

# Implementing House Bill 8 From a CFO Perspective

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# Three Major Themes from Commission Recommendations



State Funding for  
Outcomes

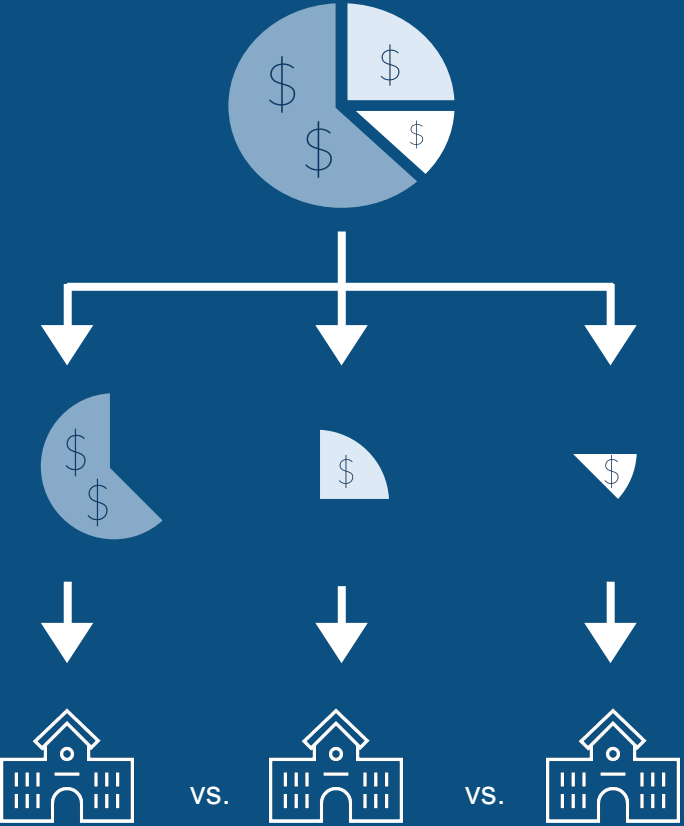


Affordability for  
Students

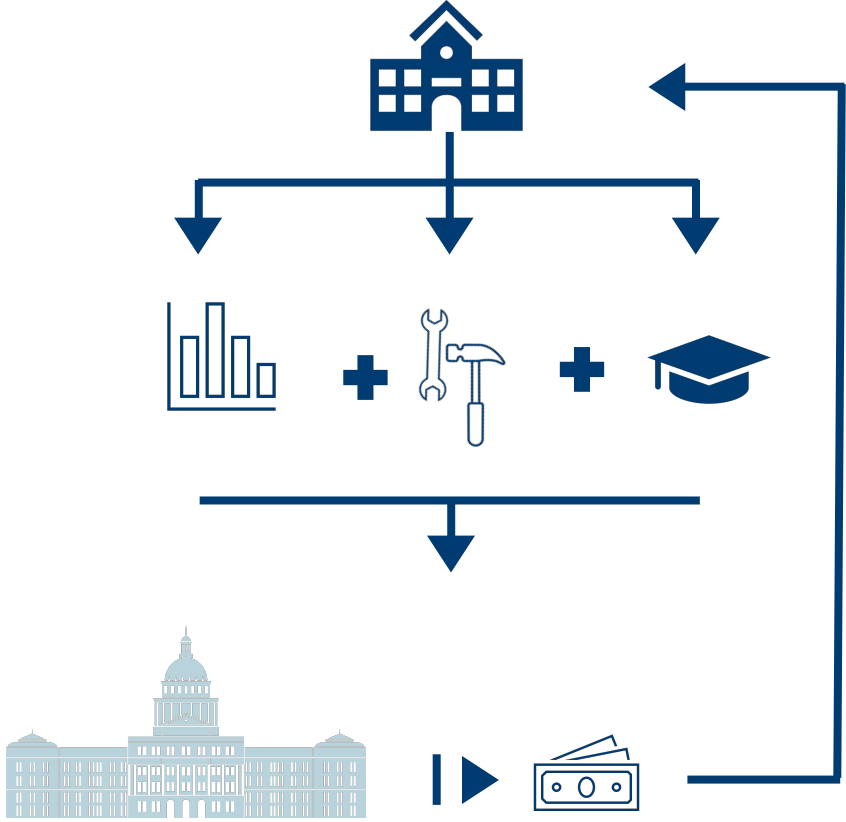


Investments in  
College Capacity

# Static Formula

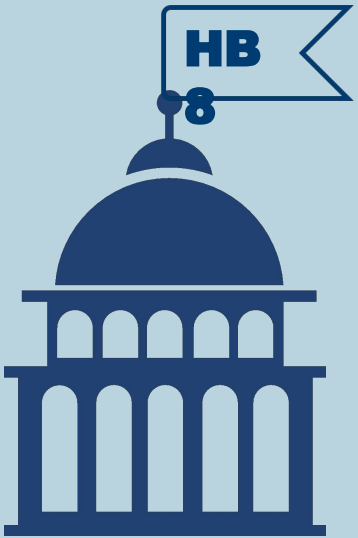


# Dynamic Formula



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.

# Key Components of House Bill 8



## Financial Aid for Swift Transfer (FAST)

A new financial aid program that would allow “educationally disadvantaged” students to enroll in dual credit classes at no cost to them.



## Shared Services

Encourages public junior colleges to participate in institutional collaborations that help students afford college, complete credentials, and transfer.



## Performance Tier

The funding level that constitutes the majority of state funding and is comprised of measurable outcomes.



