



**The Texas Association of Community Colleges
Community College Association of Texas Trustees**

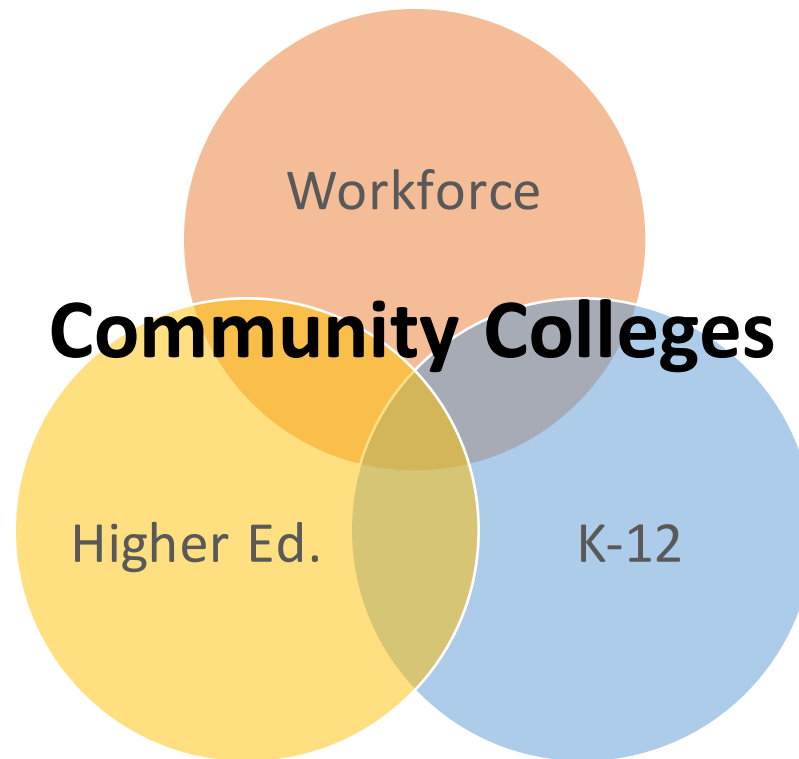
**TESTIMONY BY
JACOB FRAIRE, PRESIDENT & CEO**

**COMMITTEE ON APPROPRIATIONS
TEXAS HOUSE OF REPRESENTATIVES**

FEBRUARY 2017

Community Colleges: At the Intersection of Workforce and Education

- 93% of Dual Credit students
- 91% of Technical Education certificates & associate degrees awarded
- 35% of Bachelor Degree recipients earned 30 + community college credits



TEXAS COMMUNITY COLLEGES

- Texas Community Colleges serve students at scale, with measurable outcomes;
 - 700,000 students; 47% of total in higher education
 - 78% of Minority Freshman and Sophomore students
 - In 2015, we awarded 103,752 (40%) of all BACs;
- Texas Community Colleges are vital to achieving the state's goals in 60X30TX;
 - We awarded 91% of Technical Certificates and Associates Degrees
 - Third most affordable system of community colleges in the nation
 - Lowest Debt to First-Year Income among graduates
- Texas Community Colleges embrace Performance-based Funding
 - Student Success Points comprise 11 metrics, which measure student success along a continuum
 - The Student Success Point rate has decreased from original \$185 per point (83rd Session)
- How Texas Community Colleges intend to invest increases in state funding.
 - Dual Credit & Early College High Schools
 - Workforce Development
 - Advising & Student Support Services
 - Improved Campus Safety
 - Affordability
 - Innovations such as Guided Pathways and Mathways

The Funding Ask

Core Operations: \$75,000,000 (\$25 million increase from 2016-17)

- Supports basic operating costs
- \$500,000 per district per year level of funding was established by the 83rd Legislature
- Increasing the core by \$250,000 per district per year will help support all institutions, especially small and rural institutions

Student Success: \$186,881,648 (\$18 million increase from 2016-17)

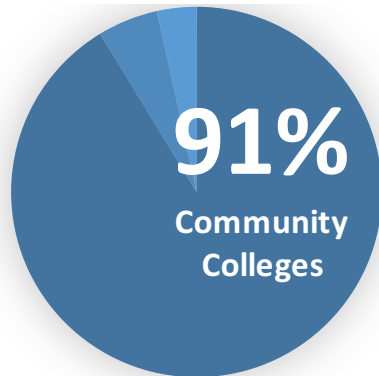
- Texas Community Colleges continue to advance programs and strategies that improve student success on multiple metrics
- In order for the Student Success Points system to effectively reward institutions for improvements in student success, the points need to be funded at a minimum of \$185 per point

Instruction: \$1,566,886,566 (\$44 million increase from 2016-17)

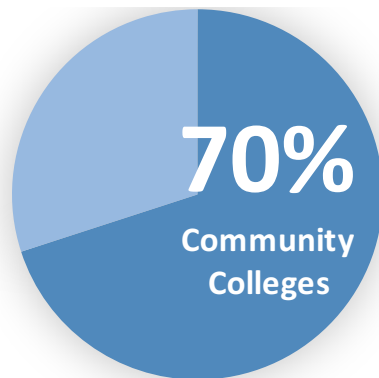
- Largest portion of state revenue
- Provides community colleges with funds for instruction
- Ability of community colleges to meet workforce skills demands, increase dual credit courses, and expand educational opportunities for all students is directly tied to instructional funding appropriated by the Legislature

