



## Talking Points for Commission Draft Recommendations

### What is the Texas Commission on Community College Finance, and current timeline?

- The Commission on Community College Finance was established during the 87th Legislature by SB1230 to re-evaluate how Texas community colleges are funded via state appropriations.
- The 12 appointed commissioners have been meeting since November 15, 2021, and recently convened on Monday, September 12 to review the initial draft of their recommendations. They will reconvene again for further review of the draft recommendations on October 18, 2022.
- The final report of recommendations will be sent to the Texas Legislature by November 1, 2022.

### How are community colleges currently funded?

- Often referred to as a 3-legged stool - Texas community colleges are **currently** funded by three main sources of revenue:
  1. state appropriations,
  2. local property taxes, and
  3. tuition & fees.
- The primary funding stream – Contact Hour Funding – was established in 1973 making it nearly 50 years old!
- In the mid-1980s, the state provided 65% of all community college funding; today, state appropriations on average account for only 24% of the total community college budgets. Community college funding has dramatically shifted from the state to local taxpayers and student tuition and fees.
- Current state financing is an allocation method, wherein colleges compete against each other for a limited amount of state appropriations. **Colleges could improve year-over-year and still lose state funding because another college had improved at a greater rate.**

### What are the draft recommendations suggesting?

- The draft recommendations would significantly change the funding model for community colleges towards a dynamic model that's almost entirely outcomes based.
- This model will allow for future growth in funding as colleges achieve certain outcomes such as:
  - degrees,
  - certificates,
  - credentials from credit and non-credit programs,
  - credentials of value in high-demand fields, and
  - transfer to four-year universities.
- Additionally, the model provides for incentives tied to students' progress to credentials, especially by completing a sequence of dual credit courses that apply to academic and workforce program requirements.
- Furthermore, this proposed new finance system for community colleges is being designed to incentivize alignment with the goals of our state's long-term higher education strategic plan, *Building a Talent Strong Texas*.
- This is a **historic opportunity** to move away from a funding model that is static and merely redivides the same pie, to one that provides colleges with predictable funding based on outcomes.

### **What are some other notable recommendations?**

- **Baseline operational support for small, rural-facing colleges:** a guaranteed yield for small and rural-facing colleges that struggle with needed revenue to support core operations through property tax collections and tuition/fee revenues.
- **Incentives for workforce education:** seed funding for capacity building for workforce education training and Continuing Education instruction. These grants will increase completion rates for certificates that are in high demand by industry partners.
- **Student characteristics matter:** more funding for students who need additional resources to succeed, such as economically and academically disadvantaged students, as well as adult learners.
- **Increased access to financial aid:** Texas Educational Opportunity Grant Program (TEOG), the state's need-based, financial aid program for community college students, currently provides enough funding for only 28% of eligible students. The draft recommendations would increase the funding level to support at least 70% of students who qualify for TEOG. The draft recommendations also include greater flexibility for using TEOG, such as allowing their use for a wide variety of credentials of value and for non-traditional students.
- **Dual credit financial aid:** the draft recommendation would also provide state support for dual credit tuition and fees for students who qualify for free or reduced lunch programs.

### **Elements for further clarification:**

- TACC is currently in conversations with Commissioner Harrison Keller regarding the recommended maximum tuition rate for dual credit. Currently, each college manages their dual credit tuition rates via individual agreements with their local ISDs. That tuition can vary between colleges and even within the same college. Likewise, the portion of dual credit students varies between colleges, resulting in disparate impacts to college business models.
- TACC has requested that progress to credentials tied to students' completion of a sequence of dual credit courses that apply to academic and workforce program requirements be added to the outcomes-based formula, which already includes credentials of value, credentials of value in high-demand fields, and transfer.
- Another item for clarification involves the expectation to participate in shared services for colleges that will take part in the guaranteed yield due to low taxable property values. TACC has requested that such shared services and inter-institutional collaboration be offered as a wide range of potential options, including existing partnership and collaborations with other institutions, local governments, and/or relevant stakeholders such as local chambers of commerce.
- Determine what additional flexibility for colleges is needed for TEOG grants to maximize their effectiveness.

### **What type of investment is needed from the state to enact these changes?**

- More information is needed about the proposed recommendations. The amount of additional investment will depend on the rates set by outcomes, the way those outcomes are measured, the foundational funding calculations, and student support weights.
- Commissioner Keller has publicly stated that he believes these recommended changes would require an investment of roughly \$600 to \$650 million in additional funding for community colleges in the next biennium.

TACC is united in this effort. This is a once in a generation opportunity. We need to get this right **today**, for the students of **tomorrow**.



