

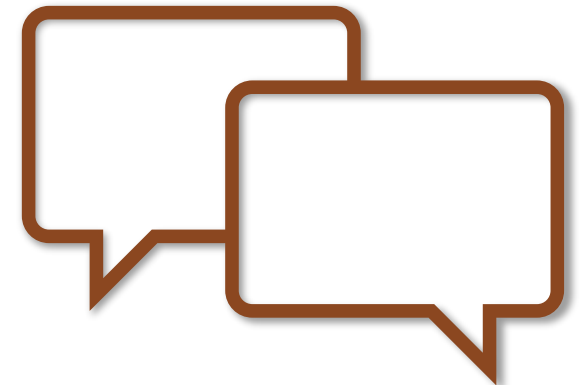
# Welcome!



**We will start at 12:00 PM CT.**

This Zoom meeting is set up in a webinar format, so attendee videos and microphones are disabled.

Please type questions for our speakers using the Chat or Q&A functions.



# **House Bill 8**

# **Rulemaking for**

# **Fiscal Year 2025**

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# Guest Speakers



**Ray Martinez**  
President & CEO, TACC



**Elizabeth Chivers**  
Senior Director of Strategy  
& Policy Analysis, TACC

# **House Bill 8 :** **FY 25 Rules & Forecasting Model**

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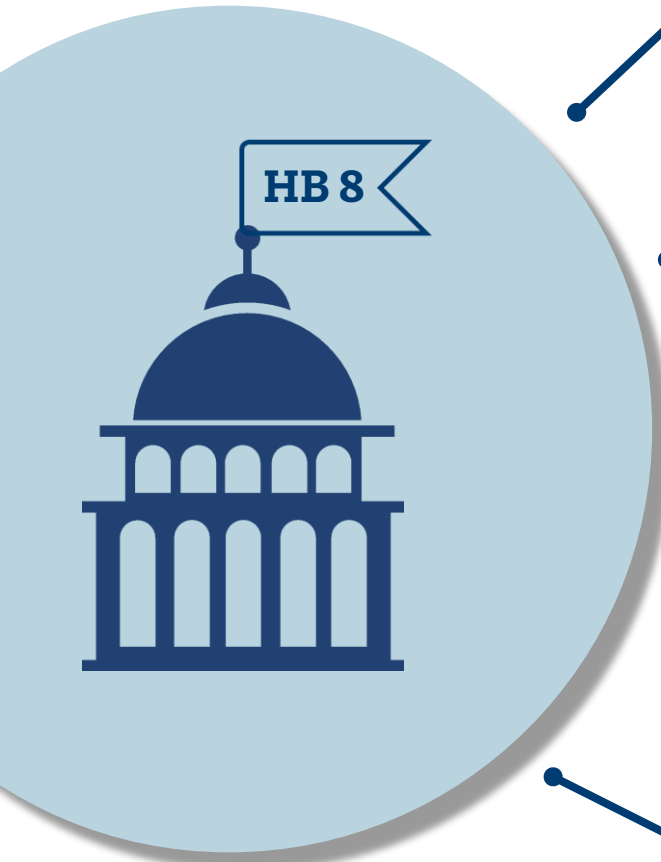
**Ray Martinez III, J.D.**  
President & CEO

**Elizabeth Chivers, M.A.**  
Senior Director, Strategy & Policy Analysis



Texas Association of  
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# 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 Standing Advisory Committee (SAC)

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

# Texas Higher Education Coordinating Board: Timeline for House Bill 8

**September 1, 2023**  
**Effective Date for House Bill 8**  
The transformative funding bill goes into effect for all colleges across the state.

**April 25, 2024**  
**Adoption of FY 25 Regular Rules**  
THECB approves FY 25 regular rules for the new funding formula.



**August 22, 2023**  
**FY 2024 Emergency Rules**

THECB approved the first set of emergency rules for the new funding formula for Texas community colleges.



**January 25, 2024**  
**FY 2024 Regular Rules**

THECB approved FY 2024 regular rules for the new funding formula.



**July 25, 2024**  
**Additional FY 25 Regular Rules**

THECB approves additional FY 25 regular rules for the new funding formula.

# **House Bill 8 :** Key Changes from FY 24 to FY 25



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# Key Changes for FY 25 Rules

Based on feedback from key stakeholders and college leaders, FY 25 will include changes in **four key areas**.



