

House Bill 8: General Overview of Policy and Implementation

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**Texas Association of
Community Colleges**



Changing the Funding Model for Community Colleges: *Why Now?*



Texas Association of
Community Colleges

TEXAS BY THE NUMBERS

#1 U.S. EXPORTER
FOR 20 YEARS IN A ROW



\$375B
IN 2021

MORE THAN

14.5 MILLION

PEOPLE IN THE
CIVILIAN LABOR FORCE



9TH LARGEST ECONOMY IN THE WORLD*

*IF TEXAS WERE A NATION

26 COMMERCIAL AIRPORTS

19 SEA PORTS

22 INTERSTATE HIGHWAYS

34 FOREIGN TRADE ZONES

58 FREIGHT RAILROADS

367 MILES OF COASTLINE

NO PERSONAL OR CORPORATE INCOME TAX



TEXAS IS THE LARGEST ENERGY-PRODUCING STATE IN THE NATION

TEXAS IS THE LEADING DESTINATION FOR COMPANIES RELOCATING FROM OTHER STATES



A LEADING JOBS CREATOR

IN 2021, TEXAS ADDED **694,400 JOBS**

90% GRADUATION RATE



TEXAS' HIGH SCHOOL GRADUATION RATE IS AMONG THE TOP 5 HIGHEST IN THE NATION, WITH A 90% COMPLETION RATE

TEXAS LED THE NATION IN HIGH TECH EXPORTS FOR THE 9TH CONSECUTIVE YEAR



\$50B IN 2021

THE LONE STAR STATE IS HOME TO

53 FORTUNE 500 COMPANY HQs

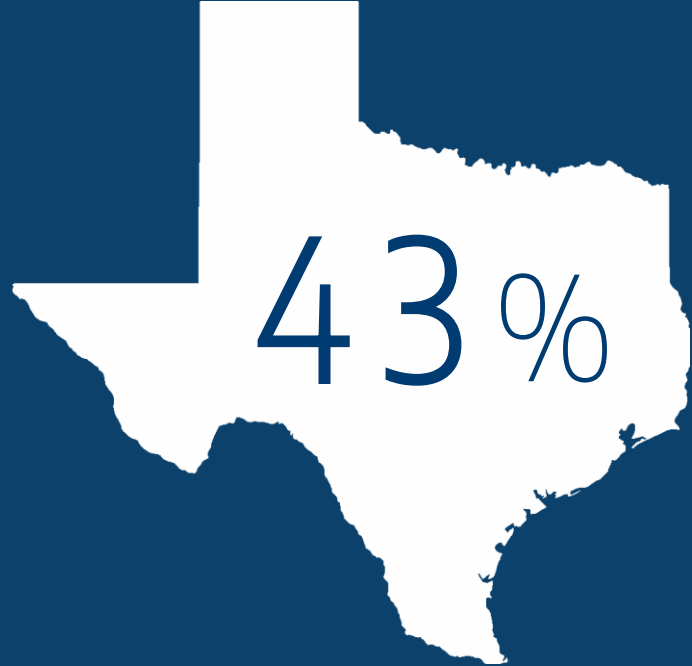


All Eyes ON TEXAS

Community Colleges Focus on Preparing
the Workforce of Tomorrow

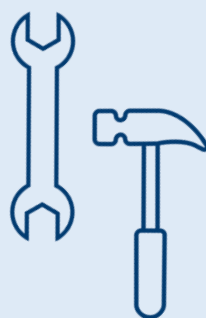


“Many of the more than 4 million jobs the state expects to add in the next 15 years will require a bachelor’s degree or more. But there will also be continued need for what some call “middle-tier” workers—those with more than a high school diploma but less than a four-year college degree.”



Texas community colleges enroll 43% of all postsecondary students in the state.

Our colleges:



Award

93%

of all career and technical education degrees & certificates



Enroll

94%

of all dual credit enrollments in the state

Provide a pathway for transfer



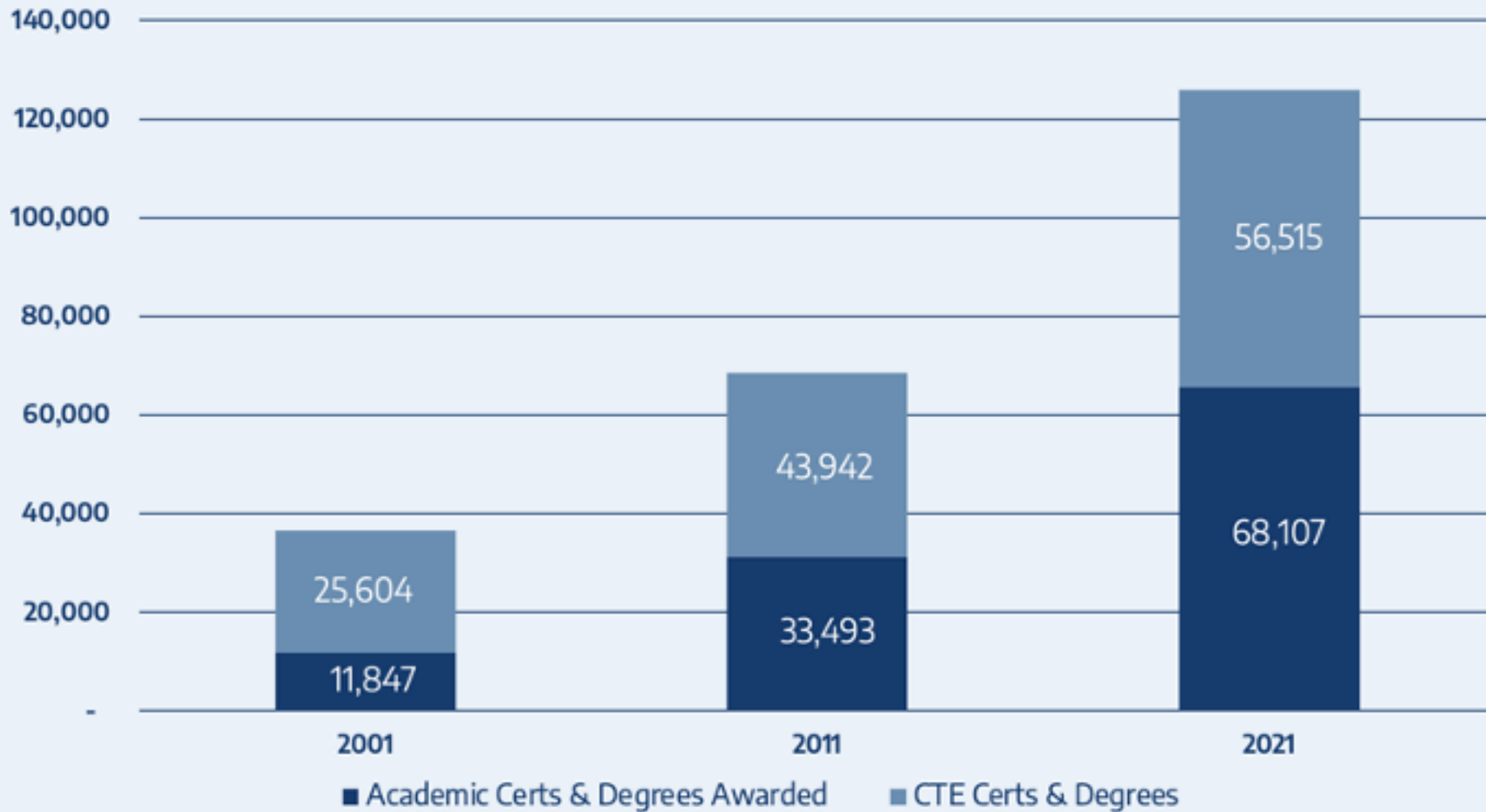
69%

of all FY2021 bachelor's degree graduates had some transfer credits from a two-year college

34%

of all FY2021 bachelor's degree graduates had more than 30 transfer credit hours from a two-year college

Texas Community Colleges Help Meet Workforce Needs



Degrees and certificates earned increased by 61% from 2011 to 2021 despite mostly flat enrollment:

- 28% growth in CTE credentials
- 104% growth in Academic certificates and degrees

ACCESS to Higher Education Is Our Mission

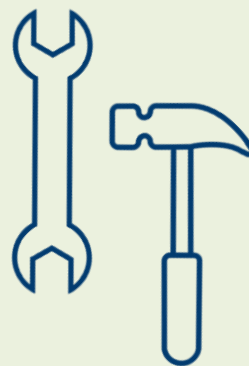
Texas Ranks 6th in AFFORDABILITY

Average Tuition & Fees
Public, two-year, 30 SCH

| Rank | State | \$\$\$ |
|-----------------|--------------|---------|
| 1 | California | \$1,285 |
| 3 | Arizona | \$2,160 |
| 5 | Florida | \$2,506 |
| 6 | TEXAS | \$2,828 |
| **National Avg. | | \$3,501 |

28%

of students are
enrolled in
DUAL CREDIT



24%

of students enrolled in 2022 were
in WORKFORCE PROGRAMS



The Texas Commission on Community College Finance



Texas Association of
Community Colleges

SB 1230: The Pathway For Historic Reform



Senate Bill 1230 was introduced during the 87th Legislature in 2021 and sought to create an interim commission to study community college finance.



SB 1230 consistently had one mission: to create a road map to provide for community college funding levels that would be sufficient to sustain education and training offerings that would improve student outcomes and were in alignment with the state's postsecondary goals.

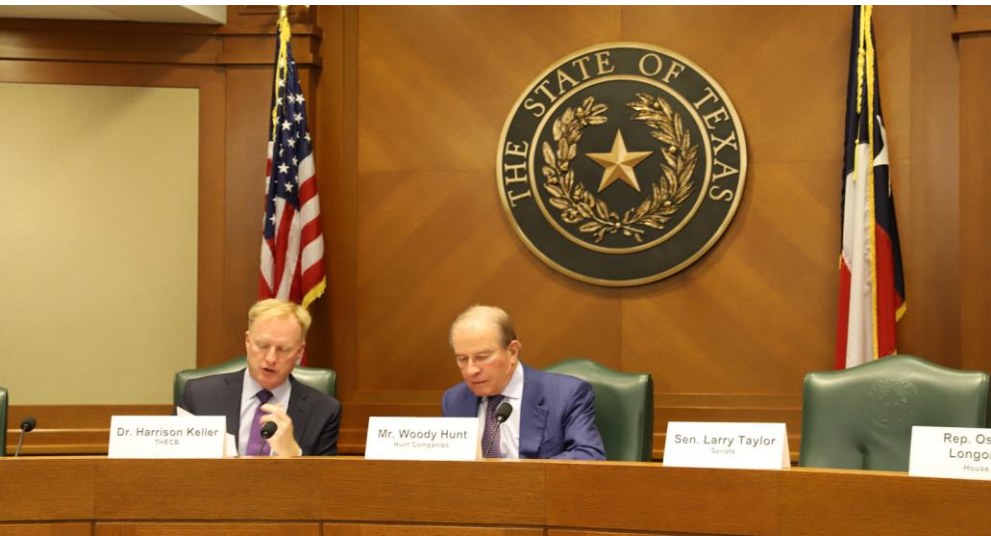


This followed a similar pattern to the School Finance Commission that led to the passage of **House Bill 3, a sweeping and historic K-12 school finance bill.**



