system must be improved to keep pace with the changing realities of the modern marketplace. It is not for a lack of quality instructors, or a lack of commitment by institution leaders. The heart of the problem lies with the outdated methods of higher education funding that provide few incentives for meeting our long term, statewide goals. Without reform, the global marketplace will continue to march forward, and in a few short years, Texas workers, and the entire Texas economy, will be left behind.

That is why today I am proposing major reforms to higher education that will reward colleges and universities for every student that earns a degree, lead to more degrees awarded in critical fields like computer science and nursing, and open new doors of opportunity to thousands of young Texans with an increase of $360 million in financial aid. There are two cornerstones to this proposal: financial aid and performance-based funding. My budget will include $350 million in performance-based funding to help Texas meet the statewide goal of increasing the number of higher education graduates by 171,000 over the next three years. Institutions will be rewarded with an average incentive of about $2,200 for every student who receives a degree and passes an assessment for their respective field of study. The incentives are higher for students deemed at risk and those receiving degrees in critical fields. Institutions will also have a strong financial incentive to cut the length of time it takes a student to graduate, and to accept more students transferring from community colleges.

While our two largest university systems have been ranked among the best values in the country, we must do
more to improve access for students of all income levels if Texas is to remain competitive in the global economy. This plan will increase financial aid funding by $360 million, or 60 percent. We will consolidate most of our existing financial aid programs into the new Tuition Assistance Grant program. These grants will be available to any student who enrolls in a certificate or undergraduate degree program at any institution of higher learning who shows a financial need, and who performs well in both high school and their current coursework.

In short, if you’ve proven yourself in high school and show a financial need, Texas will pay your tuition and fees. And by restructuring all of our state financial aid programs, we can ensure that the money follows the student in the form of an individual debit card that students can use for tuition and fees at the school of their choice.

Those who don’t meet the financial requirements of the grant program will still be able to benefit from the B-on-Time program, which will see a funding increase of $385 million. And those who pursue high demand degrees in technology and engineering fields will be eligible for additional aid from a new Texas Technology Grant program. With $43 million, we can double the number of students who graduate prepared to become the leaders of tomorrow’s technology based economy. To address the growing shortage of nurses in Texas, we will dedicate more than $56 million to innovative efforts that will allow hospitals to provide nursing education programs, and encourage more nurses to enter nursing education so they can teach and train the next generation.

Taken as a whole, this reform plan will result in a $1.7 billion increase in total higher education funding, including a $700 million increase in general revenue funding. And it will give taxpayers more transparency and accountability because higher education budgets will no longer be written in vague lump sums. We will spend less on special item earmarks, and we will fund the education funding formulas at 100 percent for the first time in many years. I believe we must focus funding on our greatest goal, which is graduating more students. With greater clarity in budgeting, taxpayers will be able to ensure that their money is being put to good use, yielding a return higher than ever before. If lawmakers adopt this plan, the ultimate result will be a higher education system that is more affordable, more accountable and more focused on meeting the needs of tomorrow’s global marketplace. That goal is shared by each and every leader who joins me today. To speak more about this initiative, please welcome the Chair of the Senate of Education Committee, Senator Florence Shapiro.

I am honored to introduce the Chair of the House Higher Education Committee, Representative Geanie Morrison. We would be happy to attempt to answer your questions.