Credentials of Value



Fundable Outcomes



High-Demand Fields



Alignment of Incentives





## Credentials of Value

### Credentials of Value Baseline:

funded for all conferred certificates and associate and bachelor's degrees that meet the “credential of value” threshold within 10 years.

### Credentials of Value Premium:

Institutions will receive **additional premium funding** for each student earning a credential of value who is projected to achieve a **positive return on investment at or before a target year** when most students in comparable programs are projected to reach a positive return on investment (ROI).



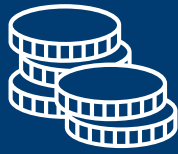
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## Fundable Outcomes

### Funded in FY 24 + FY 25:

- 15 SCH Dual Credit
- 15 SCH Transfer/Coenrollment
- Continuing education certificate
- Occupational skills swards
- Credentials leading to licensure or certification
- Level 1 or 2 certificate
- Advanced technical certificate
- Associate degree
- Baccalaureate degree

### Additions in FY 25:

- Texas Opportunity High School Diploma – five community colleges participating in pilot.
- **Third-Party** Credentials associated with **ACE** National Guide



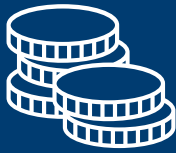
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## High-Demand Fields

### Statewide High-Demand Fields:

- **Top-10 growing** occupation according to 10-year projections from Texas Workforce Commission (TWC) and Bureau of Labor Statistics (BLS).

### Regional High-Demand Fields:

- **Top-5 growing** occupational groups in each college region that are not on the statewide list – using Texas Comptroller regions.

### Essential and Emerging Occupations

- Colleges will petition up to 5 **essential occupations** to be added to their region every biennium.
- **Emerging occupations** will be added to the statewide list by the Commissioner in coordination with State Leadership.



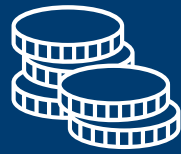
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## Alignment of Incentives

**Adult Learners:** Students older than 25 years for a period **prior to earning credential**.

**Dual Credit : Removing double counting** that previously contributed to both dual credit and transfer.

**Transfer:** Only **one college** is credited.

**Outcomes:** Payment based on **forecasted outcomes for the upcoming year** to better fund performance changes.

**Data sources:** Change data source for **average tuition and fees** from IPEDS to **THECB data**.

# House Bill 8 : Performance Tier Outcomes



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# Dollars Per Weighted Outcome

Performance Tier Inputs	Standard Value	High-Demand Field Value
<b><i>Dollars per Weighted Outcome Completion</i></b>		
15 SCH Dual Credit	\$ 3,500	N/A
GAI Transfer with 15 SCH	\$ 3,500	N/A
GAI Co-enrollment with 15 SCH	\$ 3,500	N/A
Institutional Credential leading to Licensure or Certification (ICLC)	\$ 1,000	\$ 1,250
Occupational Skills Award Certificate	\$ 1,000	\$ 1,250
Certificate	\$ 1,750	\$ 3,500
Advanced Technical Certificate (ATC)	\$ 1,750	\$ 3,500
Certificate Credential of Value Premium	\$ 437	N/A
Associate Degree	\$ 3,500	\$ 4,500
Associate Degree Credential of Value Premium	\$ 875	N/A
Bachelor's Degree	\$ 3,500	\$ 4,500
Bachelor's Degree Credential of Value Premium	\$ 875	N/A
<b><i>Outcome Completion Weights</i></b>		
Academic Disadvantage	0.25	0.25
Economic Disadvantage	0.25	0.25
Adult Learner	0.50	0.50
<b><i>Dollars per Weighted Outcome Completion (Funded Beginning with FY25 Outcomes)</i></b>		
Opportunity High School Diploma	\$ 3,500	N/A
Third Party Credentials	\$ 1,000	\$ 1,250

# House Bill 8 : Transition to Forecasting Model



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# Framework for FY 24 Runs

For FY 24, institutional outcomes were calculated based on **actuals** from the better of FY 22 Weighted Outcomes or a three-year average Weighted Outcome (FY 20-22).