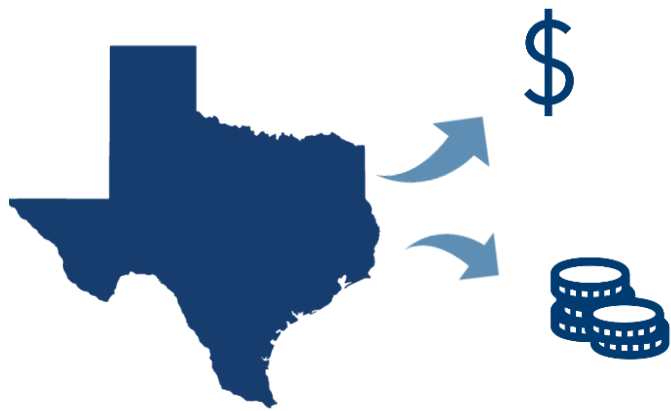
Pursuant to the language in SB 1230, the Commission included **legislators, community college leaders, and experts in policy and workforce issues.**

Texas Commission on Community College Finance



- Inaugural meeting – November 15, 2021
- The full Commission met a total 7 times
- Commission broke into three workgroups to further explore topics:
 - College Operations
 - Student Supports
 - Workforce Policy
- Final report timeline:
 - September 12, 2022 – Commission issued first draft of report
 - October 18, 2022 – Commission presented updated draft and unanimously approved the recommendations
 - November 17, 2022 – Final report published and made public
- Texas Legislative Session started January 10, 2023

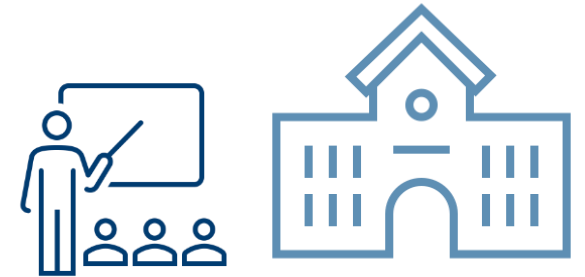
Texas community colleges are currently funded through 3 main sources of revenue



