



**Community College
Association of Texas Trustees**

State Policy Update:

Recent Rulemaking & Legislative Developments

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President & CEO

Texas Association of Community Colleges





Texas Association of
Community Colleges

Community College Finance Model

Texas Higher Education Enrollments

Sector	Certified Fall 2024 Enrollment	Certified Fall 2025 Enrolment	Fall 2024 to Fall 2025 Percent Change
Public Universities	689,784	706,541	2.4%
Public Community Colleges	701,232	742,150	5.8%
Texas State Technical Colleges	16,427	15,729	-4.2%
Lamar State Colleges	13,901	17,347	24.8%
Health-related Institutions	32,475	34,148	5.2%
Independent Colleges Universities	150,773	158,155	4.9%

FAST FACTS



Texas community colleges are the **largest sector** of higher education in Texas.



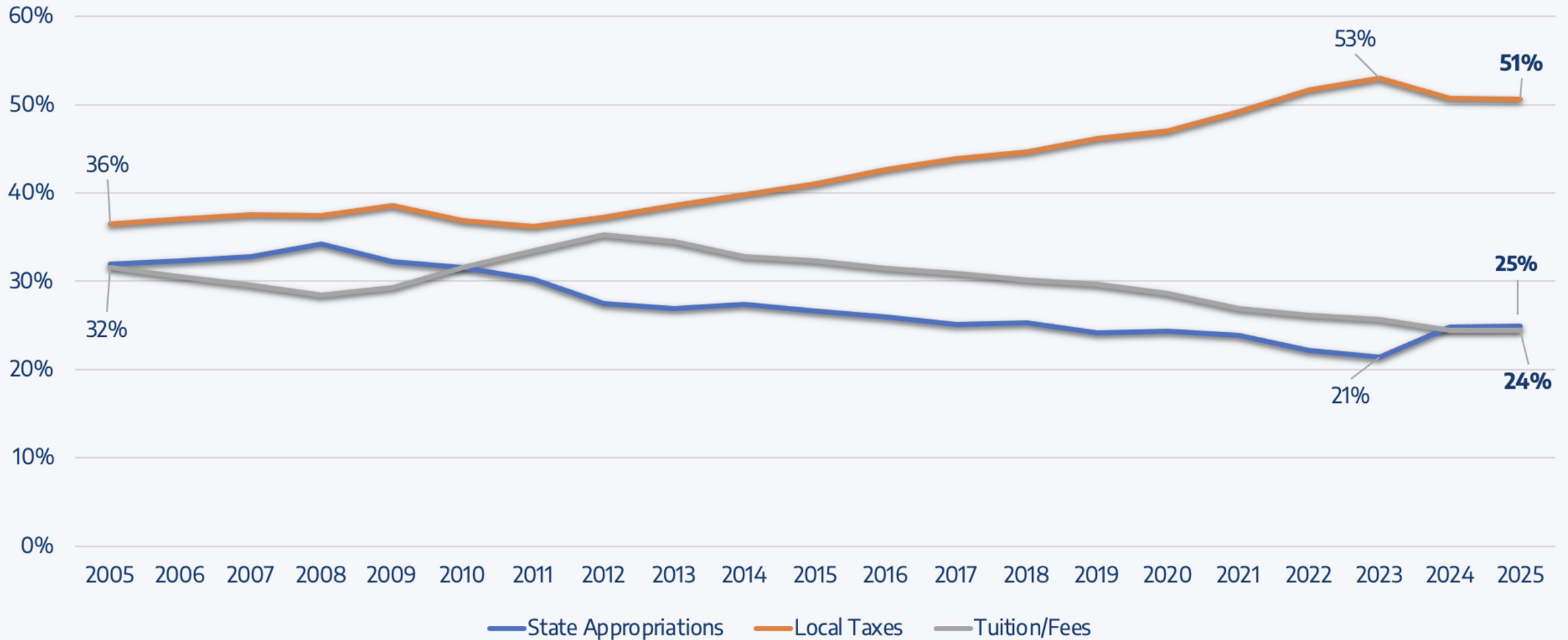
Texas community colleges saw a 5.8 percent increase from last year, the **largest jump since the pandemic**.



Texas community colleges now account for **more than 50 percent of all public undergraduate enrollment** in the state.



