

# Texas Commission on Community College Finance: Final Recommendations

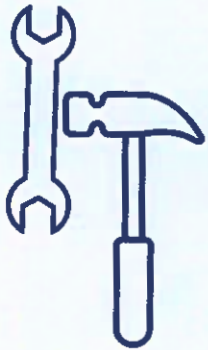


Texas Association of  
Community Colleges



Texas community colleges enroll 45% of all postsecondary students in the state.

## Our colleges:



Award

**93%**

of all career and technical education degrees & certificates

Enroll

**92%**



of all dual credit enrollments in the state

Provide a pathway for transfer



**70%**

of all FY2019 bachelor's degree graduates had some transfer credits from a two-year college

# Texas Higher Education Preliminary Enrollments

Sector	Certified 2019 Enrollment	Certified 2020 Enrollment	Certified 2021 Enrollment	Preliminary 2022 Enrollment	Fall 2021 to Fall 2022 Percent Change	Fall 2019 to Fall 2022 Percent Change
<b>Public Universities</b>	657,985	667,046	665,213	667,974	0.4%	1.5%
<b>Public Community Colleges</b>	726,300	650,499	639,546	640,582	0.2%	-11.8%
<b>Public State and Technical Colleges</b>	20,810	23,106	25,818	26,579	2.9%	27.7%
<b>Health-related Institutions</b>	29,735	30,528	31,548	31,869	1.0%	7.2%
<b>Independent Colleges Universities</b>	125,918	125,373	128,242	128,255	0.0%	1.9%
<b>Total</b>	<b>1,560,748</b>	<b>1,496,552</b>	<b>1,490,367</b>	<b>1,495,259</b>	<b>0.3%</b>	<b>-4.2%</b>

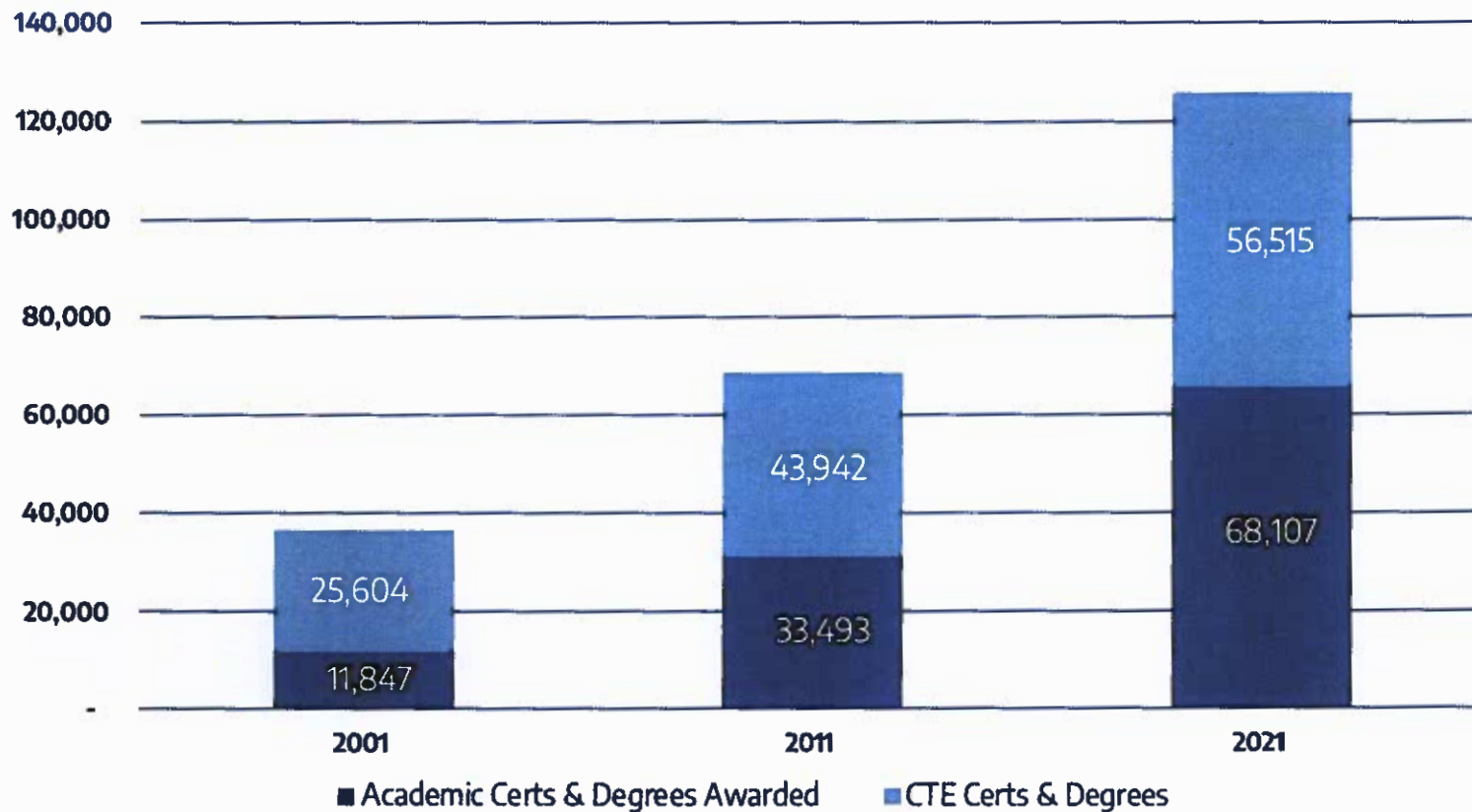
Data Source: CBM001, Accountability System, THECB Preliminary Enrollment