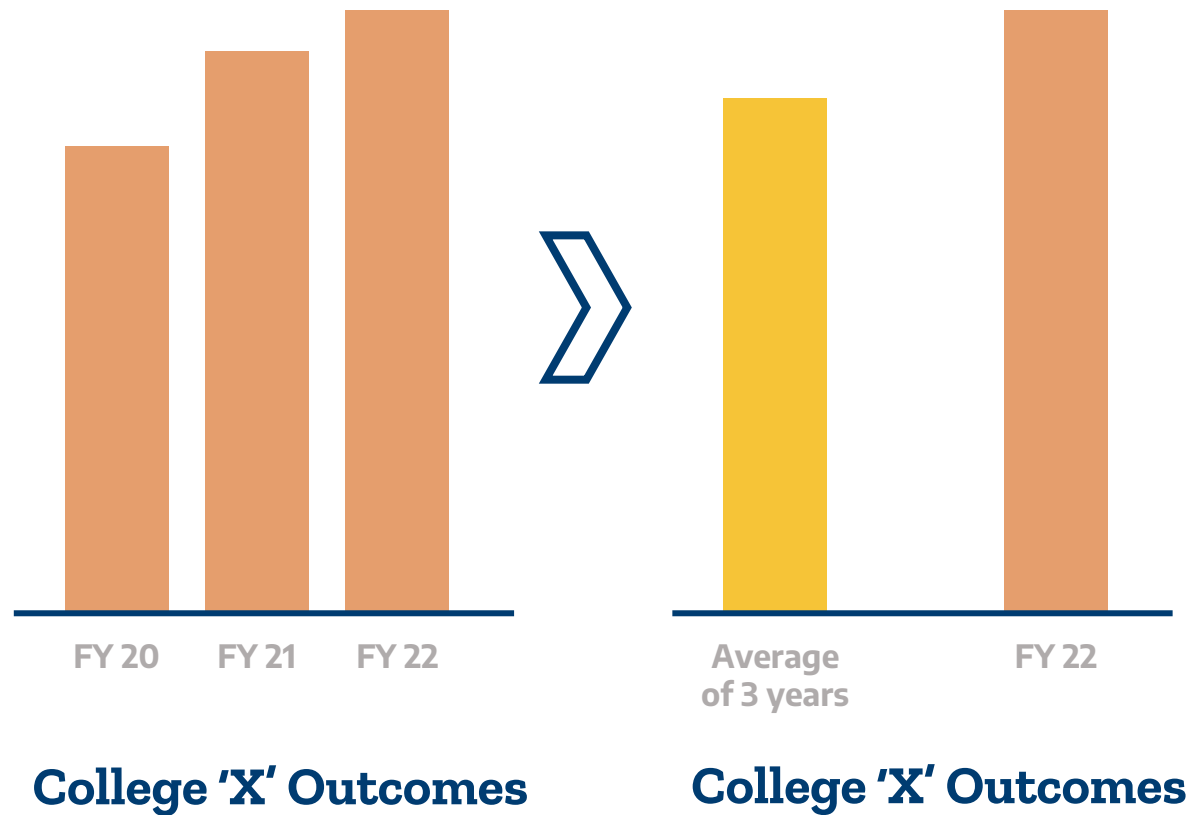


College 'X' Outcomes



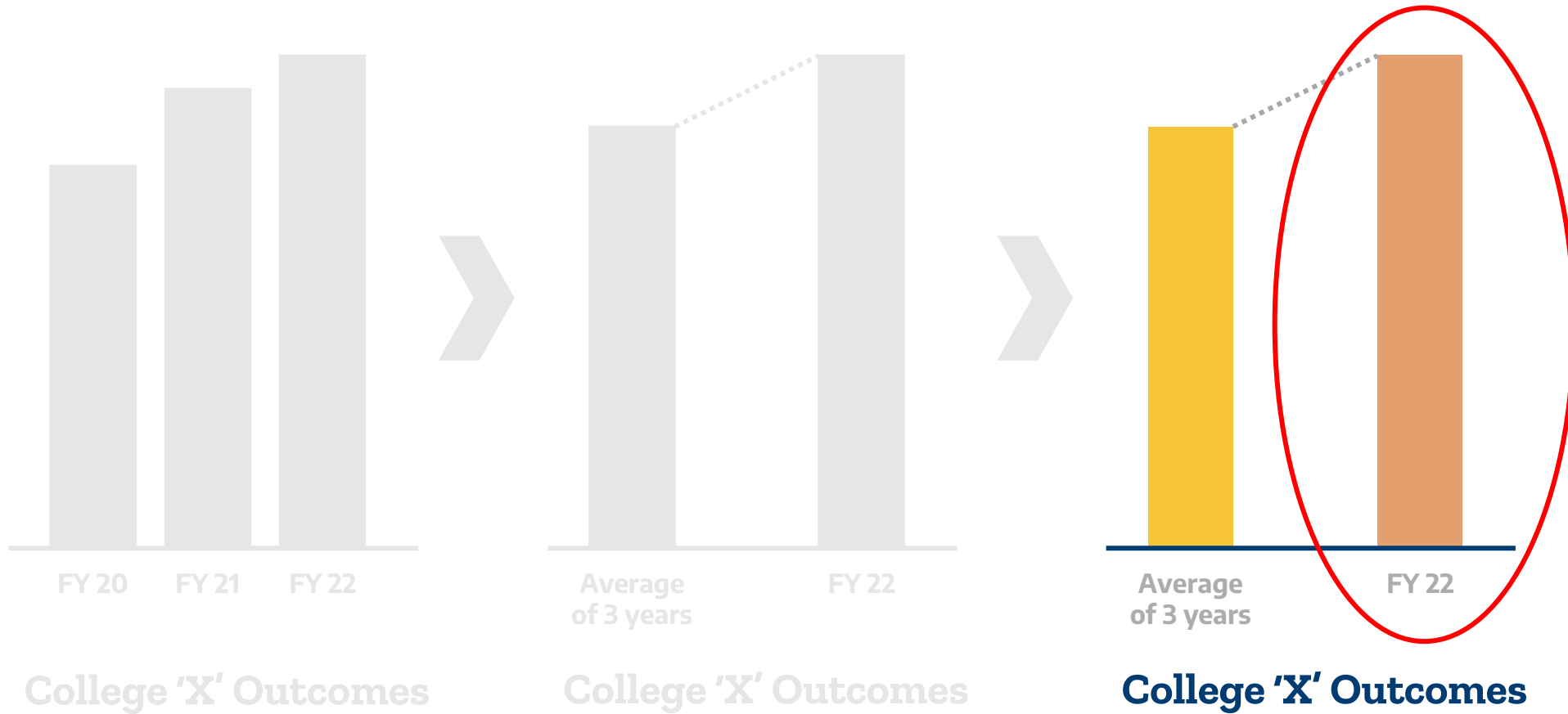
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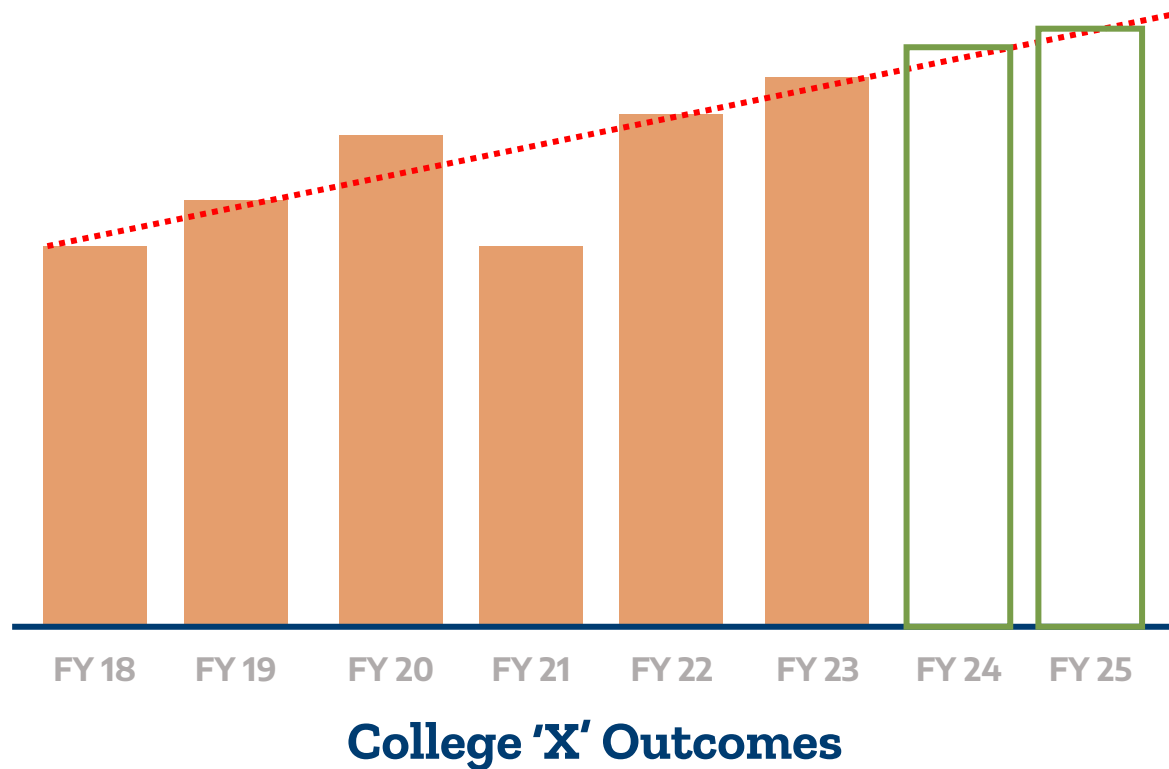