Texas Community Colleges: Relative Composition of Primary Revenue, 2005 to 2025



What Happened This February

1

Outcomes Exceeded Projections

Actual performance outpaced the projections underlying the appropriation

2

Dynamic Adjustment and FY25 Settle-Up Withheld

Full payment would have depleted FY 2027 funds and created a large shortfall

3

Governor and LBB Approval

The Texas Higher Education Coordinating Board received approval to adjust the February payment

4

Payments Distributed

Colleges received February payments without Dynamic Adjustments

The Sector-Wide Picture

(FY24 → FY25)

14.3 → 16.0

Credentials of Value (CoV)
per 100 students

+11%

Sector-wide CoV per student
growth in one year

2X growth

Generic OSAs doubled
(0.25 → 0.50 per 100)
HDF OSAs increased 75%
(0.86 → 1.50 per 100)

What this means for the sector:

- **The formula is working and outcomes are genuinely rising across the sector.** An 11% increase in credentials per student in one year reflects real student success and institutional effort.
- **The growth rate story and the dollar story point in different directions.** Although, OSAs are the fastest-growing credential type, the largest absolute drivers of the funding shortfall are dual credit (+\$42.6M), associate degrees (+\$27.7M), and HDF Certificates (+\$26.2M).

The Scale of the Challenge

\$285M

FY26 Total February Adjustments
(Dynamic Adjustment + FY25 Settle-Up)

* For FY26 only

\$128M

Dynamic Adjustment Only
(FY25 outcome overperformance)

\$89.5M

FY 24-25 Supplemental Appropriation
(Received during the 89th Texas Legislative Session)

What this means for the sector:

- **The \$285M figure is more than 3× the supplemental we received in 2025.** The \$285M figure is FY26 only, FY27 has not yet been calculated. If rules and trends remain unchanged, FY27 will see a comparable or larger shortfall.
- **This cannot be resolved through a 2027 supplemental alone.** Even if the Texas Legislature provides a reasonable supplemental for the Community College Funding Formula in the next session, the short-term rulemaking adjustments are necessary to prevent an even larger shortfall in FY27.

CHANGE 1

Reduce Performance Weights

Adult Learner Weight

0.50 ▶ **0.40**

Economically Disadvantaged

0.25 ▶ **0.20**

Academically Disadvantaged

0.25 ▶ **0.20**

CHANGE 2

Cap Fundable Credentials

Maximum 7 Credentials

Per Student / 5 Year Rolling Window

Bachelors _____ 1

Associate Degree _____ 1

Level 1 Certificate _____ 2

Level 2 Certificate _____ 1

OSA/ICLC _____ 1

ATC _____ 1

Forecasting Model Reforms

THECB has suggested two potential changes to its forecasting methodology:

1

Remove Upper Bounds

Removing the upper bounds currently embedded in the forecasting model — constraints that artificially capped projected growth in outcomes and contributed to underestimating actual performance.

2

Shift to 2-Year Average

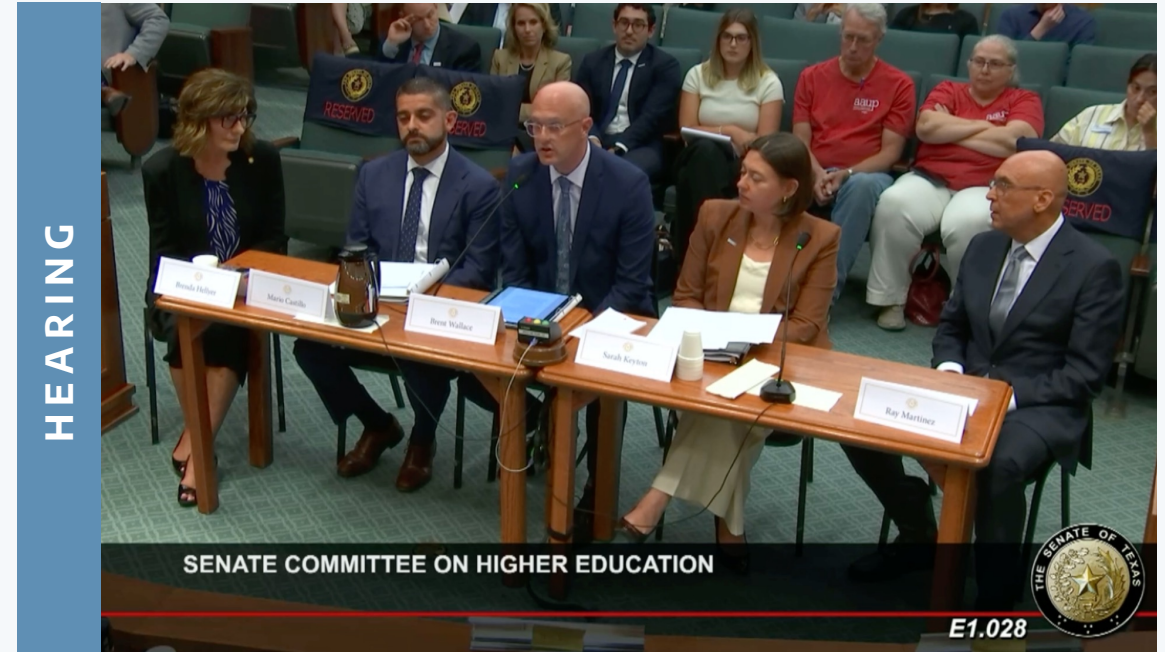
Amending the mechanism by which funding for an outcome is based on the greater of the three-year average or the current year, likely by substituting a two-year average, making the model more responsive to recent trends.