State Appropriations



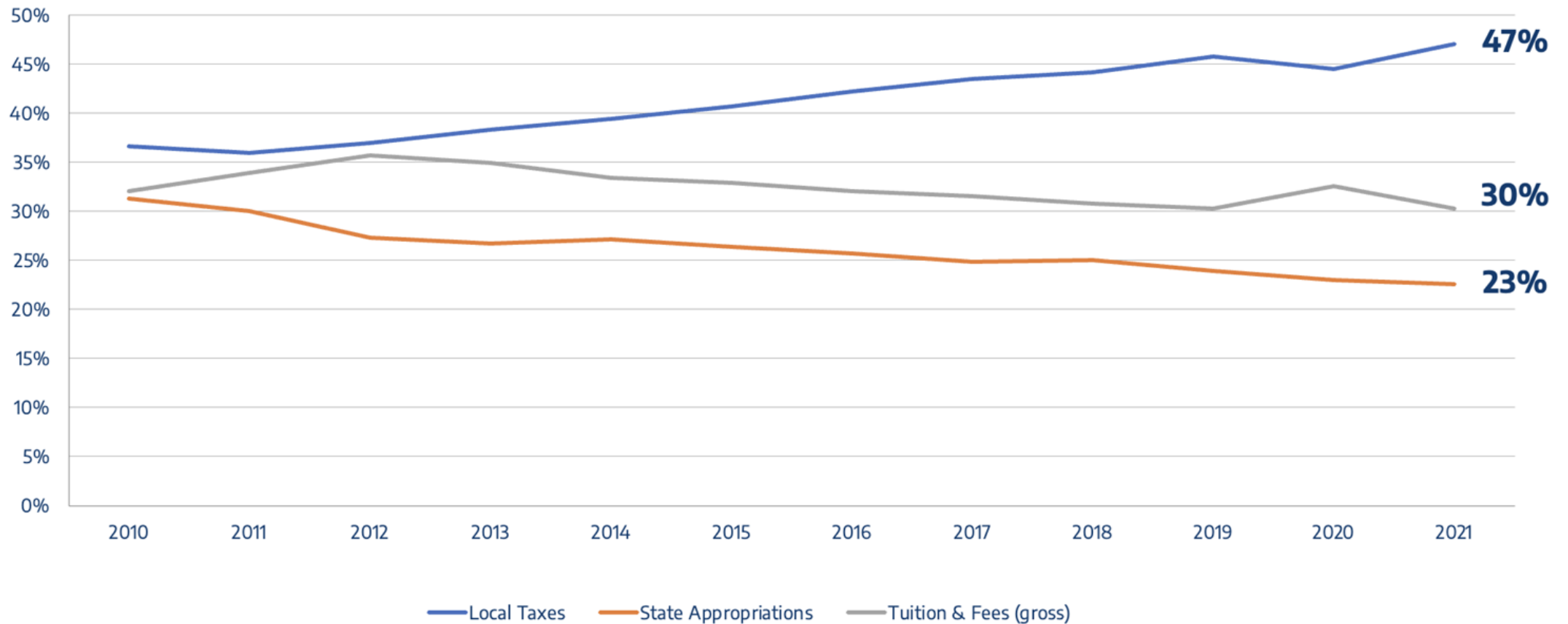
Local Property Taxes



Tuition & Fees

Funding streams have significantly changed

Relative composition of primary revenue sources, 2010-2021



Three Buckets of Commission Recommendations



State Funding for
Outcomes

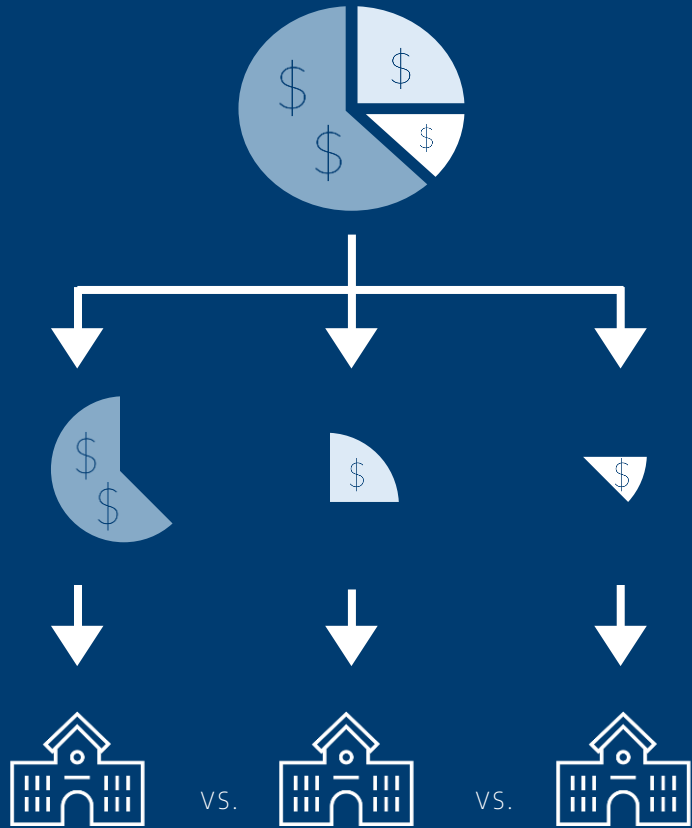


Affordability for
Students

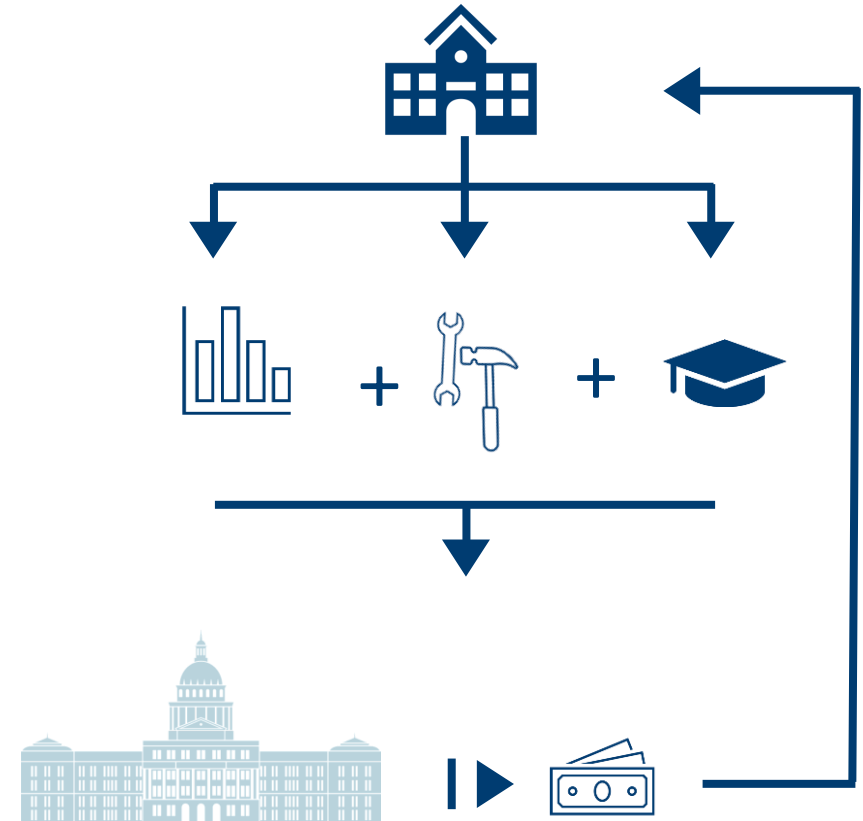


Investments in
College Capacity

Static Formula



Dynamic Formula



This is a historic opportunity to transition from a funding model that is static and merely redivides the same pie, to one that provides colleges with predictable funding based on outcomes.