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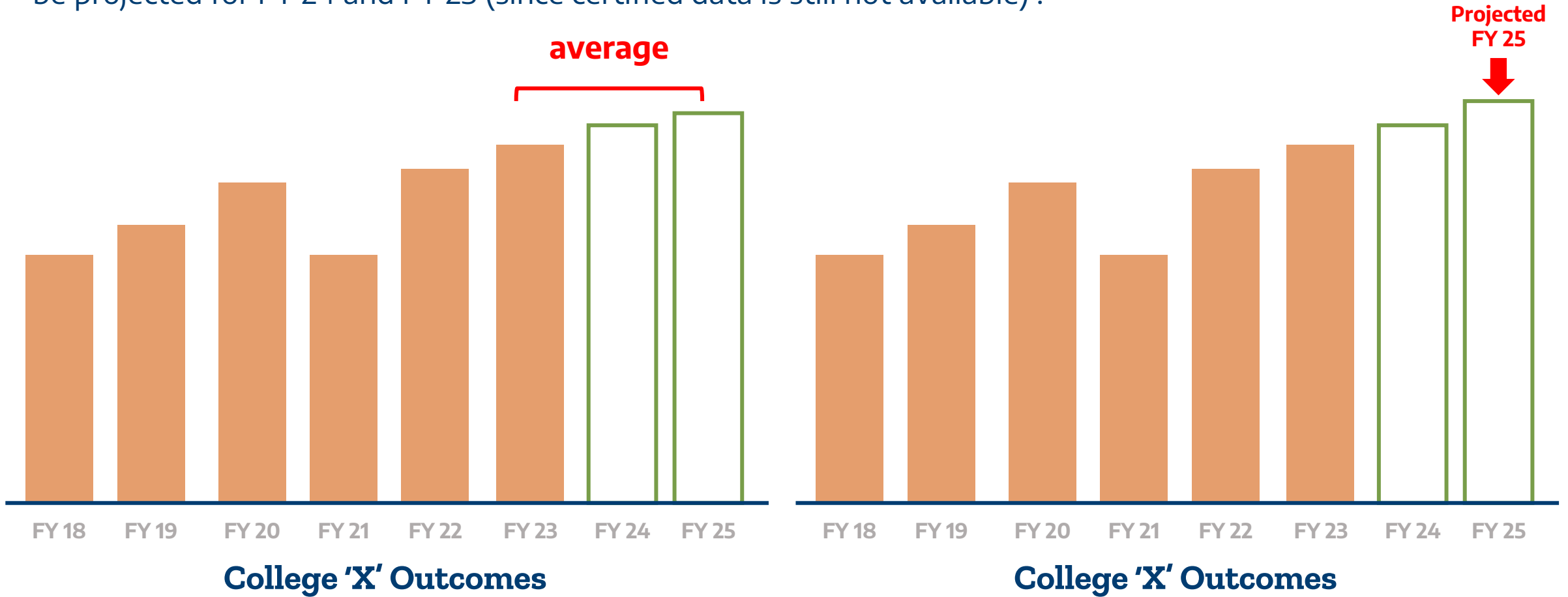
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For FY 25, institutional outcomes will be **projected using historical data** from FY 2018 – 2023. Outcomes will be projected for FY 24 and FY 25 (since certified data is still not available).