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Texas Association of  
Community Colleges

# Texas community colleges help meet workforce needs



Total  
Certificates  
and Degrees  
Awarded by  
Community  
Colleges

# Texas community colleges are currently funded through 3 main sources of revenue



**State Appropriations**



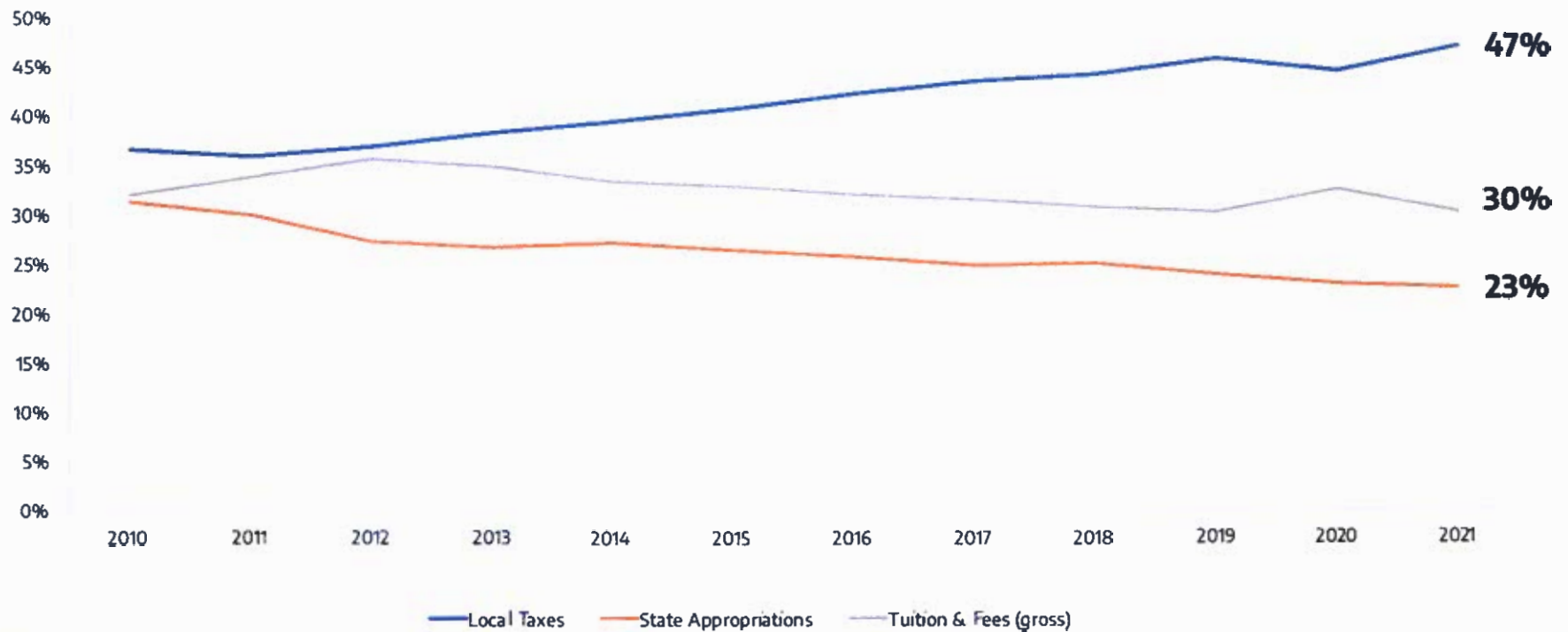
**Local Property Taxes**



**Tuition & Fees**

# Funding streams have significantly changed

Relative composition of primary revenue sources, 2010-2021



87R9376 JRJ-D

By: Taylor

S.B. No. 1230

A BILL TO BE ENTITLED  
AN ACT

relating to establishing the Texas Commission on Community College Finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter G, Chapter 130, Education Code, is amended by adding Section 130.1305 to read as follows:

Sec. 130.1305. TEXAS COMMISSION ON COMMUNITY COLLEGE

FINANCE. (a) The Texas Commission on Community College Finance is established to make recommendations for consideration by the 88th Texas Legislature regarding the state funding formula and funding levels for public junior colleges in Texas that would be sufficient to sustain viable junior college education and training offerings throughout the state.

(b) The commission is composed of 11 members as follows:

(1) three members appointed by the governor;

(2) three members appointed by the lieutenant

governor;

(3) three members appointed by the speaker of the house of representatives;

(4) one member appointed by the board of the Texas Association of Community Colleges; and

(5) one member appointed by the board of the Community College Association of Texas Trustees.

(c) Members appointed by the governor must be representatives of junior college leaders, business leaders, or other stakeholders knowledgeable in junior college mission, instructional programs, and finance.

(d) Members appointed by the lieutenant governor shall consist of:

(1) two members of the Texas Senate; and

(2) an administrator from an institution of higher education as defined by Section 61.003.

(e) Members appointed by the speaker of the house shall consist of:

(1) two members of the house of representatives; and

(2) an administrator from an institution of higher education as defined by Section 61.003.

(f) In making appointments, the governor, lieutenant governor, and speaker of the house of representatives shall

## 87 (R) – SB 1230

### Relating to establishing the Texas Commission on Community College Finance

## Passage: May 7, 2021

#### Commission goal:

The commission shall make recommendations for consideration by the 88th Texas Legislature for establishing a state funding formula and funding levels sufficient for sustaining viable community college education and training offerings throughout the state.

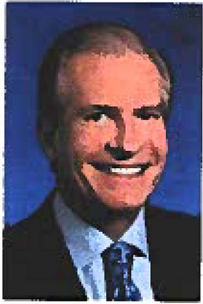
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Texas Association of  
Community Colleges