BACKGROUND INFORMATION

Texas Community Colleges Serve the State at Scale



Fall 2015 Technical Enrollment



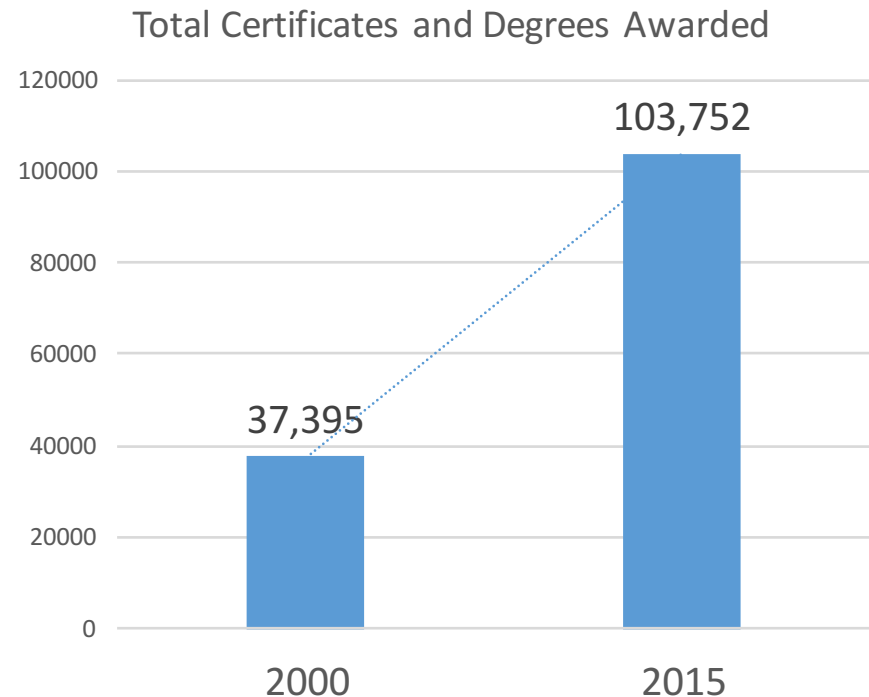
Freshmen & Sophomores in
Higher Education

Community colleges are the largest sector of Texas higher education

	Fall 2015 Enrollment	% of Enrollment
Community Colleges	700,892	47.1%
Academic	515,642	34.6%
Technical	184,476	12.4%
Bachelor of Applied Tech.	774	0.05%
Texas State Technical College	10,689	1.5%
Lamar State Colleges	6,966	1%
Public Universities	619,284	41.6%
Public Medical Institutions	23,523	1.6%
Private Institutions	128,280	8.5%

Completion Success at Community Colleges

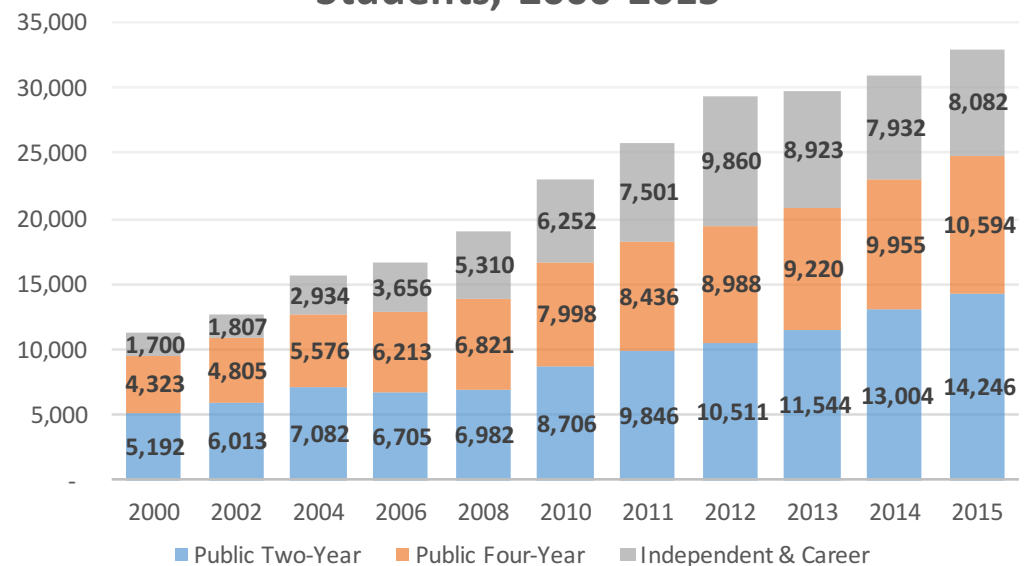
- Community colleges were instrumental in the state's meeting the Closing the Gaps (CTG) success goals
- Texas met and exceeded Closing the Gaps targets for Baccalaureate, Associate, and Certificates (BACs) awarded
 - Surpassed the 2015 goal in 2011
- Total Certificate and Degrees awarded at community colleges have increased **177%** since 2000
- Community colleges awarded **40%** of all BACs awarded in 2015
- Community colleges awarded **9,000** additional BACs from 2014 to 2015; a **9% increase**.