Senate Higher Education Committee

Interim Hearing on Tuesday, July 28

Invited testimony provided by:

- **Dr. Brent Wallace**
Chancellor, North Central Texas College
- **Dr. Brenda Hellyer**
Chancellor, San Jacinto College
- **Dr. Mario Castillo**
Chancellor, Lone Star College
- **Sarah Keyton**
Deputy Commissioner, Texas Higher Education Coordinating Board
- **Ray Martinez**
President & CEO, Texas Association of Community Colleges





Texas Association of Community Colleges

tacc.org



https://tacc.org/ccatt/data-informed-governance



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ABOUT

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PROFESSIONAL DEVELOPMENT

EVENTS

RESOURCES

Building Board Capacity for Informed Decision-Making

Effective, data-informed governance empowers boards to make policy decisions that advance student success and strengthen institutional effectiveness. This learning module series is designed to build data competency while emphasizing strategic oversight, strong board-CEO partnerships, and the balance between governance and operations. Using the case study of Bluebonnet Community College, a fictional institution in rural Texas, the modules explore practical strategies for asking better questions, interpreting both quantitative and qualitative data, and applying insights in ways that align with community needs and the college mission. The below resources are designed to support boards in setting expectations, monitoring progress, and making informed decisions that serve students and ensure long-term institutional sustainability.

Introduction to Data-Informed Governance Learning Modules

Building Data Competency for Texas Community College Trustees



BECOMING A DIG CHAMPION

Two recognition pathways are available in 2026:

Individual Recognition is intended for trustees or regents who have watched all three currently available DIG Module videos, completed the discussion guides to the best of their ability, and had a follow-up conversation with their board chair or college CEO.

College Recognition is intended for colleges whose boards have featured at least one DIG Module video and its accompanying discussion guide during a board meeting, workshop, or retreat.





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2026 CCATT ANNUAL CONFERENCE

SUSTAINABLE SUCCESS:

Community College Governance &
Long-Term Impact



SEPTEMBER 17-19, 2026



HYATT REGENCY BAYTOWN, TX



Community College
Association of Texas Trustees

2026 CCATT Annual Conference

Sustainable Success: **Community College Governance & Long-Term Impact**

Agenda-at-a-Glance

Thursday, September 17

- | | |
|----------|--|
| 12:00 PM | <i>Pre-Conference Luncheon for First Time Attendees</i> |
| 1:30 PM | <i>Pre-Conference Workshop: State & Local Advocacy</i> |
| 3:00 PM | <i>Pre-Conference Sessions:</i> <ul style="list-style-type: none">- <i>New Trustee Orientation</i>- <i>Hometown Highlights: Tour of Lee College</i>- <i>Board Liaisons Convening</i> |
| 6:00 PM | Dinner & Opening Plenary Session [Call to Order at 6:30 PM] |





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2026 CCATT Annual Conference

Sustainable Success: Community College Governance & Long-Term Impact

Agenda-at-a-Glance

Friday, September 18

The sponsor expo will be open from 8:00 AM – 6:30 PM.

8:00 AM	Breakfast
9:00 AM	Plenary Session
11:00 AM	Breakout Sessions (Round 1)
11:45 AM	Lunch & Plenary Session
1:30 PM	Tables & Treats
2:15 PM	Breakout Sessions (Round 2) - <i>Chairs Council Meeting</i>
3:15 PM	Breakout Sessions (Round 3)
4:15 PM	Plenary Session
5:15 PM	Networking Reception
6:30 PM	<i>*Dinner on Your Own</i>

Saturday, September 19

8:00 AM	Breakfast
9:00 AM	Closing Plenary Session [Adjourn at 10:30 AM]

UPCOMING SUMMER WEBINARS

August 27 - Article 1 of Senate Bill 37: New Board-Level Oversight Responsibilities

Register today: <https://tacc.org/ccatt/events>



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Thank you!