# Commission Appointees

## Chairman



**Woody Hunt**  
Senior Chairman of the  
Board of Hunt Companies



**Brandon Creighton**  
Texas State Senate



**Dr. Mark Escamilla**  
President,  
Del Mar College



**Dr. Steve Head**  
Chancellor,  
Lone Star College



**Dr. Brenda Hellyer**  
Chancellor,  
San Jacinto College



**Brian Jones**  
Director, Professional Learning  
at Odessa College



**Dr. Brenda Kays**  
President, Kilgore College



**Oscar Longoria**  
Texas House of  
Representatives



**Carol Scott**  
Chair, Del Mar College  
Board of Regents



**Larry Taylor**  
Texas State Senate



**Gary VanDeaver**  
Texas House of  
Representatives



**Todd Williams**  
CEO, The Commit Partnership

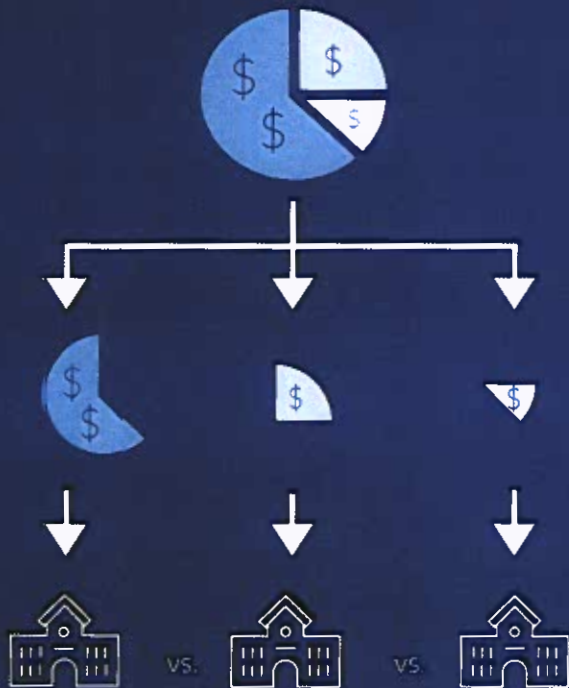


# TXCCCF Meeting Cadence

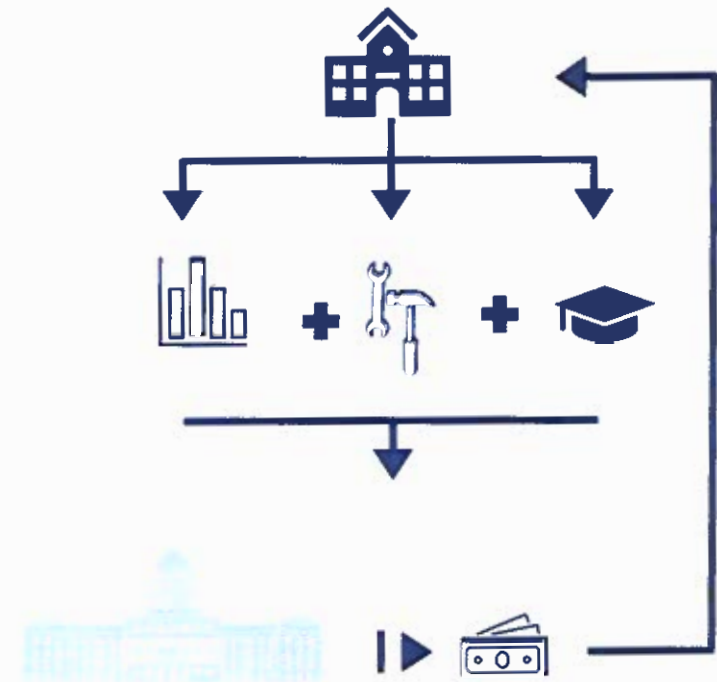


- **Inaugural meeting** – November 15, 2021
- The full Commission met a total **7 times**
- Commission broke into **three workgroups** to further explore topics:
  - College Operations
  - Student Supports
  - Workforce Policy
- **Final report timeline:**
  - **September 12, 2022** – Commission issued first draft of report
  - **October 18, 2022** – Commission presented updated draft and unanimously approved the recommendations
  - **November 17, 2022** – Final report published and made public

## Static Formula



## Dynamic Formula

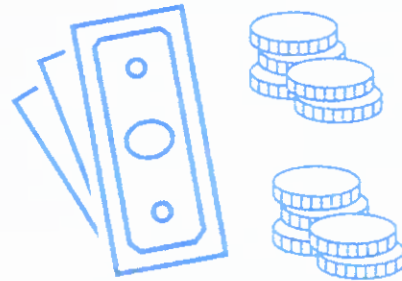


This is a **historic opportunity** to transition from a funding model that is static and merely redivides the same pie, to one that provides colleges with predictable funding based on outcomes.

## Key Changes from September Draft



The addition of **dual credit** courses that apply toward academic or workforce education program requirements as a metric to the outcomes-based formula in Recommendation 1.1.



A change in terminology from **“uniform” to “maximum” dual credit tuition rate** in Recommendation 2.2.



**Temporary hold harmless language** to ensure that no college receives less state funding under the new outcomes-based formula than what is provided under the current formula.



A recommendation to provide discretionary authority to the Texas Commissioner of Higher Education to address **“unintended consequences”** of the new funding formula.

# TXCCCF Final Recommendations

## 1. State Funding for Outcomes

\$430M

**Recommendation 1.1:** Develop a modern community college finance model that distributes the majority of state funding based on **measurable outcomes** aligned with regional and state workforce needs and state goals for *Building a Talent Strong Texas*.

- **Credentials of value**, including degrees, certificates, and other credentials from credit and non-credit programs that equip Texas students for continued learning and greater earnings in the state economy;
- Credentials of value awarded in **high-demand fields**;
- Students who **transfer** to four-year universities; and
- Students who complete a sequence of **dual credit courses** that apply towards academic and workforce program requirements.

**Recommendation 1.2:** Ensure community colleges across Texas can access foundational levels of funding for **instruction and operations** through a state-funded guaranteed yield for colleges with low taxable valuations.

**Recommendation 1.3:** Authorize the Commissioner to create a process to address **unintended negative consequences** from implementation of the new funding model.