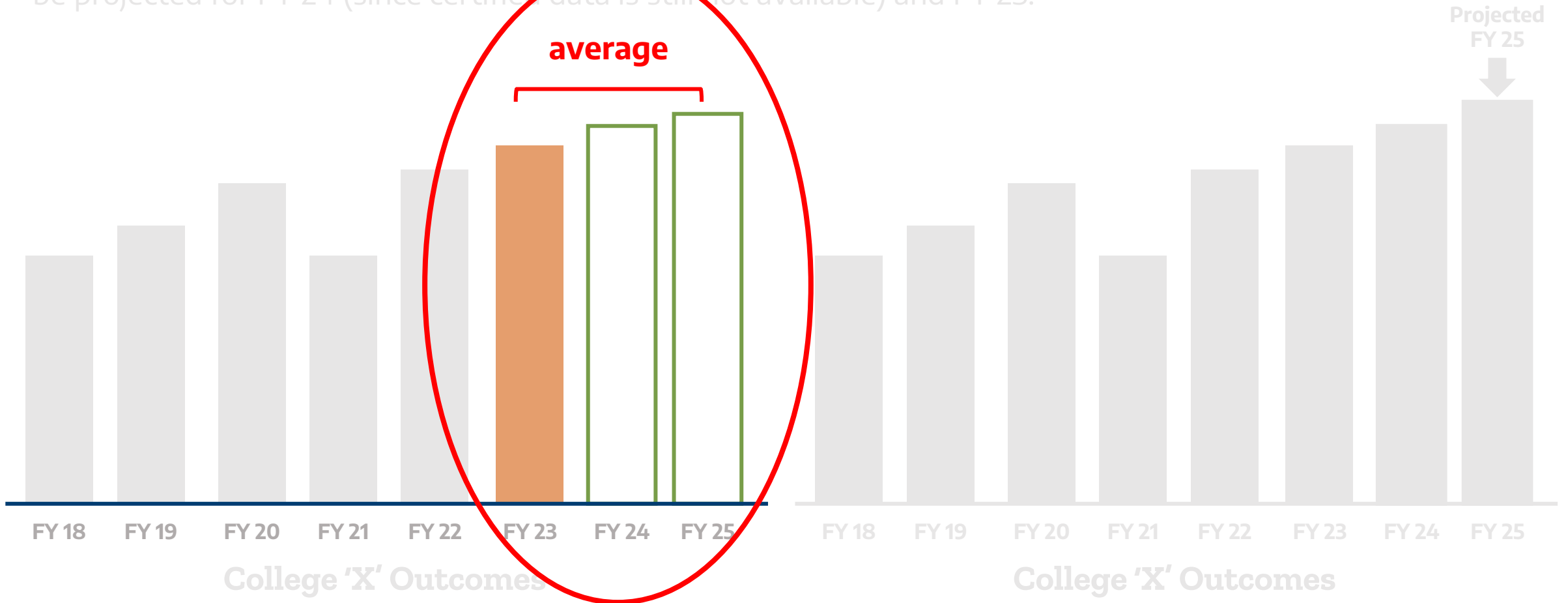
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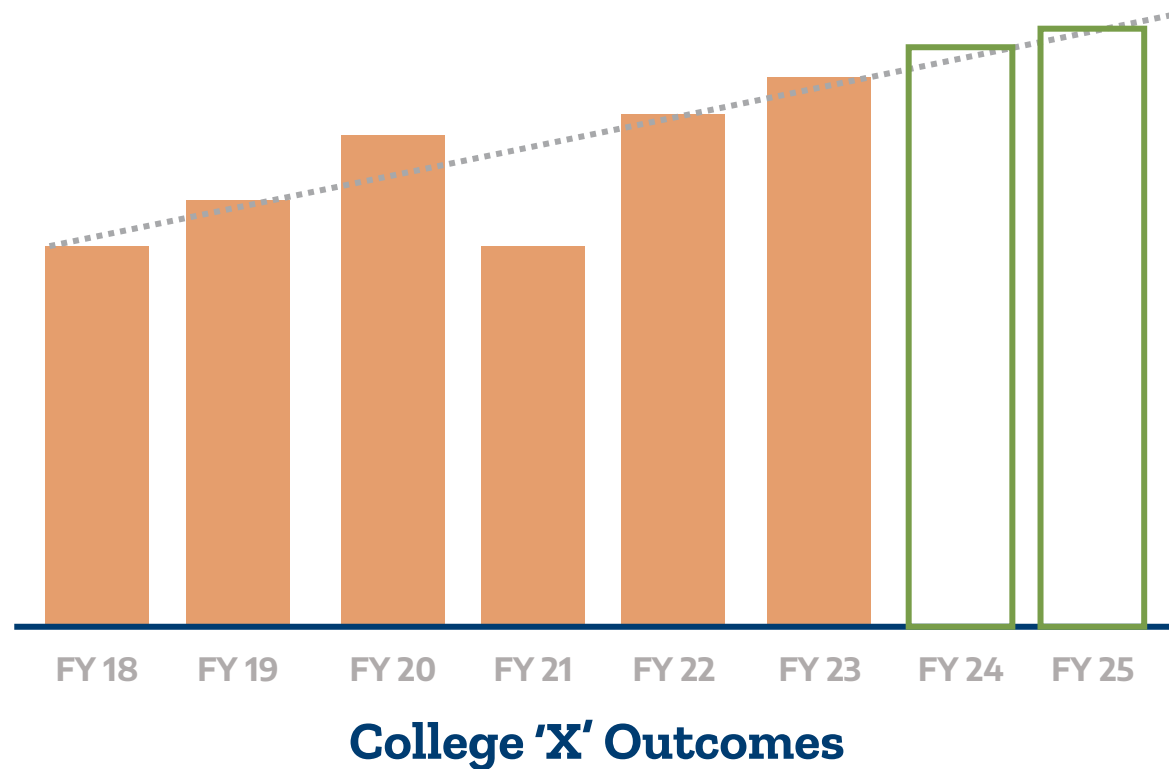