Completion Success at Community Colleges

- Community colleges conferred the most Baccalaureate, Associate, and Certificates (BACs) to African American students of any sector
 - **14,246** BACs awarded in 2015
 - **43.3%** of the total
- **174%** Increase between 2000 and 2015

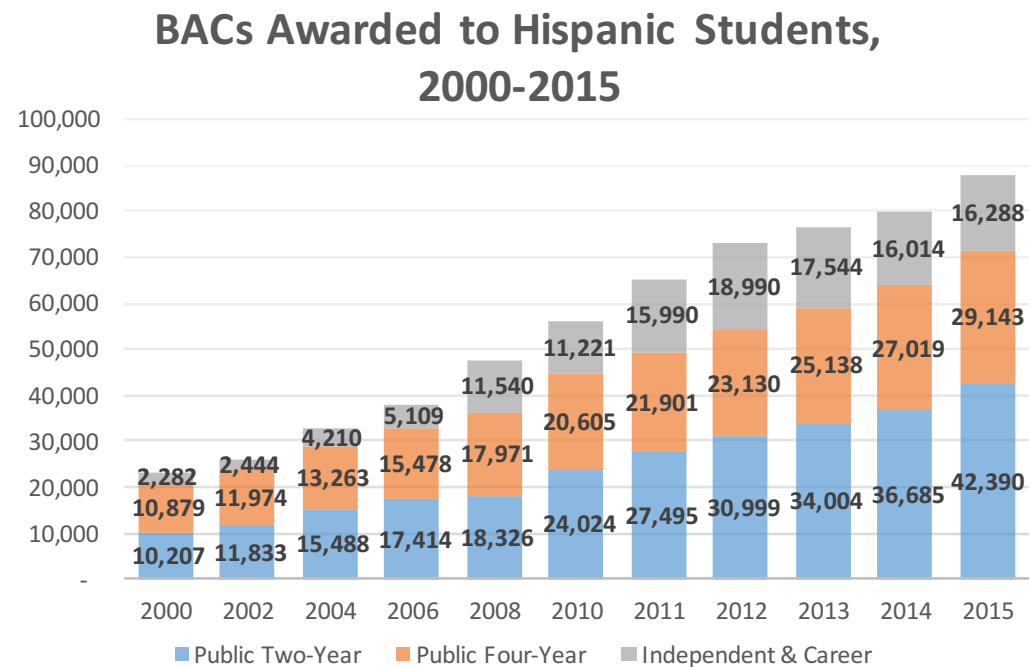
BACs Awarded to African American Students, 2000-2015



Source: THECB – Closing the Gaps, Final Progress Report, June 2016

Completion Success at Community Colleges

- Community colleges conferred the most Baccalaureate, Associate, and Certificates (BACs) to Hispanic students of any sector
 - **42,390** BACs awarded in 2015
 - **48%** of the total
 - **315%** Increase between 2000 and 2015



Source: THECB – Closing the Gaps, Final Progress Report, June 2016

MARKETABLE SKILLS

- Community colleges are primary providers of technical education.
 - Community Colleges awarded **91.5%** of all Technical Associates and Certificates in Texas public higher education.
- Across community colleges, **184,476** students are in technical programs (fall 2015).
 - Share of tech students varies widely across the colleges; some are closer to a 50/50 split between technical and academic programs.
 - **Panola College** and **Costal Bend College** are each at **55%** technical program enrollment.
 - **Angelina College, Brazosport College, College of the Mainland, Del Mar College, Grayson College, Kilgore College, Lee College, and Tyler Junior College** are each at or above **40%** technical program enrollment.