State Investment in Community Colleges



Source: Fiscal Size Up, Legislative Budget Board

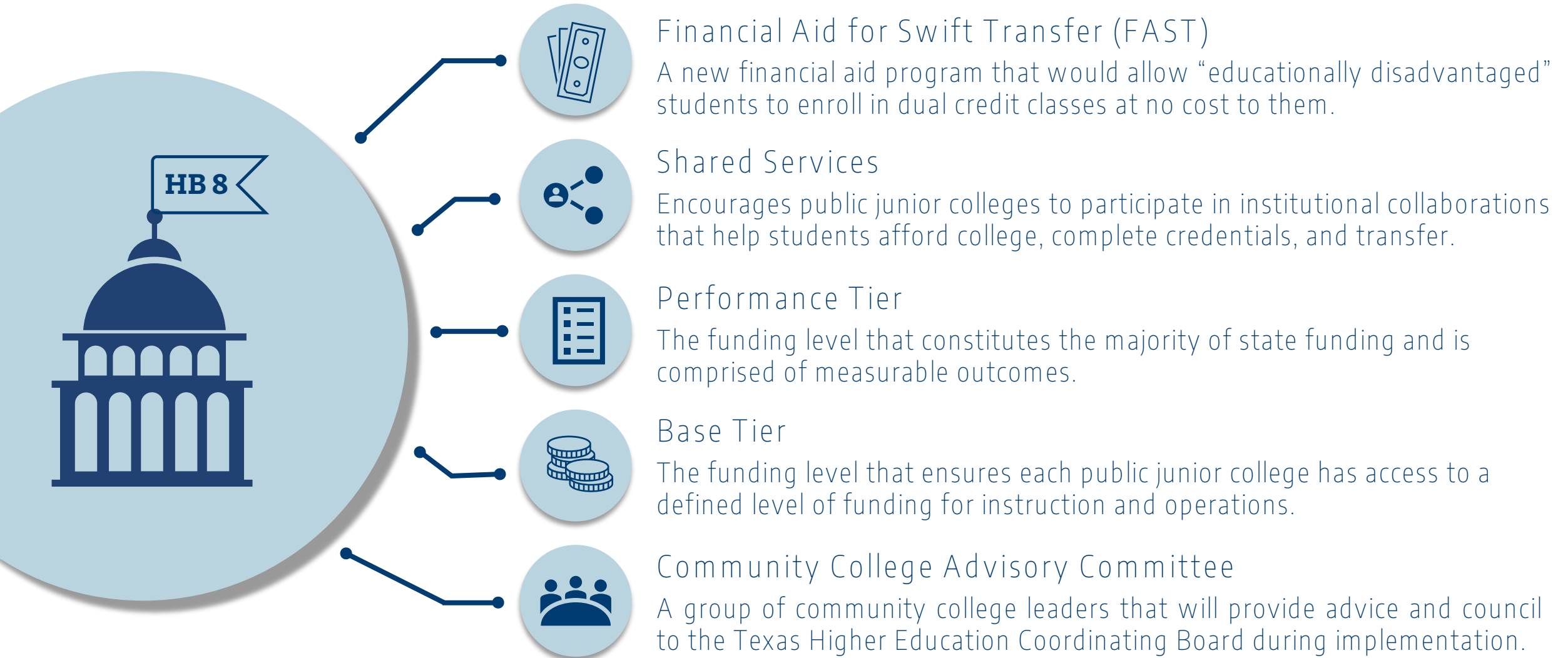


The 88th Texas Legislature: House Bill 8



Texas Association of
Community Colleges

Key Components of House Bill 8



Three Buckets of Commission Recommendations



State Funding for
Outcomes