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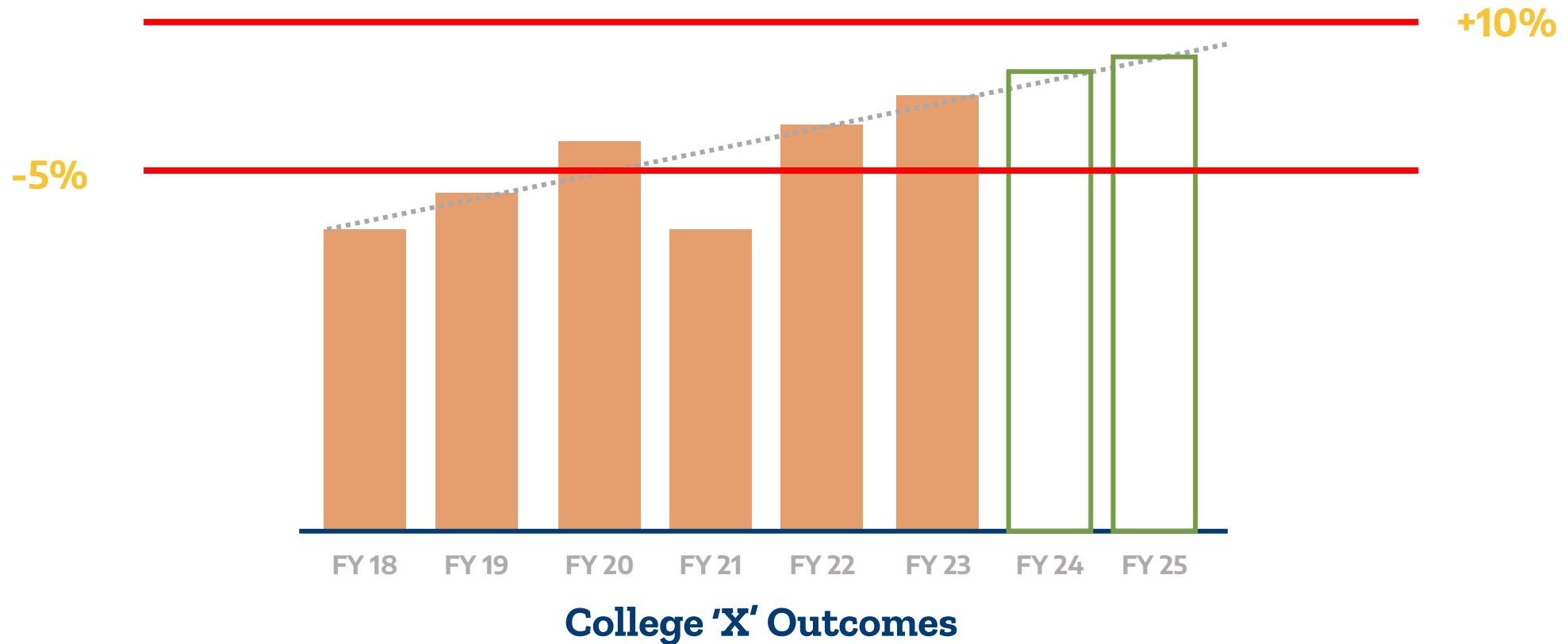
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During projection calculations, year-to-year changes will be **limited to +10% / -5%** to ensure forecasted outcomes fall within realistic limits and to provide funding stability to colleges. Guardrails will apply per outcome.