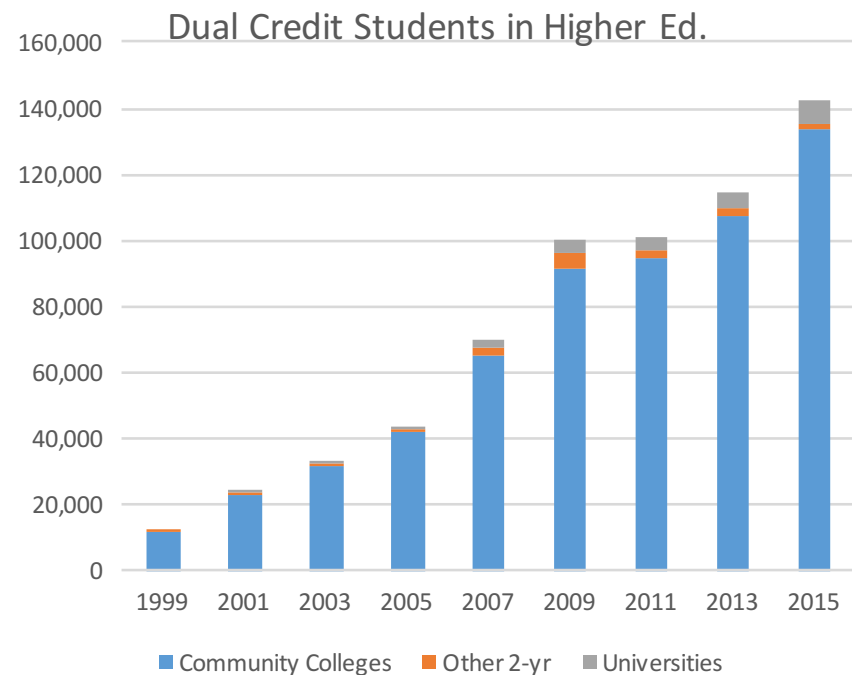
STUDENT DEBT

- The State's goal in **60x30TX** for student debt is the debt will not exceed **60%** of first-year wage for graduates.
- Texas Community Colleges Are Exceeding the 60X30TX Debt Goal
- Majority of community college graduates finish with zero loan debt, those who do carry relatively low debt loads.

Award	% With Debt	Average Debt	% of 1 st Year Wage
Certificate	29%	\$12,546	33%
Associate's	36%	\$15,426	41%
Bachelor's (Public 4-Year Institutions)	62%	\$30,136	71%

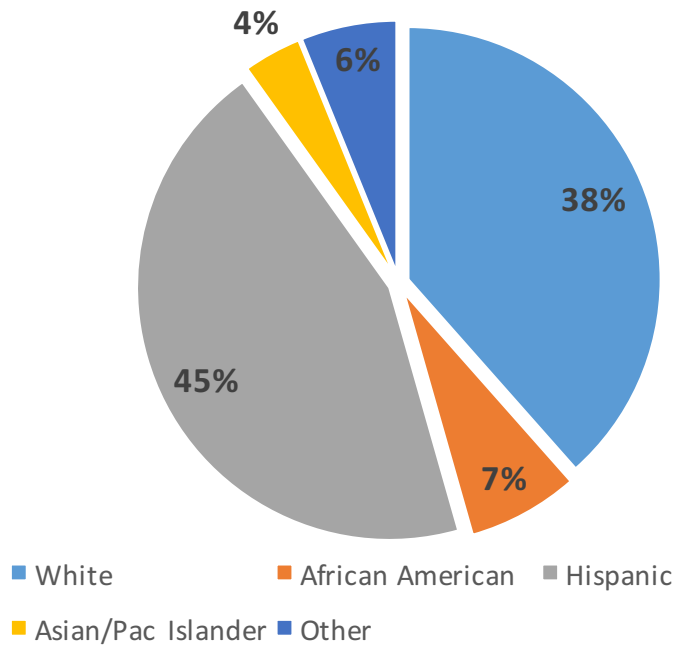
The Primary Providers of Dual Credit

- Enrollment in dual credit has steadily increased from **11,921** students in fall 1999 to **133,342** students in fall 2015.
- All 50 community college districts in Texas offer dual credit opportunities.
- **93 percent** of the dual credit students were enrolled in Texas community colleges in fall 2015 (123,893 of 133,342 students).
- In fall 2015, the average semester credit hours earned per dual credit student was 5.4 SCH; slightly less than 2 courses per student.

