88th Texas Legislature

2023 Legislative Priorities

The **Texas Association of Community Colleges** (TACC) and the **Community College Association of Texas Trustees** (CCATT) support the following legislative priorities.

Community College Finance Reform

Support legislation developed from the final recommendations of the Texas Commission on Community College Finance.

The new proposed model ties funding directly to measurable outcomes such as transfer rates, credentials of value, credentials in high-demand fields, and dual credit. Most notably, it moves away from a funding model that is static to one that is dynamic and provides colleges with predictable funding based on their own success. The recommendations also include additional funds for colleges to support low-income or academically unprepared students, and adult learners.

Texas Education Opportunity Grants (TEOG)

Texas Education Opportunity Grants are the state's primary method for providing financial aid to community college students. However, colleges are required to provide matching funds to draw down this aid.

TACC seeks to provide the same flexibility allowed for four-year universities to match the financial aid program for their students. Specifically, by allowing Pell Grants to count for that match with TEOG the way they do with TEXAS Grants.

Cybersecurity & IT Modernization

During the 87th Texas Legislature, HB 4018 was passed establishing a Joint Operations Committee (JOC) of the legislature to oversee state funding for IT modernization projects across state agencies and institutions of higher education. Community colleges submitted reports on their modernization strategies and timelines in the fall of 2022.

TACC will advocate to utilize one-time funding to the extent it's made available, to meet those needs for community colleges should funding be provided to other state agencies or institutions of higher education.

Clinical Nursing Sites

There is statewide demand for growing our nursing workforce. The Board of Nursing and has noted the lack of clinical nursing hours as a key constraint on the state's nursing pipeline.

TACC will seek to address the nursing shortage and ensure that availability for clinical nursing sites is prioritized for students from Texas community colleges through statutory authority via the Texas Higher Education Coordinating Board (THECB).

Texas Transfer Framework

For the past three years the Texas Higher Education Coordinating Board (THECB) has developed and implemented the new Texas Transfer Framework, to improve transferability and portability of credit hours between two-year and four-year institutions, and revise the current Fields of Study curricula. However, the THECB lacks statutory authority to enforce articulated Fields of Study disciplines.

TACC will advocate for additional statutory authority for the THECB to better implement Texas Transfer Framework.

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 recommendations 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.

The outcomes-based formula include **robust incentives for completions and transfers of students who are economically or educationally disadvantaged and adult learners** to promote improved outcomes for populations that historically have completed postsecondary credentials at significantly lower rates.

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: Facilitate initial implementation of the new model through **hold harmless funding**, and authorize the Texas Commissioner of Higher Education to create a process to address **unintended negative consequences.**

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.

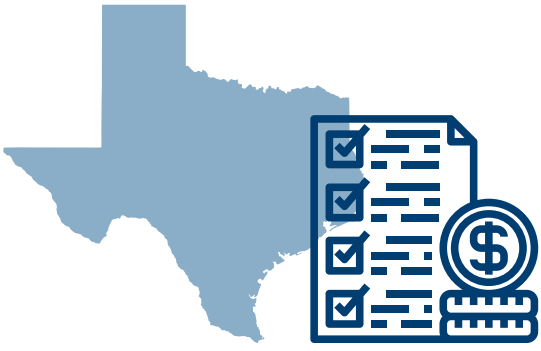
Recommendation 2.2: Provide financial aid through colleges to cover tuition and required fees in dual credit courses for economically disadvantaged students. This new targeted **financial aid for dual credit** should also incorporate a maximum tuition rate for dual credit courses set annually by Texas 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.

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.



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.

Texas Association of Community Colleges

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.**