



Testimony

Written Testimony to the Texas Commission on Community College Finance

by Erin Davis Valdez, Policy Director Next Generation Texas

Dear Chairman Hunt and Members of the Commission:

Thank you for the opportunity to provide information to this commission relating to improving the alignment of higher education and workforce development.

As the Commission on Community College Finance formulates recommendations to address the community college enrollment crisis, there is an opportunity to move the community college funding model from paying for inputs (contact hours) to paying based on student wage and employment outcomes.

Texas faces an enormous challenge in the recovery phase from COVID-related unemployment. As young workers and others decide whether to take relatively high-wage service industry jobs or to develop competencies that will make them more employable in the future, policymakers may wish to explore opportunities to remove obstacles facing individuals seeking to reskill and businesses in need of skilled workers.

During [past](#) economic downturns, higher education was countercyclical—that is, enrollments tended to grow as the unemployed sought credentials to gain an edge in their careers. But the COVID recession is different from past recessions in many significant ways. Instead of growing enrollments, November 2021 [data](#) from the National Student Clearinghouse show that two-year colleges are seeing fewer students on campus.

Texas community colleges are particularly hard-hit relative to four-year institutions, suffering an [11.8% decline](#) in enrollment in fall 2021 compared to fall 2019. This decline in enrollment will likely lead to lower “contact hour” totals, which account for about [89%](#) of community college funding.

Furthermore, [recent research from NBER](#) points to an alarming additional dimension to this enrollment crisis: The decline in enrollment in community colleges is more concentrated among men than women, and COVID restrictions on in-person instruction affected “hands on” programs the most. At a time when demand for “ARM” (assembly, repair, and manufacturing) skills is [skyrocketing](#) in our state, these programs have suffered a supply-side shock.

Fortunately, Texas is ahead of the curve nationally in that we already have a model for scaling up workforce-focused education. Texas State Technical College has [pioneered](#) a returned-value funding model and proven that this model [delivers](#) value to taxpayers, employers, and students. TSTC’s [economic return](#) to Texas taxpayers since 2013 has grown to \$390 million in the 2020-21 biennium.

Recommendations:

1. Offer two-year junior colleges the opportunity to “opt-in” all or some of their programs (credit or non-credit) to the returned-value funding (RVF) methodology [employed](#) by Texas State Technical College, or versions of it based on individual college missions, provided that any funding model negotiated must be based primarily on wage and employment outcomes for students, not on inputs.

2. Improve data collection and sharing among the Tri-Agency Workforce Initiative to make longitudinal assessments of the value of individual programs even more prevalent among higher education institutions and more available to the public. TPPF's [recent research](#) points to the need to revisit HB 3767 in the 88th Legislature to strengthen requirements for data sharing and transparency among these agencies.

ABOUT THE AUTHOR



Erin Davis Valdez is the Policy Director for Next Generation Texas, an initiative of the Foundation. She has been passionate about the transformational power of education all her life, having been given the gift of being homeschooled. She taught for over a decade in Austin-area schools and served as an assistant principal at a charter school in Lewisville. These experiences have given her the opportunity to see first-hand how students can thrive when they have excellent options.

Since joining the Foundation, Valdez has conducted research on career and technical education at the secondary and post-secondary levels, civics education, and welfare to work programs in Texas.

Valdez earned an M.A. in classics from the University of California, Santa Barbara and a B.A. in classical studies from Hillsdale College.

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