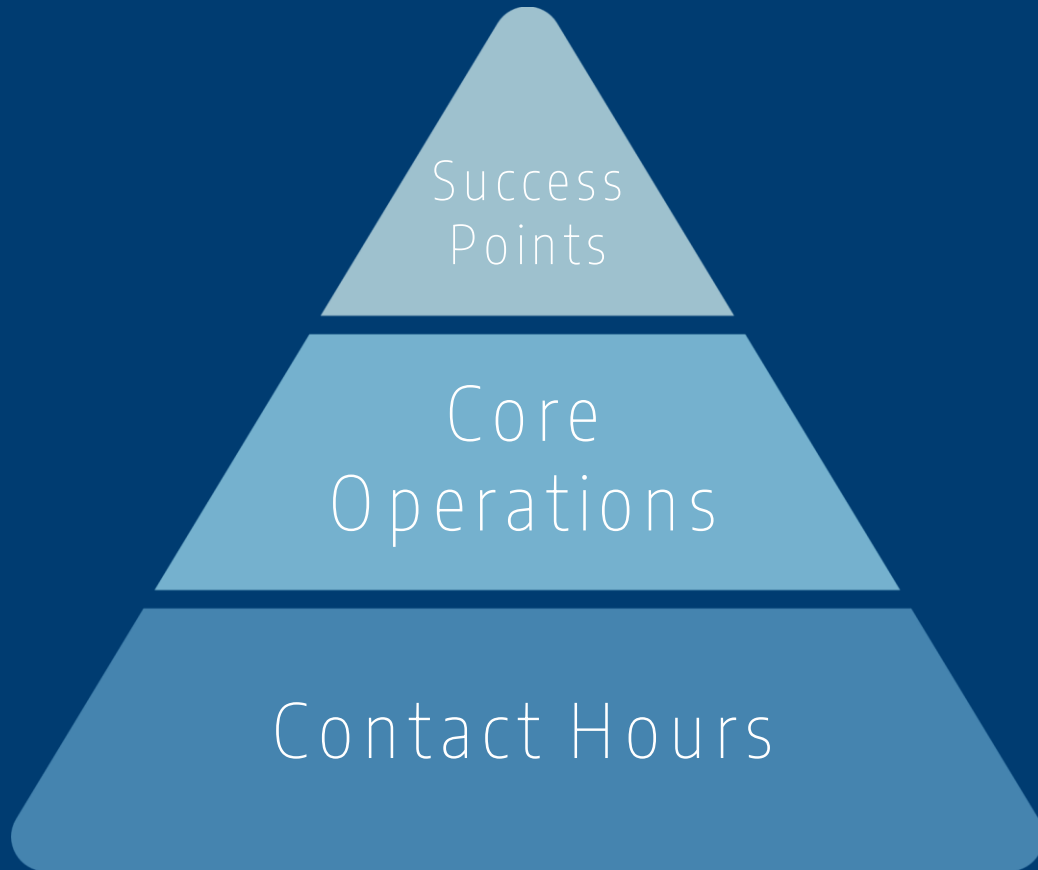


Affordability for
Students

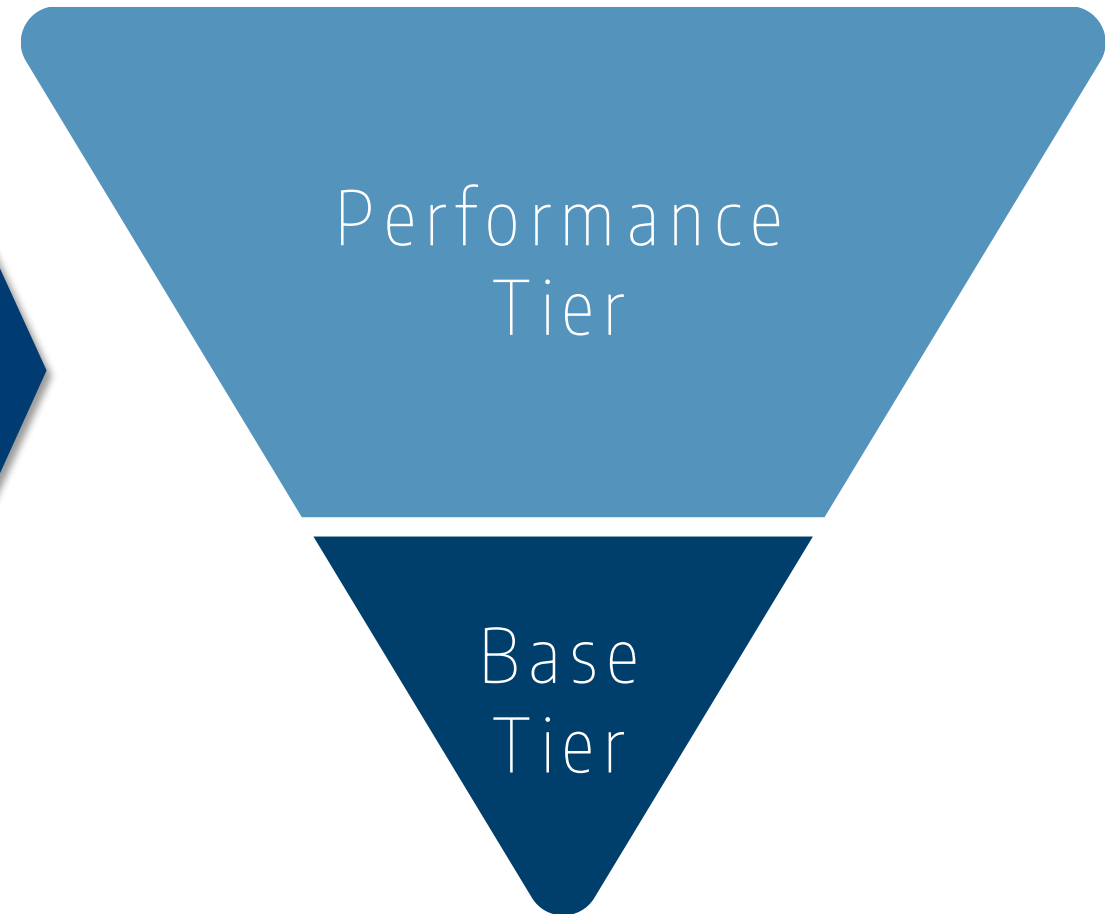


Investments in
College Capacity

Legacy Funding Model



HB 8 Funding Model



Historic opportunity transition from a funding model primarily based on contact hours to one primarily based on dynamic outcomes.