# TXCCCF Final Recommendations

## 2. Affordability for Students

\$170M

**Recommendation 2.1:** Increase funding for **Texas Educational Opportunity Grants** (TEOG) and link state performance measures for eligible students served through TEOG at two-year institutions and TEXAS Grants at universities to establish a state goal of supporting at least 70 percent of qualified low-income college students in pursuing postsecondary credentials of value at public two- and four-year institutions.

**Recommendation 2.2:** Provide financial aid through colleges to cover tuition and required fees in dual credit courses for economically disadvantaged students. This new targeted **financial aid for dual credit** should also incorporate a maximum tuition rate for dual credit courses set annually by THECB to help ensure equitable access for high school students across the state to dual credit courses.

**Recommendation 2.3:** Expand partnerships among colleges and private employers for **paid work-based learning** opportunities, including work-study, apprenticeships, and internships related to students' programs of study, utilizing the work-based learning strategic framework developed by the Governor's Tri-Agency Workforce Initiative.



# TXCCCF Final Recommendations

## 3. Investments in College Capacity

\$50M

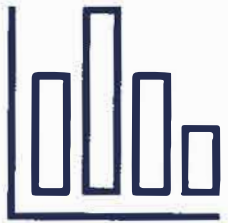
**Recommendation 3.1:** Provide one-time **seed grants for programs in high-demand fields** to support community colleges in rapidly standing up or expanding programs to meet regional and state workforce needs.

**Recommendation 3.2:** Support and facilitate **shared services** and stronger inter-institutional partnerships. THECB should facilitate shared services to enable individual colleges to improve operational efficiency and expand the range of academic and workforce programs they offer. These shared services might include support for inter-institutional partnerships, master service agreements, and state technology infrastructure, along with related feasibility studies.

**Recommendation 3.3:** Update state policies, and build upon the recent work by individual colleges, to help community colleges across the state provide high-quality non-credit credential programs that are **convertible and stackable** with credit-bearing programs. A state crosswalk of non-credit to credit courses and programs will improve transferability of workforce education courses across institutions and throughout students' pathways, from high school dual credit programs through pathways for adult learners to support ongoing reskilling, upskilling, and career advancement.

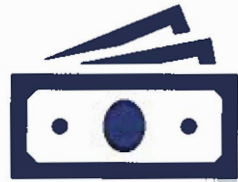


# Minimum Additional State Investment Needed



**Formula**

**\$430M**



**Financial Aid**

**\$170M**



**College Capacity**

**\$50M**

**TOTAL**

**\$650M**



# Thank you

For further information, please contact:

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**Texas Association of Community Colleges**

<https://tacc.org/>





# Texas Commission on Community College Finance

## Final Recommendations

The Texas Commission on Community College Finance was established during the 87th Legislature by SB 1230 to **re-evaluate how Texas community colleges are funded via state appropriations**. The 12 appointed commissioners held seven public hearings, with the final hearing on Tuesday, October 18, 2022, where they unanimously approved a set of final recommendations which were sent to State Leadership in early November and made public on November 17, 2022.

The final recommendation are centered around **three key areas**:



**State Funding for Outcomes**



**Affordability for Students**



**Investments in College Capacity**

This one-pager provides a high-level overview of the **transformative changes** proposed by the Commission.



**Recommendation 1.1:** Develop a modern community college finance model that distributes the majority of state funding based on measurable outcomes aligned with regional and state workforce needs and state goals for Building a Talent Strong Texas.

### Measurable outcomes include:

Credentials of value, including degrees, certificates, and other credentials from credit and non-credit programs.

Credentials of value awarded in **high-demand fields**.

Students who **transfer** to four-year universities.

Students who complete a sequence of **dual credit** courses that apply towards academic and workforce program requirements.

**Recommendation 1.2:** Ensure community colleges across Texas can access foundational levels of funding for **instruction and operations** through a state-funded guaranteed yield for colleges with low taxable valuations.

**Recommendation 1.3:** Authorize the Commissioner to create a process to address **unintended negative consequences** from implementation of the new funding model.

Download and print the full report by scanning the QR code here!





**Recommendation 2.1:** Increase funding for **Texas Educational Opportunity Grants (TEOG)** and link state performance measures for eligible students served through TEOG at two-year institutions and TEXAS Grants at universities to establish a state goal of supporting at least 70 percent of qualified low-income college students in pursuing postsecondary credentials of value at public two- and four-year institutions.

**Recommendation 2.2:** Provide financial aid through colleges to cover tuition and required fees in dual credit courses for economically disadvantaged students. This new targeted **financial aid for dual credit** should also incorporate a maximum tuition rate for dual credit courses set annually by Texas Higher Education Coordinating Board (THECB) to help ensure equitable access for high school students across the state to dual credit courses.