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# House Bill 8 : Dynamic Payments



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# Dynamic Payments

For House Bill 8 implementation, institutions transitioned to a **three-pay model**. Moving forward, the payment schedule will be **dynamic** as certified data becomes available.

## Fall Payment

College 'X' receives 50% of FY 25 Foundation Payment calculated on projected outcomes.

OCT. 2024

1<sup>st</sup> payment

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This three-pay model will repeat itself for FY 26, with an additional **mid-year settle-up process (+ or - inclusive of guardrails) for the October 2025 Foundation Payment, and a settle-up (only +) for the February 2026 Dynamic Payment.** .

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**JUNE 2025**

**3<sup>rd</sup> payment**

### Close-Out Adjustments / Fall Payment

Certified FY 25 data becomes available (**guardrails removed**) and College 'X' receives final adjustments to funding two years later.

**OCT. 2026**

**1<sup>st</sup> payment**

# House Bill 8 : Key Terms & Definitions



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# Key Terms for House Bill 8

Term	Definition
Credentials of Value	<ul style="list-style-type: none"><li>• A positive return on investment for college completers compared to a high school graduate after 10 years.</li></ul>
Credential of Value Premium	<ul style="list-style-type: none"><li>• An incentive to complete students more quickly.</li><li>• Bonuses for individual students who complete faster than the statewide average tipping point for positive ROI in a particular program.</li></ul>
High Demand Fields	<ul style="list-style-type: none"><li>• Occupations where large numbers of employees are estimated to be needed.</li></ul>
Outcome Completion Weights	<ul style="list-style-type: none"><li>• Additional outcome “points” awarded for students who are economically disadvantaged, academically disadvantaged, or adults.</li></ul>
Projections	<ul style="list-style-type: none"><li>• The funding colleges receive in FY 25 (Fall 24-Summer 25) is based on actual data from the most recent year—2023—and projected outcomes for 2024 and 2025 based on 7 years of prior actuals.</li><li>• Maximum increase allowed is 10% and maximum decrease allowed is 5%.</li></ul>
Dynamic Funding Model	<ul style="list-style-type: none"><li>• Funding amounts will be adjusted each year based on actuals.</li></ul>



# Texas Association of Community Colleges

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# Trustee Leadership Seminars

**2023 - 2024**

Focusing on  
**data-informed governance**  
for community colleges



AMARILLO, TX



**SEPTEMBER**

**12-14**

**2024**

# **CCATT Annual Conference**

*Collaborative Connections:  
Community College Governance & K-12 Partnerships*



**Community College  
Association of Texas Trustees**

# 2024 Summer Webinar Series

## **Data Basics for Higher Education**

Tuesday, June 18, 12:00pm CT

## **Campus Safety & Crisis Response**

Thursday, July 18, 12:00pm CT

## **Expanding IT Pathways with CompTIA**

Thursday, August 15, 12:00pm CT



**Thank you!**

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