Base Tier Funding



Base Tier applies if
estimated costs outweigh
estimated local share



Basic allotment based on weighted FTSE
Equitable adjustment for $< 5,000$ FTSE

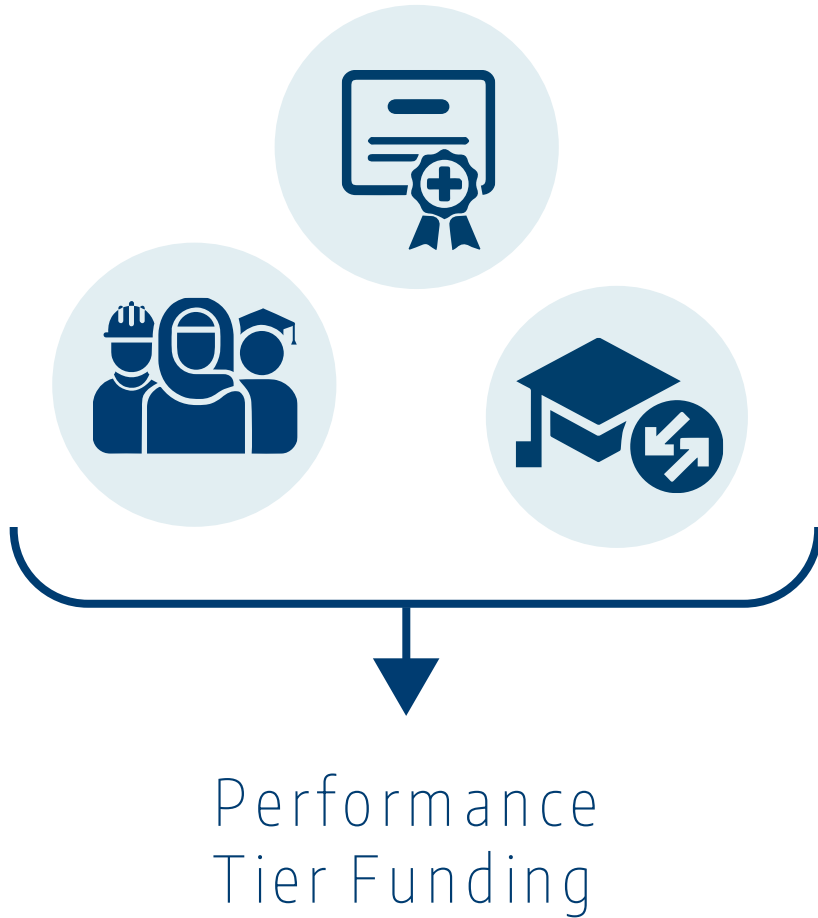


Local share based on \$0.05 M & O tax rate
and estimated tuition & fees revenues



Contact hour weighted by discipline to
reflect cost of providing applicable courses

Performance Tier



Outcomes

- Credentials of value, including credentials from credit and non-credit programs
- Credentials of value awarded in high-demand fields
- Students who transfer with at least 15 SCH to four-year universities
- Students who complete a sequence of at least 15 SCH in dual credit courses

Weights

- Economically disadvantaged
- Academically disadvantaged
- Adult learners (25 years of age or older)

Three Buckets of Commission Recommendations



State Funding for
Outcomes

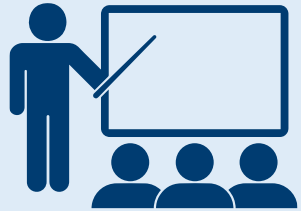


Affordability for
Students



Investments in
College Capacity

House Bill 8: *Affordability for Students*



- Increases funding for Texas Educational Opportunity Grants (TEOG) and links state performance measures for eligible students served through TEOG at two-year institutions and TEXAS Grants at universities to establish a state goal of supporting at least 70 percent of qualified low-income college students.
- State appropriations for TEOG increased in coming biennium by \$133.5 million above current funding level.



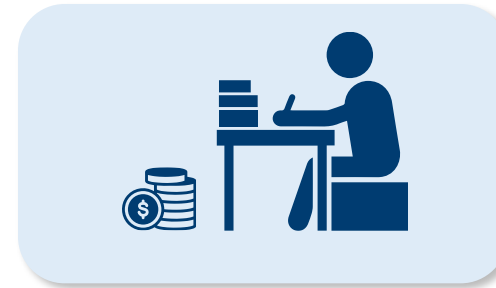
- Through the rulemaking process, THECB will seek to restructure the TEOG program to provide colleges with greater flexibility in meeting the needs of non-traditional students pursuing a wide variety of credentials of value, including non-credit and short-term programs.

House Bill 8: Affordability for Students



- Financial Aid for Swift Transfer (FAST) – funding allocation from the Foundation School Program for participating colleges to cover tuition and fees for all economically disadvantaged students who enroll in dual credit courses that apply towards academic or workforce education program requirements.
- This new targeted financial aid for dual credit will be administered by THECB, with support from the Texas Education Agency (TEA).
- FAST will incorporate a **maximum tuition rate** for dual credit courses set annually by THECB to help ensure equitable access for high school students across the state to dual credit courses. This tuition rate will be set in consultation with the Advisory Committee on Community Colleges.

House Bill 8: Affordability for Students



Expand partnerships among colleges and private employers for paid work-based learning opportunities, including work-study, apprenticeships, and internships related to students' programs of study, utilizing the work-based learning strategic framework developed by the Governor's Tri-Agency Workforce Initiative.

**The Tri-Agency
Strategic Framework
for Work-Based Learning Report**
December 2022



“Practical, hands-on activities or experiences through which a learner interacts with industry professionals in a workplace, which may be an in-person, virtual, or simulated setting. Learners prepare for employment or advancement along a career pathway by completing purposeful tasks that develop academic, technical, and employability skills.”

Three Buckets of Commission Recommendations



State Funding for
Outcomes



Affordability for
Students



Investments in
College Capacity

Investments in College Capacity

Previous State Investments

- In 2021, the Texas Legislature created the Texas Reskilling and Upskilling through Education (TRUE) program to create, expand, or redesign workforce education and training credential programs in high-demand occupations.
- In a following special session, the Legislature allocated \$15 million in American Rescue Plan Funding to provide these grants.

