

To: Chairman Woody Hunt and
Members of the Texas Commission on Community College Finance

September 12, 2022

Thank you for your leadership as a member of the Texas Commission on Community College Finance. As leading members of the North Texas business community, we believe that the Commission's efforts are vitally important for the future of our state and local economy.

The business case for investing in our state's community college institutions is clear. As Texas lags its statewide goals for postsecondary completion, employers are struggling to fill jobs that require a credential or degree. In Dallas County, only 31% of college students earn a postsecondary credential or degree within six years of enrollment, yet 85% of living wage jobs require an education beyond high school. Community colleges are uniquely positioned to address this gap through a dual focus on academic programs that prepare students for future postsecondary success and workforce training in high-demand, high-paying careers.

As evidenced by the Texas Commission on Public School Finance and the subsequent passage of House Bill 3 during the 86th Texas Legislative Session, state investment directed strategically toward outcomes can be transformative.

To unlock the full potential of community college institutions in North Texas and statewide, new state investment must be outcomes-oriented, distributed equitably, and inclusive of the needs of business. Accordingly, we encourage the Commission to consider the following recommendations as it works toward its final report for the 88th Texas Legislature.

1. **Reform and increase funding for Student Success Points.** Student Success Points, or SSPs, should be reconstructed to prioritize student outcomes, such as degree and credential attainment or successful transfer to a four-year university, over institutional inputs. SSPs should also be funded through a non-competitive formula over the current competitive allocation so that institutional progress against outcomes is sufficiently rewarded. Lastly, the state should consider increasing its investment in SSPs to better drive institutional behaviors.
2. **Provide weighted funding to institutions for serving disadvantaged student populations.** Presently, Texas' community college finance system does not acknowledge the varying needs of students. A weight should be added to both contact hour funding and SSP allocations for students considered economically- and/or academically-disadvantaged.
3. **Streamline and expand incentives for employers to partner with community college institutions.** The state should consider consolidating competitive grants for industry partnerships with community colleges to ease the administrative burden on participating employers and expanding available incentives to promote the use of industry experience and workforce training in college classrooms.
4. **Establish dedicated authority within the Texas Higher Education Coordinating Board to oversee new investment in community colleges.** A Deputy Commissioner of Community Colleges should be appointed within the Texas Higher Education Coordinating Board, focused exclusively on aligning institutional priorities and practices, providing regulatory oversight, and administering existing and new funding streams for community colleges.

We are pleased that several of these proposals are included in the Commission's near final draft of recommendations, publicized on September 6. We hope to see those maintained in the Commission's final report to the legislature and encourage the Commission to consider incorporating additional recommendations to incentivize employer partnerships beyond work-based learning and establish dedicated operational oversight of community colleges within the Texas Higher Education Coordinating Board.

Taken together, we believe these recommendations will strengthen Texas' community college finance system's focus on outcomes, equity, and responsiveness to employer needs.

Thank you, again, for your service on this important body. We look forward to reviewing the Commission's final report and working alongside you in the upcoming state legislative session to effect meaningful change for Texas' community colleges and the students they serve.

Sincerely,

Clark Donat
Counsel
Reed Smith, LLP

Matt Garcia
SVP, Public Policy
Dallas Regional Chamber

Belen Garren
North Texas Region Manager
J.P. Morgan Chase

Brendan McGuire
Regional President
PNC Bank

Chris Peck
SVP & Dallas Office Leader
J.E. Dunn

Paul Schulze
VP, Public Affairs
Hunt Consolidated

Jarrad Toussant
SVP, Education & Workforce
Dallas Regional Chamber

Jerrod Vaughan
Associate Partner
Bain & Co.