## Base Tier

The funding level that ensures each public junior college has access to a defined level of funding for instruction and operations.



## Community College Advisory Committee

A group of community college leaders that will provide advice and counsel to the Texas Higher Education Coordinating Board during implementation.

# Community College Standing 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
- **Ray Martinez, President & CEO, TACC**

## SMALL COLLEGES

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

# Rulemaking Timeline for House Bill 8

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.**

Aug. - Jan.

Regular rules are developed by THECB.

Regular rules will have public comment period.

March '24

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

August

Special called THECB Board Meeting to adopt emergency rules on August 22<sup>nd</sup>.

Emergency rules in place until January 2024.

January '24

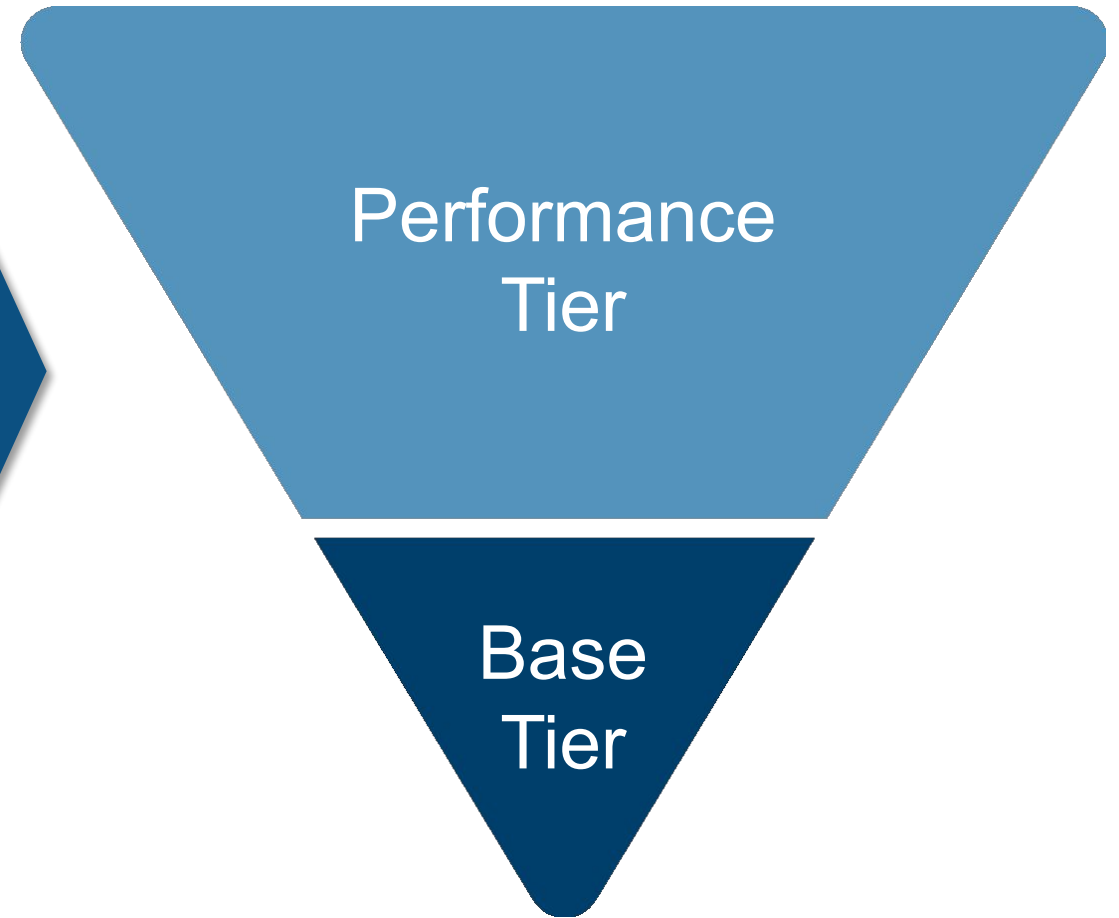
THECB Quarterly Board Meeting adopts regular rules.