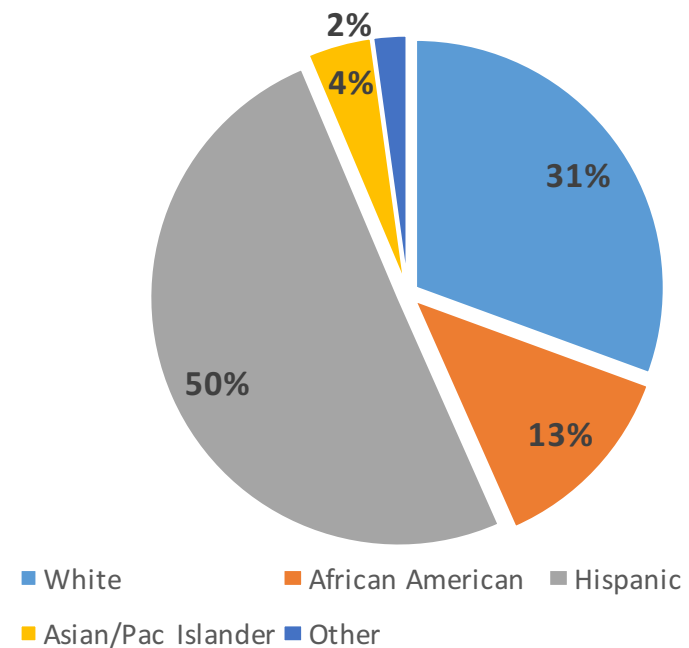


Students in Dual Credit Reflect the Diversity of Texas

Fall 2015 Dual Credit Enrollment



2015-16 Texas High School Population



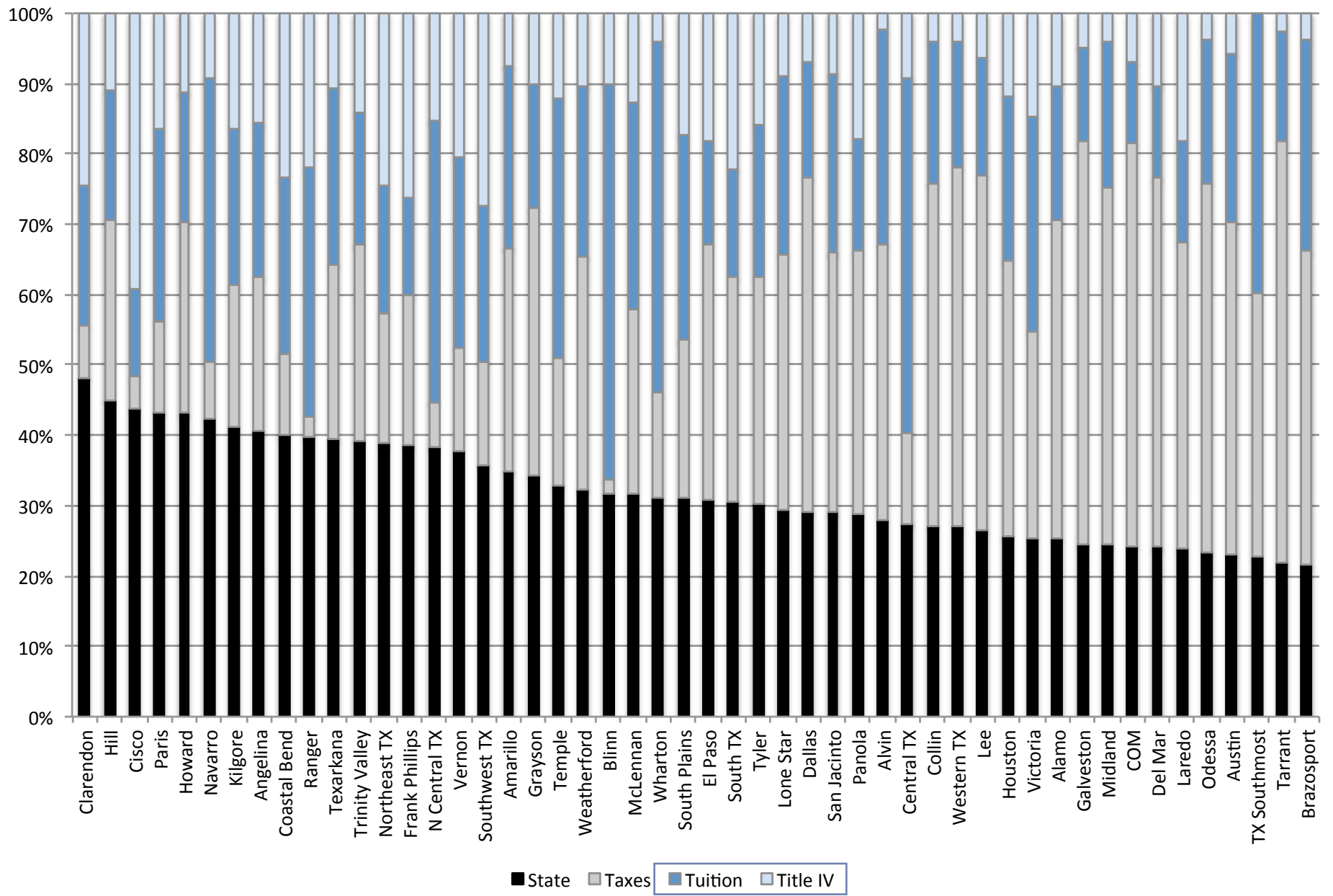
Three Primary Sources of Operational Revenue

Revenue Source	FY 2015 \$	% of Total
State Appropriation	1,101,470,617	28.4%
Property Taxes	1,499,829,213	38.7%
Tuition & Fees	1,275,185,172	32.9%
<i>Net Tuition & Fees</i>	<i>888,385,216</i>	<i>22.9%</i>
<i>Title IV Tuition & Fees</i>	<i>386,799,956</i>	<i>10.0%</i>
TOTAL	3,876,485,002	

Definitions for Three Primary Revenue Sources

- State Revenue - total state revenue (Instructional General Revenue, Group Health Insurance state appropriation, Retirement benefits state appropriation). Special Item Funds and Bachelor of Applied Technology Funds (less than 1% of total funds) are not included.
- Local Taxes - Maintenance and operation (M&O) tax revenue from Annual Financial Report. Debt service ad valorem tax revenue is not included.
- Total Tuition and Fees = Tuition and Fees + Federal Title IV Tuition and Fees
 - Tuition and Fees: Net tuition and fees from Annual Financial Report (AFR).
 - Federal Title IV Tuition and Fees: Title IV Higher Education Act Funds (mainly Pell Grants) are received by the college and passed through to the student. Total Title IV HEA Funds are recorded in each district's FY 2015 AFR Exhibit 2 as Federal Grants and Contracts - Non Operating Revenues. When a Title IV grant is used by the student for tuition and fees, it is recorded as a tuition discount in Schedule A of the FY 2015 AFR (Title IV Federal Grants). Title IV funds that were recorded as tuition and fees are included in the calculation of each district's total revenue. The Title IV funds that were passed through to the student are not included.