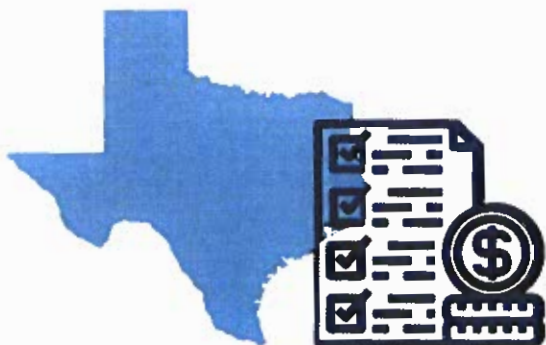
**Recommendation 2.3:** Expand partnerships among colleges and private employers for **paid work-based learning opportunities**, including work-study, apprenticeships, and internships related to students' programs of study, utilizing the work-based learning strategic framework developed by the Governor's Tri-Agency Workforce Initiative.



**Recommendation 3.1:** Provide one-time **seed grants for programs in high-demand fields** to support community colleges in rapidly standing up or expanding programs to meet regional and state workforce needs.

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**Recommendation 3.3:** Update state policies, and build upon the recent work by individual colleges, to help community colleges across the state provide **high-quality non-credit credential programs that are convertible and stackable** with credit-bearing programs. A state crosswalk of non-credit to credit courses and programs will improve transferability of workforce education courses across institutions and throughout students' pathways, from high school dual credit programs through pathways for adult learners to support ongoing reskilling, upskilling, and career advancement.



## What's next?

This transformational change is not achievable without commitment and critical investments from State Leadership and the Texas Legislature this upcoming session. Commissioner Harrison Keller has publicly stated these recommended changes would require an investment of roughly **\$600 to \$650 million** in additional funding for community colleges in the next biennium.



## **Talking Points for Commission Final 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 SB 1230 to re-evaluate how Texas community colleges are funded via state appropriations.
- The 12 appointed commissioners held seven public hearings, with the final hearing on Tuesday, October 18, 2022, where they unanimously approved a set of final recommendations which were sent to State Leadership in early November and made public on November 17, 2022.
- The full report is available through [this link](#).

### **What are the recommendations suggesting?**

- The recommendations significantly change the funding model for community colleges towards a dynamic model that's primarily based on student outcomes.
- 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,
  - completion of dual credit courses toward an academic or workforce program, and
  - transfer to four-year universities.
- 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 changed since the draft issued in September?**

- On September 12, 2022, the Commission issued the first draft of recommendations. That meeting marked the beginning of a public comment period where the Texas Association of Community Colleges (TACC) worked closely with Commissioner Harrison Keller, Chairman Woody Hunt, and members of the Commission to express areas of suggested change.
- These conversations proved fruitful as the revised final draft reflected **four key changes** critical to community college leaders:
  - The addition of dual credit courses that apply toward academic or workforce education program requirements as a metric to the outcomes-based formula in Recommendation 1.1.
  - A change in terminology from "uniform" to "maximum" dual credit tuition rate in Recommendation 2.2.
  - Temporary hold harmless language to ensure that no college receives less state funding under the new outcomes-based formula than what is provided under the current formula.
  - A recommendation to provide discretionary authority for the Texas Commissioner of Higher Education to address "unintended consequences" of the new funding formula.

### 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:
  - state appropriations,
  - local property taxes, and
  - 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 23% of the total community college budgets.
- 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 other notable aspects of the final recommendations?

- **Baseline operational support for colleges with low taxable valuations:** a guaranteed yield for colleges that struggle with needed revenue to support core operations through property tax collections and tuition/fee revenues.
- **Incentives for workforce education:** seed grant funding for capacity building of new or expansion of existing programs to meet regional and state workforce needs.
- **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 recommendations increase the funding level to support at least 70% of students who qualify for TEOG. The recommendations also include greater flexibility for using TEOG, such as allowing their use for a wide variety of credentials of value, non-credit and short-term training programs, and for non-traditional students.
- **Dual credit financial aid:** the recommendations also provide state support for dual credit tuition and fees for students who qualify for free or reduced lunch programs.

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

- 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. The Coordinating Board has agreed to work in collaboration with TACC as they begin developing models to reflect this transformational formula.
- Commissioner Harrison Keller has publicly stated 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**.