



September 12, 2022

To: The Texas Commission on Community College Finance

Re: Proposed recommendations for the 88th Legislature relating to community college finance

Chairman Hunt and Members of the Commission,

The Commit Partnership and the 20 organizations undersigned thank you for the opportunity to submit public comment in support of the recommendations proposed by the Texas Commission on Community College Finance (TCCCF). **The TCCCF recommendations propose bold and transformative changes to community college finance reform that will address our workforce challenges and strengthen the Texas economy.**

I. TEXAS' WORKFORCE CHALLENGE

The success of our state is closely linked not only to the capacity of our education and workforce systems to meet the labor needs of Texas businesses, but also to our ability to empower Texans to obtain the knowledge and skills they need to attain meaningful, gainful employment. With Texas' economy booming, corporate relocations to Texas at an all time high, and unemployment historically low, community college finance reform offers a significant opportunity to address the following major challenges facing Texas employers:

- Only 1 in 4 Texas students are achieving a post-secondary credential six years beyond their scheduled high school graduation; if they are economically disadvantaged, that ratio declines to 1 in 8. Economically disadvantaged students represent 60% of all Texas K-12 students.¹
- By 2030, 62% of all Texas jobs will require a postsecondary credential², and currently only 48% of Texans have earned a postsecondary credential of any kind.³
- 54% of jobs in Texas are considered middle-skill — meaning that they require a postsecondary credential beyond high school but less than a bachelor's degree — but only 45% of Texans are sufficiently trained for these types of jobs — which leaves us with a 9-percentage point “middle skills gap” estimated at 1.4 million Texans.⁴

II. COMMUNITY COLLEGES ARE KEY TO ADDRESSING THESE CHALLENGES

Despite both the urgency and the opportunity represented by the challenges we face, it is also clear that **Texas' community and technical colleges are integral to solving our state's workforce challenges.** By providing efficient and affordable pathways to numerous self-sustaining wage credentials, two-year colleges are uniquely positioned to meet the demand for re-skilling and up-skilling Texas students. However, over the past 40 years, state funding of community colleges has declined from 68% to 26%, with the balance paid for by higher tuition and skyrocketing property taxes. Furthermore, with 50 separate locally-governed community college districts, substantial variations in underlying property valuations result in significant differences in student tuition rates and the ability for colleges to offer sufficient workforce training. This lack of resources puts these colleges' students at a disadvantage in the state workforce, while also negatively impacting local communities' abilities to grow their regional economies.

To overcome these challenges and meet the goals established in *Building a Talent Strong Texas*, Texas must create a community college finance system that:

¹ Higher Education Completion Dashboard

<https://public.tableau.com/app/profile/the.commit.partnership/viz/HigherEducationCompletionDashboard/Dashboard1>

² Carnevale, et al., 2015

³ Lumina Foundation, 2022a

⁴ National Skills Coalition, 2020

<https://nationalskillscoalition.org/wp-content/uploads/2020/12/TX-Skills-Mismatch-Fact-Sheet-2020.pdf>

- is highly aligned with, and incentivized to serve rapidly changing regional and state workforce needs
- creates opportunity for quality workforce training and postsecondary opportunities for *all* Texans, regardless of their zip code
- invests strategic and meaningful new funding in data-driven strategies that will provide a return on investment for taxpayers by creating a skilled workforce to meet employers' needs and self-sustaining jobs for more Texans

III. THE PROPOSED TCCCF RECOMMENDATIONS ARE THE SOLUTION

The TCCCF recommendations propose bold and transformative finance reform that will positively alter the trajectory of our workforce, strengthen our economy, and ensure more Texans have the ability to support themselves and their families. We strongly support these initial recommendations and ask the Commission to recommend that the 88th Legislature invest strategic and meaningful new funding in these data-driven strategies for the following reasons:

1. Outcomes Funding Structured to Incentivize Workforce Alignment, Student Success, and Equitable Resourcing. The Commission's recommendation to dedicate a majority of state funding to outcomes funding tied to regional and state workforce needs will establish Texas as a national leader in utilizing community colleges to adapt to rapidly changing workforce demands. We strongly support the recommended shift from an inputs-based allocation model to a dynamic, outcomes-based formula directly tied to student completions of credentials of value and transfers. As the value of higher education becomes more strictly defined by its return on investment, our education system must assist more Texans in attaining credentials of value that are tied to in-demand jobs with strong earning potential. Additional incentives for completions and transfers for economically and academically disadvantaged students will ensure equitable resourcing to meet these students' needs. The Commission's outcomes based funding reforms will incentivize student success and drive improved results that align with state workforce needs.
2. Foundational Funding So All Regions Can Thrive. The Commission's recommendation to provide a guaranteed yield for colleges with low taxable valuation will ensure that all community colleges, regardless of their size or property-tax valuation, have the adequate funding to properly serve their students. We applaud the Commission's support of smaller colleges in hopes that all regions have the opportunity to share in Texas' economic prosperity. By providing targeted state funding to ensure that all colleges have the foundational funding for instruction and operations, all students can have a pathway to a self-sustaining wage and participate in growing their regional economies.
3. A Commitment to College Affordability. The recommendations increase access and affordability for students by investing in need-based financial aid. By establishing a state goal of supporting at least 70% of qualified low-income college students in pursuing postsecondary credentials of value at public two- and four-year institutions and by providing need-based aid for dual credit, Texas would be making a strong commitment to affordability and to supporting those students who have historically been less likely to participate in and complete postsecondary credentials, thereby significantly growing the number of skilled workers to meet workforce demand.
4. Supporting Strong Partnerships between Education and Industry to Ensure Programmatic Alignment. The recommendations will strengthen partnerships between education institutions and industry and thereby the responsiveness of community college programs to their regional needs. By supporting paid work-based learning opportunities, providing seed grants for community college programs in high demand fields, and generally incentivizing strong partnerships between colleges and industry, the state



can ensure strong alignment between community college programs and current and emerging workforce needs.

5. Facilitating Collaboration, Cost Sharing and Operational Efficiency. Today, the community college sector is a highly diverse, disparate network of 50 institutions with no effective state-level method of ensuring they respond in a concerted manner to state priorities. The Commission's recommendations address this challenge. By allocating additional resources to the Texas Higher Education Coordinating Board (THECB) to support shared services and inter-institutional partnerships, THECB can support colleges in improving operational efficiency, finding opportunities for cost sharing and collaboration, and expanding programmatic offerings for their students, thereby creating a more efficient network of community colleges to collectively meet state workforce goals.

If adequately funded, these recommendations would dramatically expand access to educational opportunities through Texas community colleges, especially through credentials of value which are more necessary than ever to obtain gainful employment. The thoroughness and thoughtfulness of these recommendations help ensure a strong future return on investment that will reap great rewards for our businesses and students.

Implementing these proposed recommendations will:

- Ensure community colleges prioritize programs that meet their regional workforce needs so that Texas businesses will have access to a regionally aligned skilled workforce
- Ensure that every Texan has an equal opportunity to participate in our state's prosperity via equitable access to an affordable, high-quality education
- Ensure that state funds are spent most efficiently and effectively
- Resolve the underlying structural flaws of our current community college finance system

We applaud the Commission for its work and strongly urge the 88th Legislature to put strategic and meaningful new resources behind these data-driven strategies during the upcoming session.

Thank you for your time, diligence, thoughtful consideration and engagement in the TCCCF,

Libby McCabe

Senior Policy Advisor, The Commit Partnership

libby.mccabe@commitpartnership.org

Supporting Organizations:



THE TEXAS STATE CHAMBER