Three Primary Sources of Operational Revenue, FY 2015



Community College Taxing Districts

FY 2017 Valuation: \$1.57 trillion

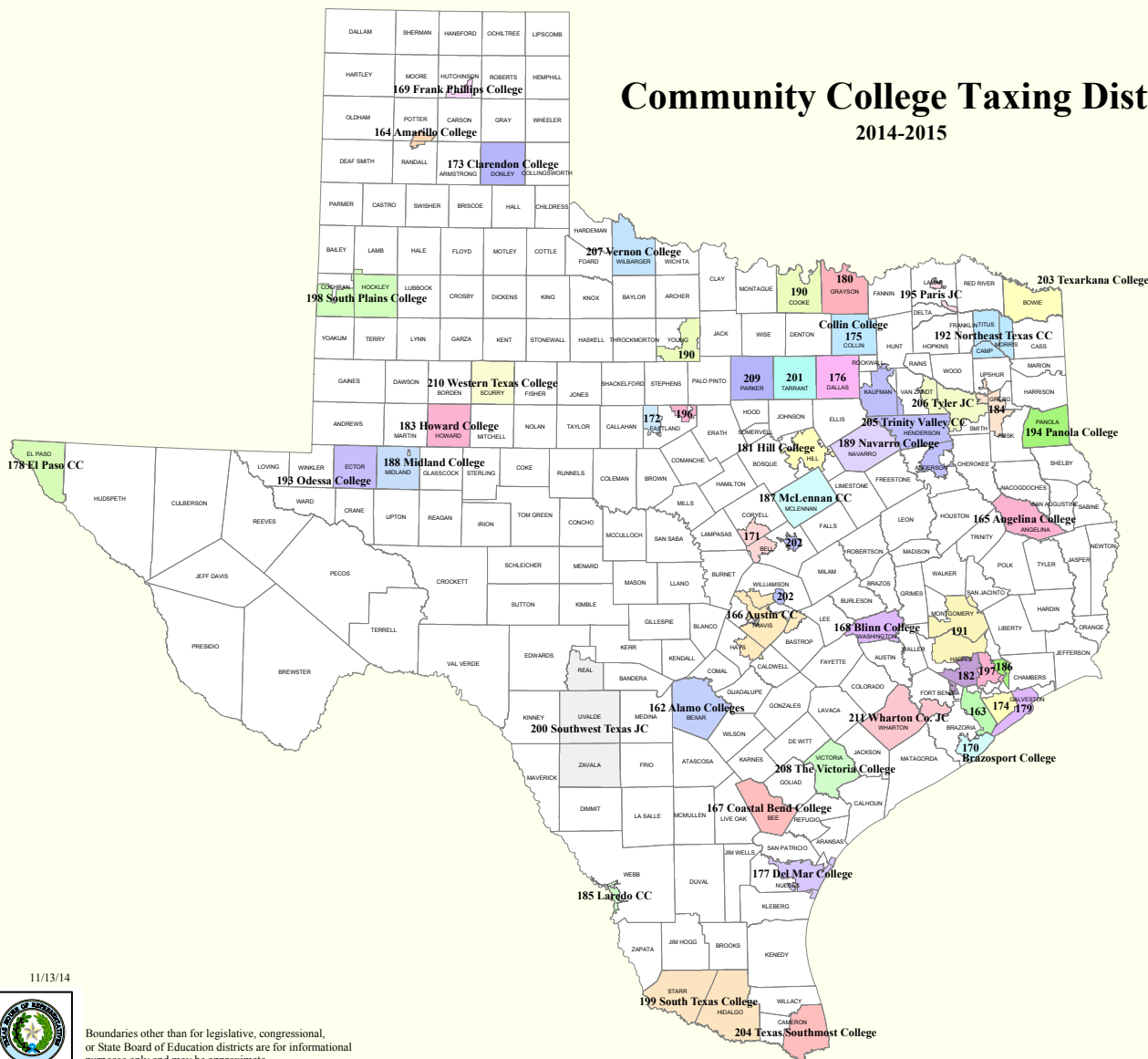
Estimated FY 2017 Levy: \$2.1 billion

FY 2017 Average M&O tax rate: 16.1 cents per \$100 valuation

Owner of \$150,000 home would pay \$243 per year to support the community college district

[TACC Tax & Valuation Survey Results](#)

Community College Taxing Districts 2014-2015



Community College Districts*

- 162-Alamo Colleges
- 163-Alvin Community College
- 164-Amarillo College
- 165-Angelina College
- 166-Austin Community College
- 167-Coastal Bend College
- 168-Blinn College
- 169-Frank Phillips College
- 170-Brazosport College
- 171-Central Texas College
- 172-Cisco College
- 173-Clarendon College
- 174-College of the Mainland
- 175-Collin College
- 176-Dallas County Community College
- 177-Del Mar College
- 178-El Paso Community College
- 179-Galveston College
- 180-Grayson College
- 181-Hill College
- 182-Houston Community College System
- 183-Howard College
- 184-Kilgore College
- 185-Laredo Community College
- 186-Lee College
- 187-McLennan Community College
- 188-Midland College
- 189-Navarro College
- 190-North Central Texas College
- 191-Lone Star College System
- 192-Northeast Texas Community College
- 193-Odessa College
- 194-Panola College
- 195-Paris Junior College
- 196-Ranger College
- 197-San Jacinto College
- 198-South Plains College
- 199-South Texas College
- 200-Southwest Texas Junior College
- 201-Tarrant County College
- 202-Temple College
- 203-Texarkana College
- 204-Texas Southmost College
- 205-Trinity Valley Community College
- 206-Tyler Junior College
- 207-Vernon College
- 208-The Victoria College
- 209-Weatherford College
- 210-Western Texas College
- 211-Wharton County Junior College

* Community college districts are numbered as identified by Chapter 130, Texas Education Code.