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

# 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



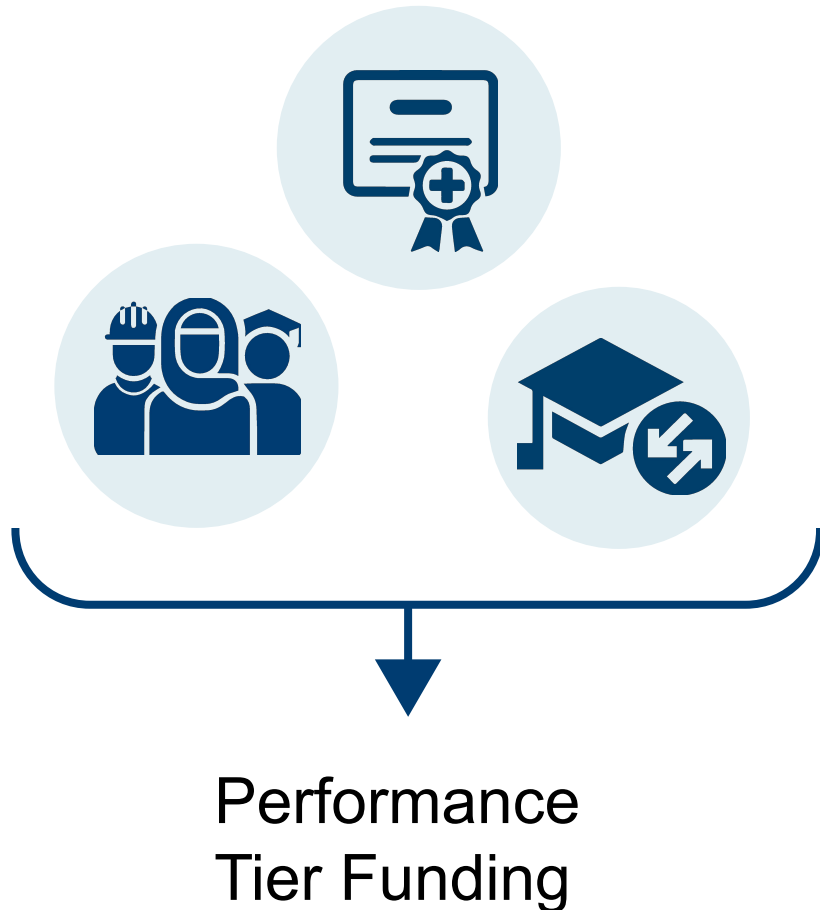
Local share based on  $\$0.05$  M & O tax rate  
and estimated tuition & fees revenues



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 in-state four-year universities
- Students who complete a sequence of at least 15 SCH in dual credit courses

## Weights

- Economically disadvantaged – extra 25%
- Academically disadvantaged – extra 25%
- Adult learners (25 years of age or older) – extra 50% (based on age in the year the credential was received)

# Formula Funding Allocation

## (Base and Performance Tier Funding)

### Received the official draft funding allocations on July 14

- 95% Performance Tier (credit and non-credit) for 50 colleges; 5% Base Tier for 23 colleges; and .03% Transition for 1 college
- Draft until voted on by the Board at the August 22<sup>nd</sup> Special Board Meeting