Commission Recommendations

- HB 8 authorized the THECB to establish an Institutional Collaboration Center to support the implementation of the new finance system and the efficient and effective operations of institutions of higher education.
- The state budget included \$16.5 million in each year and 7 FTEs to improve institutional innovations and collaboration, including grants to institutions to add capacity to meet regional workforce needs.
- HB 8 also required THECB to give preference to applicants that partner with employers.



The Road Ahead for House Bill 8: Implementation



Texas Association of
Community Colleges

Community College Advisory Committee

VERY LARGE COLLEGES

- William Serrata, El Paso College, CEO (**Chairman**)
- Jennifer Mott, Lone Star College, CFO
- Teri Zamora, San Jacinto College, CFO
- Jenna Cullinane Hege, Austin Community College, IR

MEDIUM COLLEGES

- Jeremy McMillen, Grayson College, CEO
- Chris Sullivan, Angelina College, CFO
- Pam Anglin, Paris College, CEO

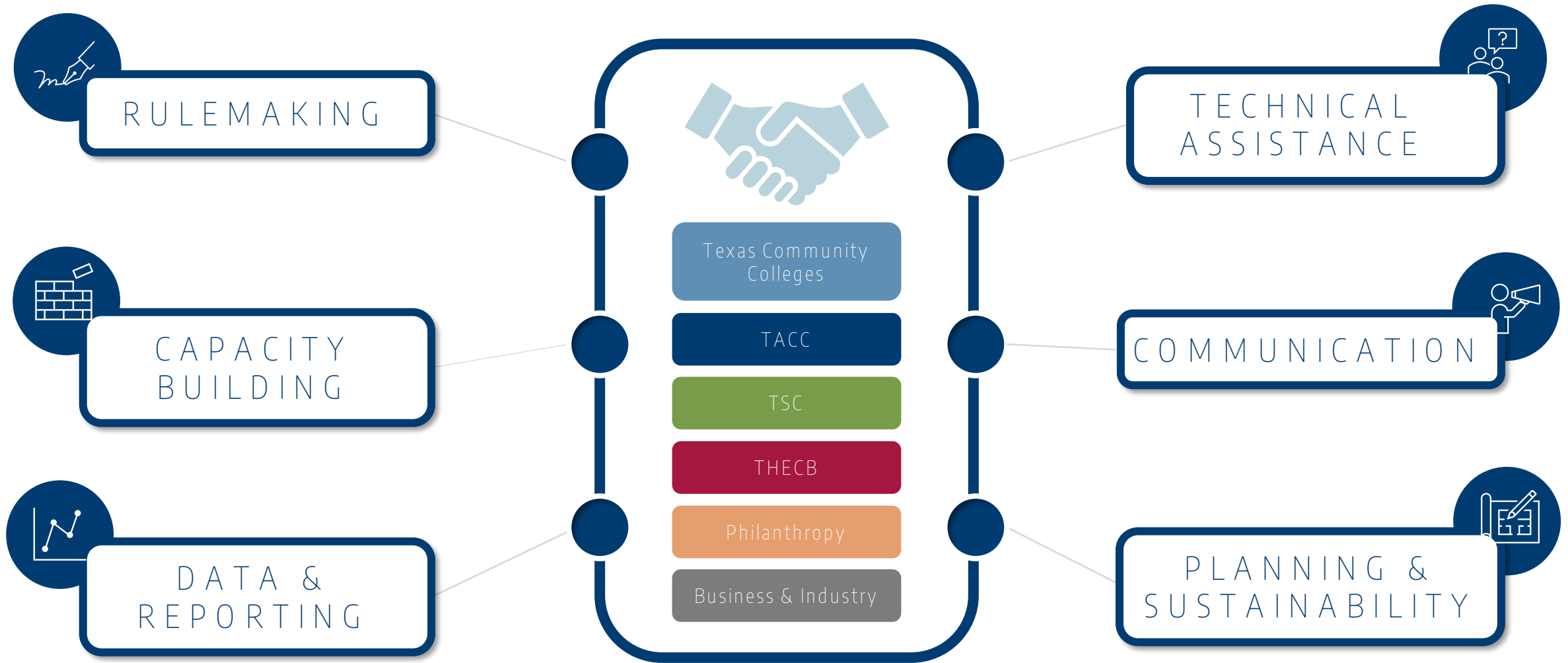
LARGE COLLEGES

- Brent Wallace, North Central Texas College, CEO
- Leonard Rivera, Del Mar College, CE

SMALL COLLEGES

- Tex Buckhaults, Clarendon College, CEO
- Brenda Claxton, Howard College, CFO

Implementation Requires Partnership





RULEMAKING

May - July

The first set of rules implemented by THECB will be emergency rules. These rules will only be in place for a six-month period.

The first draft will need to be completed by July 14, 2023, for an August approval.

No public comment period.

August

Special called THECB Board Meeting to adopt emergency rules.

Emergency rules in place until January 2024.

Aug. - Jan.

Regular rules are developed by THECB.

Regular rules will have public comment period.

January '24

THECB Quarterly Board Meeting adopts regular rules.

Regular rules in place through end of 2023-2024 academic year.

March '24

New set of regular rules developed for 2024-2025 academic year.

Rulemaking Timeline for House Bill 8



Levels of Implementation

Statewide Level

Funding state associations that serve all community colleges across the state through:

- Rulemaking
- Capacity building
- Data & Reporting
- Technical Assistance
- Communication

Local Level

Funding your local college for their immediate implementation needs and strategic planning.

- Planning & Sustainability

Thank you



For further information, please visit:

Texas Association of Community Colleges
<https://tacc.org/>

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