

Funding Community Colleges:

Issues to be Addressed in Texas

Presented to Texas Commission on Community College Finance

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Objective

- An approach to community college finance that is aligned with the goals of ensuring that:
 - Community college services are readily accessible to students in all parts of the state.
 - Community colleges are responsive to the differing workforce needs in all regions of the state and to regional 60X30 goals.
 - A community college education is (equally) affordable to residents of all parts of the state.
 - Gaps in educational attainment across geographic regions, races/ethnicities, and age groups are eliminated.
 - Colleges have sufficient funds to provide necessary, relevant services.

The Texas Context

- Long history of strong local control of community colleges
- Unlike states like CA, IL, and WA, Texas does not have a coordinating body that links statewide policy to locally governed colleges.
- One of the few states that has local boards in which taxing districts do not cover the entire state.
- Texas is a state with very different regional economies. As a result, workforce needs vary considerably in different regions of the state.
- While community colleges will be key to meeting 60X30 goals, there is no statewide strategy for eliciting the necessary responses from the colleges.

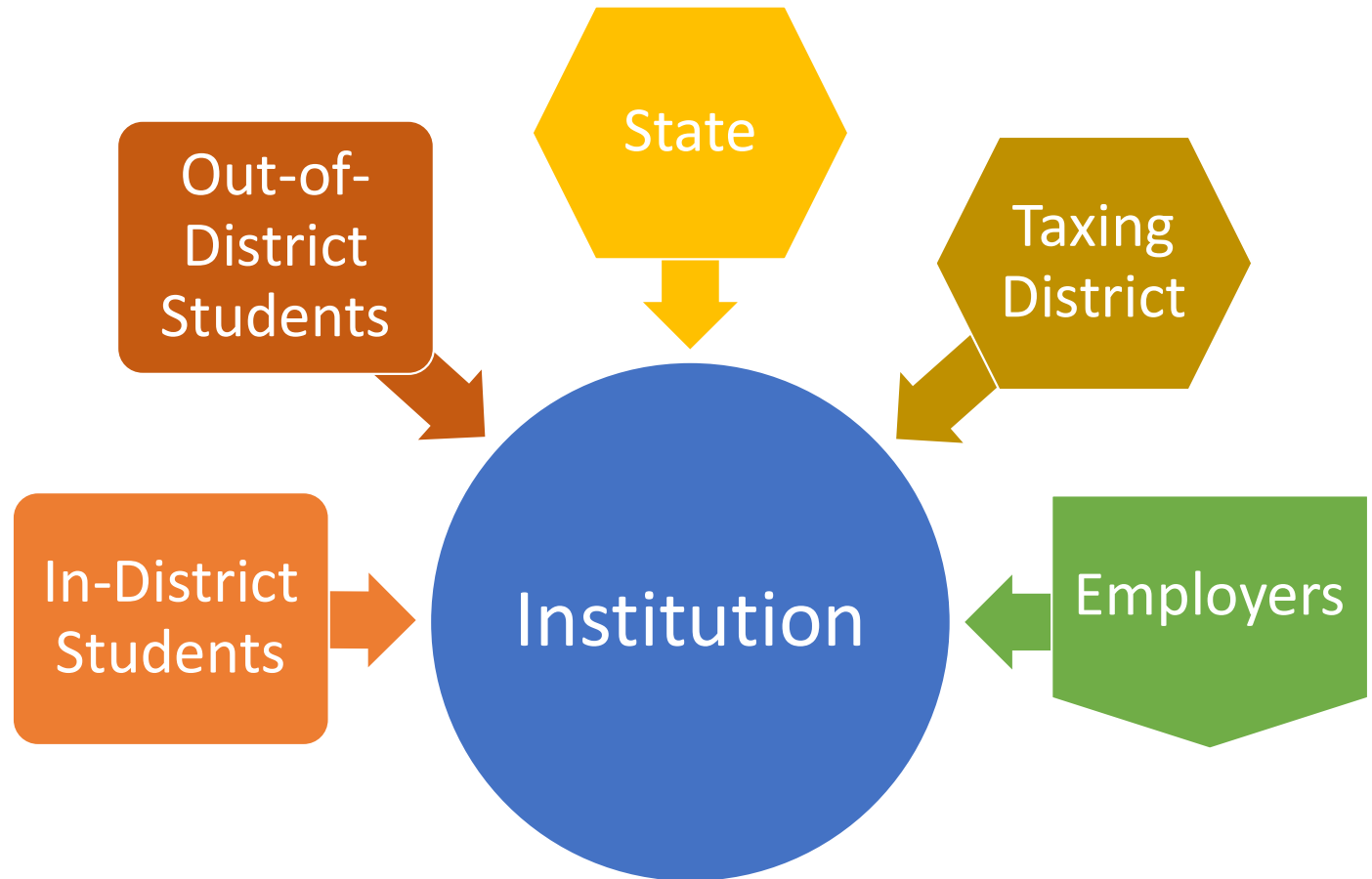
The Array of Community College Services

Services	Audiences/Clients			
	In-School Youth (Secondary Education)	Recent High School Graduates	Adults	Employers
Remedial & Development Education				
General Education				
Transfer Preparation				
Career Preparation				
Customized Training/Rapid-Response Workforce Development				
Community Services (Non-credit & Other Services to the Community)				
Brokering and Serving as a Delivery Site for Other Providers				

Funding from the Perspective of a College

Inequities occur as a result of differences in:

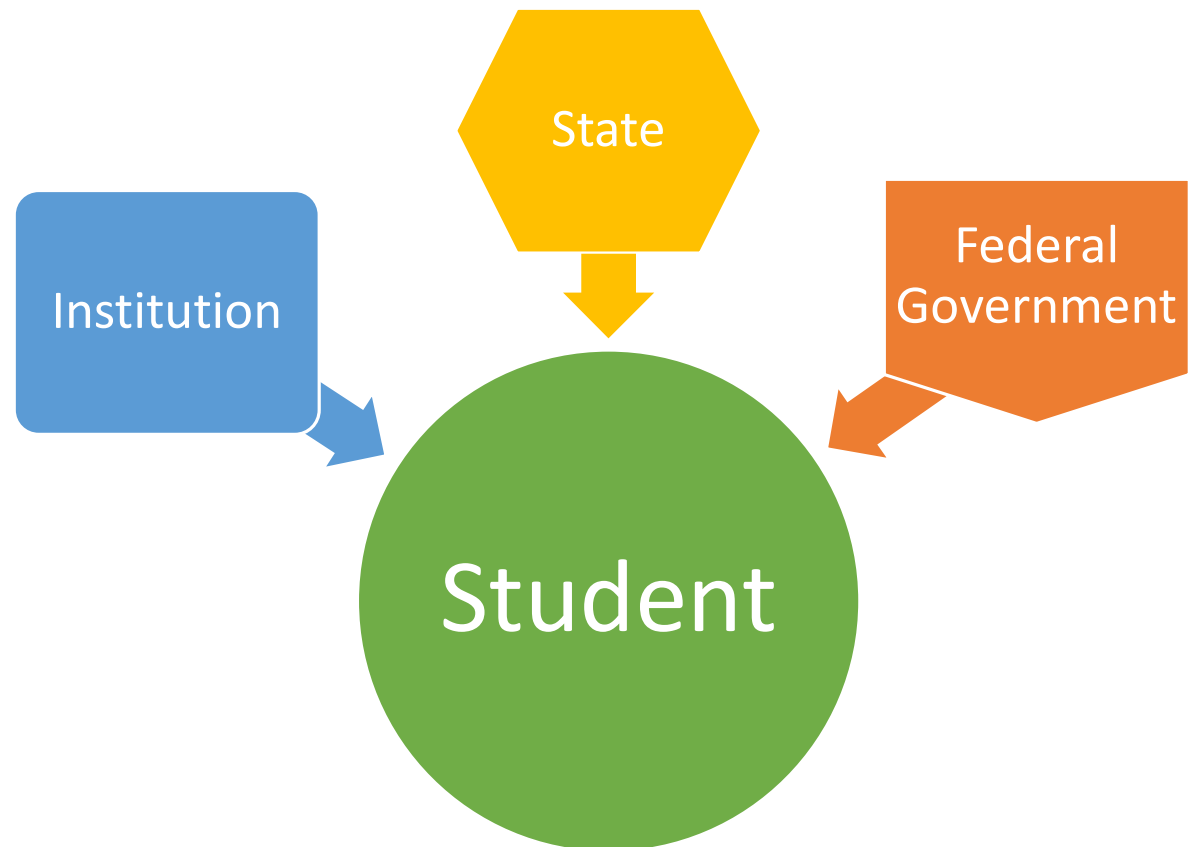
1. Valuation bases of taxing districts.
2. Tuition rates.
3. Proportions of out-of-district students.
4. The characteristics of students and prospective students.
5. Employer demand for customized training.



Funding from the Perspective of Students

Inequities occur as a result of differences in:

1. Tuition rates across colleges.
2. In- vs. out-of-district rates to attend the same college.
3. Institutional student financial aid.
4. Access to programs.



Factors That Determine Funding Streams for Texas Community Colleges

- Locally Controlled
 - Tuition rates—both in-district and out-of-district
 - Tax rates
- State (THECB) Controlled
 - Base funding
 - Contact hour funding
 - Outcomes
 - Perkins

Variation in Funding Drivers

- State controlled factors are constant across college districts—pretty much one size fits all.
- Locally controlled factors vary widely
 - Tuition rates for in-district students vary nearly 250%
 - Tax rates vary 650%

Benefiting Without Contributing

- Political entities (cities/counties) that lie outside taxing districts get benefits of being in a CC service area without paying for the benefits received
- Benefits are paid for by students who pay higher out-of-district tuition
- The majority of the geographic area and more than 30% of the population of the state lie outside college taxing districts.

Design Principles

A Community College Funding Model should:

1. Recognize that the state is the minority investor in community colleges. As a result, the funding model must yield strategic investments of state resources.
2. Create incentives for colleges to contribute to attainment of state and regional 60X30 goals.
3. Ensure access to affordable and relevant community college services to students in all parts of the state.
4. Promote responsiveness to the different workforce needs of different regions of the state.
5. Recognize the differing circumstances of large vs. small and wealthy vs. poor districts—circumstances that have led to very different tuition levels and tax rates.

Topics for Consideration

- How to reduce funding burden on students who pay out-of-district tuition.
- How to provide adequate funding support for colleges in taxing districts with low valuations and to ensure affordability for in-district students in those districts.
- How to obtain appropriate levels of contributions from areas outside taxing districts.
- How to ensure that workforce programs appropriate to all of Texas's regions are effectively delivered through the local community college or via a collaboration among providers.
- How to ensure that students from all backgrounds can access and succeed in programs linked to regional workforce requirements.