### What's next?

- Pull together cross functional team to review allocations for understanding and to confirm the calculations
- If any issues, contact the following THECB personnel:
  - ✓ Reporting/data – Torca Bunton, Melissa Humphries
  - ✓ Formula model – Chris Fernandez
- If there are significant changes from your budget estimate, update/amend budget
- Submit required compliance certification if you haven't already (won't receive funds without this) – due 8/7/23

# Formula Funding Allocation

## (Base and Performance Tier Funding)

### Things to know/consider

- The non-credit outcomes are included for the first time and the data may not be as clean as desired (there are no weightings on these credentials)
  - ✓ For Occupational Skills Award (OSA) – only counting credentials not certificates
  - ✓ For Institutional Credential leading to Licensure or Certification (ICLC) – funding high-demand ICLCs with at least 80 contact hours; ICLCs not on the high-demand list are funded only if they have a minimum of 144 contact hours
- Outcome completion counts are the higher of previous year (FY 2022) or 3-year average
- There will be no mid-year adjustments in FY2024
- A Three-pay system replaces the Ten-pay system providing improved cash flow (Sept 25 – 100% non-formula support items; Oct 15 – 50%, Feb 15 – 25%, June 15 – 25%)

# Financial Aid for Swift Transfer (FAST)

## What's next?

- Run numbers to decide if/when you want to implement – may not make sense for those who charge the full or slightly discounted rate to DC students
- Need to have discussions with ISD partners; may need to amend MOUs - what are the ISDs willing/able to cover in costs
- Most schools have been registering for Fall 2023 since April, so adjustments may be needed
- May need to revise your Dual Credit exemption/flat rate due to the \$55 FAST rate maximum
- THECB is working with TEA to identify FAST eligible students

# Financial Aid for Swift Transfer (FAST)

## Things to know/consider

- Effective Fall 2023 and voluntary; however, if you implement, must implement for all ISD DC/ECHS programs
- Will receive \$55 per SCH for educationally disadvantaged students (anytime during the previous 4 years), but these students/parents can't pay for anything (tuition, fees, books, or materials)
- If participating in the program, an institution cannot charge non-FAST dual credit students more than \$55 per SCH
- FAST funds can be utilized to cover the tuition portion of all FAST eligible students
- It will need to be decided whether the ISD or the college will cover the cost of books and/or materials for FAST students
- Non-FAST students can pay the Dual Credit charge, books and materials

# Texas Educational Opportunity Grant (TEOG)

## Particulars

- Increases allotment of TEOG
- Allows Pell funds to be used as matching funds for TEOG funds

## Things to Know/Consider

- Matching has typically been an issue for institutions, so this will allow the distribution of more TEOG funds, leaving more TPEG, SEOG and other sources to distribute to other students
- May need to go back and evaluate the students with priority EFC to verify that the preliminary allocation of TEOG was correct

# Shared Services

## Particulars

- HB 8 charges the THECB to establish and operate a center for institutional collaboration and shared services, which will focus on making more resources available to smaller and rural colleges at lower cost.
- Are we required to use this center? No. Institutions may engage in shared services with other institutions, local industry partners, local community partners, or other partners to help scale resources and improve operational efficiency. Through this new center, THECB will be providing options to help ensure more resources are available for the colleges at lower cost.
- Institutions that receive base tier funding will be required to report to THECB their participation in those shared services through THECB or other partnerships.

# What Questions/Concerns do Community College CFOs have?

## General Process

- Will there be mid-year adjustments to the formula funding after FY2024?
- When will institutions be informed of formula funding allocation for FY2024-2025?

## Formula Funding Model

- If a mistake is found in the funding calculation, what is the process to report the mistake and to get it fixed?
- It does not appear that high demand field weights were applied to 15 SCH Dual Credit; GAI transfer with 15 SCH; or GAI co-enrolled with 15 SCH – why not?
- How were the criteria arrived at for the non-credit awards?

## FAST Funding and TEOG

- Will we receive a more current calculation estimate of FAST funding (latest version is from early May, 2023)? How was the estimate calculated?
- How do institutions request reimbursement for FAST funding?

## Shared Services

- How and when will shared services opportunities be communicated to colleges?
- How and when will institutions report participation in shared services to THECB?