14R3441

11/13/14



Boundaries other than for legislative, congressional, or State Board of Education districts are for informational purposes only and may be approximate.

Source: County Appraisal Districts

Community College Funding - Local Property Taxes

Local Property Taxes. Each community college board is required by state law to levy annual ad valorem taxes for the maintenance of district facilities. A board may issue bonds for the construction of college buildings and to purchase land. The state caps the bond rate at \$.50 per \$100 valuation of taxable property in a district. The bond rate, if any, together with the annual maintenance tax rate cannot exceed \$1 per \$100 valuation of taxable district property (*Texas Education Code*, §130.122). Many districts have locally imposed caps on tax rates as well.

For FY 2017, the estimated statewide certified property valuation for FY 2014 is \$1.57 trillion (74% of the state's property wealth). The estimated statewide levy for FY 2017 is \$2.1 billion. The average Maintenance and Operation tax rate (M&O) is \$.161 and the average bond (debt) rate was \$.024 per \$100 valuation. Twelve of the fifty community college districts in the state had tax rates that were at or near their local cap during FY 2017.

Summary of Local Property Taxes: FY 2007 to FY 2017

	FY 07	FY 09	FY 11	FY 13	FY 15	FY 17
Valuation	906 billion	1.1 trillion	1.13 trillion	1.19 trillion	1.35 trillion	1.57 trillion
Tax Levy	1.1 billion	1.3 billion	1.4 billion	1.5 billion	1.8 billion	2.1 billion
Avg M&O Tax Rate	0.138	0.133	0.141	0.142	0.145	0.161
Avg Debt Rate*	0.012	0.016	0.018	0.020	0.023	0.024
Avg Total Tax Rate	0.150	0.149	0.159	0.162	0.168	0.185

*In FY 2017, 30 of the 50 college districts had a debt tax rate.

Tuition/Fees at Community Colleges

State Averages

In-District \$82 per Semester Credit Hour (SCH)

Out-of-District \$134 per SCH

A Student taking 12 semester credit hours in Fall 2016

In-District = \$987 tuition & fees

Out-of-District = \$1,612 tuition & fees

[TACC Tuition & Fee Survey Results](#)



