



89th Legislative Session | Budget Priorities for Texas Community Colleges

House Bill 8 (HB 8) has transformed Texas' community colleges by aligning funding with student success and workforce outcomes. As we approach the next legislative session, **continued investment in this transformative funding model** is vital to maintaining momentum and continuing to deliver measurable results for students, businesses, and the Texas economy.

THE CASE FOR SUPPLEMENTAL FUNDING IN FY 25

Texas community colleges **exceeded expectations** in the first year of HB 8, demonstrating the effectiveness of the outcomes-based funding model. Supplemental funding will be instrumental in addressing current needs to maintain this progress.

- **The Supplemental Appropriations Bill** provides an opportunity to adjust funding based on real-time data. This ensures that colleges receive the financial resources necessary to reward performance and expand impact.
- **The Texas Higher Education Coordinating Board (THECB) projects the need for at least \$39.4 million** in supplemental funding for the current biennium, reflecting the student completion outcomes that colleges have already achieved. This figure may be adjusted as updated data is certified in early 2025.
- **Without supplemental funding**, colleges may face challenges in sustaining student success programs, workforce training initiatives, and dual credit expansion efforts.

FUNDING PRIORITIES FOR FY 26-27

Senate Bill 1 (SB 1) and House Bill 1 (HB 1), the General Appropriations Acts for Fiscal Years 2026–2027, set the state's long-term budget priorities. We appreciate that the **funding levels proposed for community colleges in the base budget bills generally align with recommendations made by the Texas Higher Education Coordinating Board**. Continuing to strengthen Texas' investment in community colleges will help build on the success of HB 8 and allow our colleges to remain responsive to workforce needs.

Key funding priorities include:

1. Fully Fund House Bill 8

- **Ensuring the ongoing implementation of HB 8 will empower our community colleges** to keep delivering credentials of value and improving student outcomes.
- **The new funding model has proven effective**, and continued investment will enable colleges to grow workforce training, boost student retention, and enhance affordability.

2. Invest in Workforce Development

- Texas community colleges provide **96% of the state's career and technical education (CTE) degrees and certificates** and play a central role in economic growth.
- Continued investment in CTE and high-demand fields – such as healthcare, advanced manufacturing, and information technology – will **maintain Texas' competitiveness in a rapidly evolving job market**.



Texas Association of Community Colleges

3. Expand Dual Credit and FAST (Financial Aid for Swift Transfer)

- Over **90% of dual credit students** in Texas attend a community college, significantly reducing college costs for Texas families while accelerating degree completion.
- **FAST has saved Texas students \$79.6 million**, improving affordability and reducing student debt.
- Additional support will **expand dual credit access, particularly in rural and economically disadvantaged areas**, ensuring more students graduate prepared for college and careers.

4. Maintain Dynamic, Outcomes-Based Funding

- HB 8's funding model **ties financial support to measurable results**, incentivizing effective programs and student success.
- This flexible, performance-driven approach allows community colleges to **adapt quickly to workforce needs, effectively support students, and boost local economies**.

WHY THIS MATTERS

- **Economic Growth:** Community colleges fuel local and state prosperity by developing a skilled workforce tailored to industry needs.
- **Legislative Leadership:** Ensuring robust funding HB 8 reaffirms the legislature's commitment to higher education as a strategic economic driver for Texas.
- **Long-Term Investment:** By prioritizing community college funding, Texas strengthens its future workforce, ensuring that our state remains well-positioned to meet emerging demands.

As the 89th Legislature convenes, now is the time to uphold the progress made under HB 8 and secure the investments needed to build the next generation workforce. We look forward to working together to sustain this transformative approach to community college funding.