## TEXAS COMMUNITY COLLEGES SERVE THE STATE AT SCALE



# 43%

of all Texas postsecondary students are enrolled in a community college

Institution Type	Fall 2020 Enrollment	% Of Enrollment
<b>COMMUNITY COLLEGES</b>	<b>650,499</b>	<b>43%</b>
Texas State Technical College	13,756	1%
Lamar State Colleges	9,350	1%
Public Universities	667,046	45%
Public Medical Institutions	27,024	2%
Private Institutions	128,877	9%

\* Includes graduate students. Data will be updated when Fall 2021 enrollments are certified

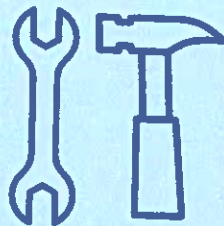
# 68%

of all Texas Freshmen and Sophomores



# 93%

Of All Career & Technical Education Degrees & Certificates



# 92%

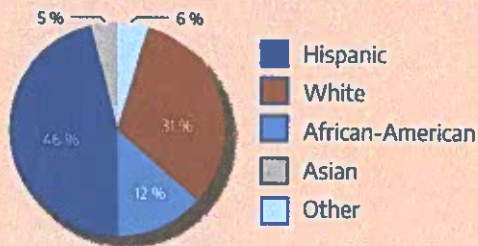
Of All Dual Credit Enrollments

(statewide enrollment 183,726 students)



## Community Colleges Reach a **DIVERSE** and **UNDER-SERVED** Population

Enrollments Reflect the **DIVERSITY** of Texas



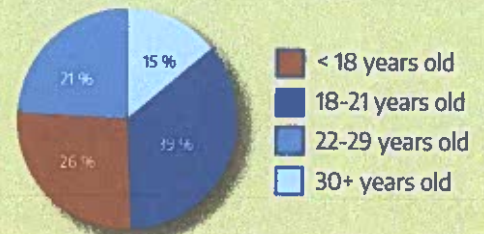
# 44%

Of Texas Credentials Awarded to **ECONOMICALLY DISADVANTAGED** Students

# 70%

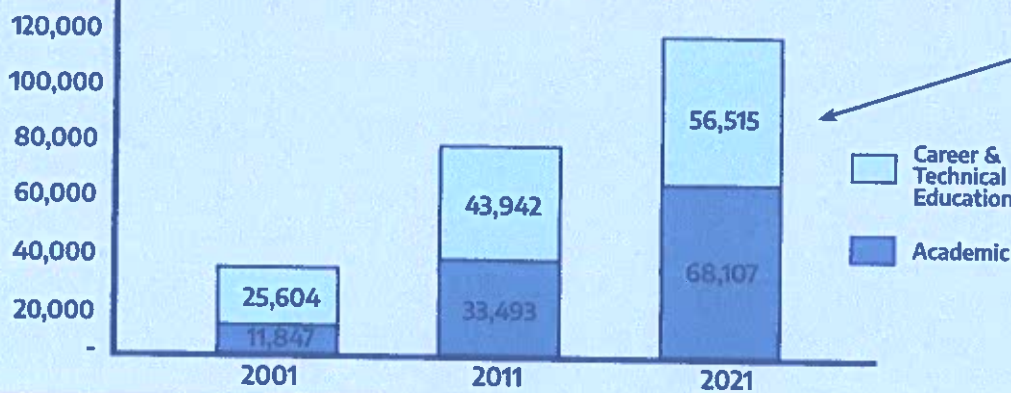
Of **ALL MINORITY** Freshmen & Sophomores in Higher Education

Community Colleges Serve Students of **ALL AGES**



# Community colleges meet the needs of a **GROWING** Texas

Total Certificates & Degrees Awarded



Since 2011, **degrees and certificates earned increased by 61%**

- 29% growth in CTE credentials
- 103% growth in academic credentials

Texas Community Colleges Provide a **PATHWAY** to Universities

**70%**

Of All FY2019 bachelor's degree graduates had **some transfer credits** from a two-year college

**34%**

Of All FY2019 bachelor's degree graduates had **more than 30** transfer credit hours from a two-year college

## ACCESS to Higher Education Is Our Mission

### Texas ranks top 5 in **AFFORDABILITY**

Average Tuition & Fees  
Public, two-year, 30 SCH

Rank	State	\$\$\$
1	California	\$1,271
2	New Mexico	\$1,705
3	Arizona	\$2,161
4	<b>TEXAS</b>	<b>\$2,259</b>
5	North Carolina	\$2,504
	**National Avg.	\$3,313

### Graduates finish with **LESS DEBT**

Texas Average Graduate Debt

Institution	% of students with debt	Average debt
<b>COMMUNITY COLLEGES</b>	<b>28%</b>	<b>\$15,625</b>
Public University	56%	\$25,101

### Texas remains **ACCESSIBLE**

Debt as % of First-Year Wages for Graduates

Institution	Percent
<b>COMMUNITY COLLEGES</b>	<b>37%</b>
Public Universities	58%

INFOGRAPHIC DATA SOURCE: Texas Higher Education Coordinating Board Almanac 2021

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