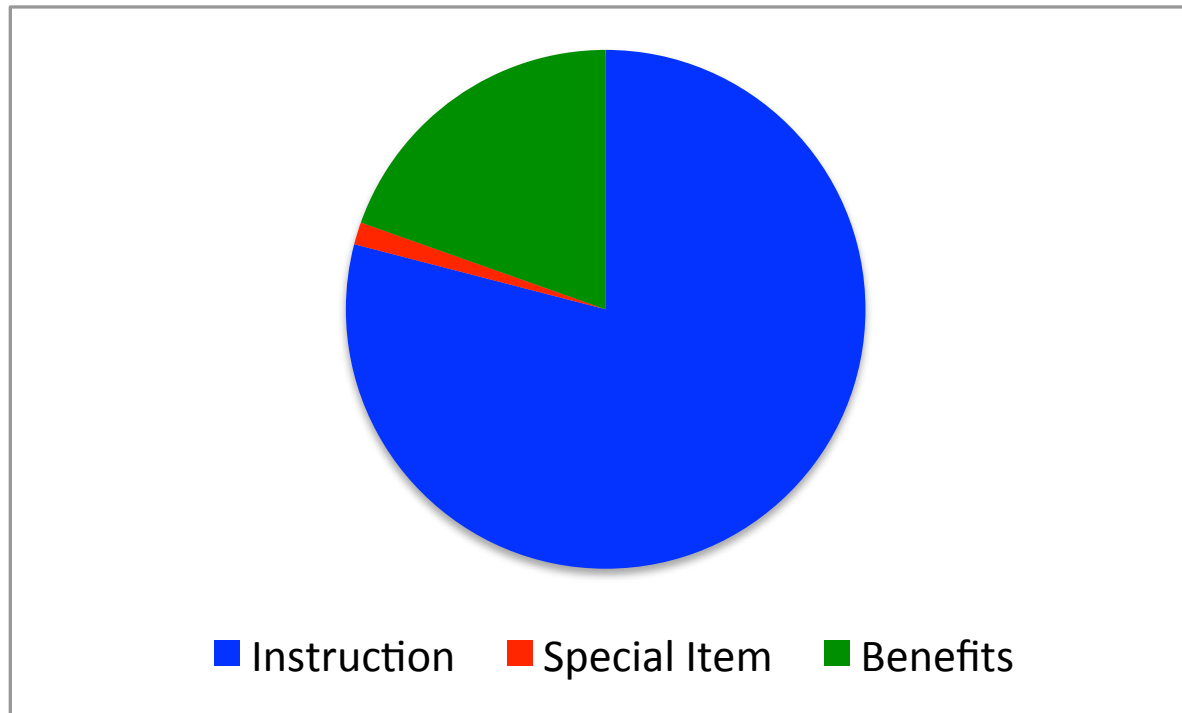
State General Revenue = \$1.78 billion

	2016-17	% of total
Instruction/Contact Hour	1,522,515,612	85.6%
Student Success Points	169,168,401	9.5%
Core Operations	50,000,000	2.8%
Sub-Total	1,741,684,013	
Special Item	30,788,631	1.7%
Hold Harmless	3,963,138	0.2%
Bachelor of Applied Technology (BAT)	2,142,624	0.1%
TOTAL	1,778,578,406	



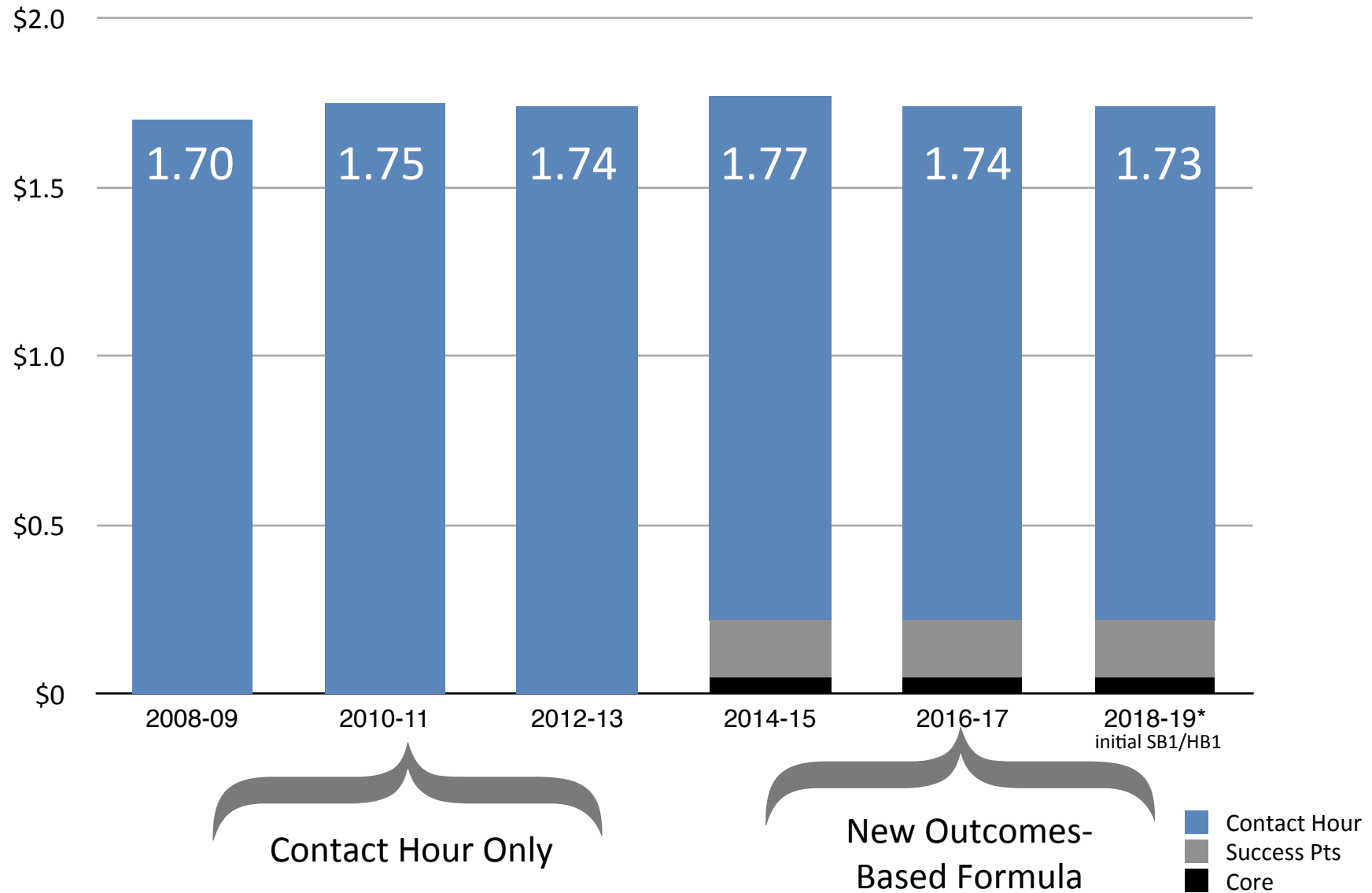
All State Support

	2016-17	% of total
Instruction/Contact Hour	1,522,515,612	68.8%
Student Success Points	169,168,401	7.6%
Core Operations	50,000,000	2.3%
	1,741,684,013	78.8%
Special Item	30,788,631	1.4%
Hold Harmless	3,963,138	0.2%
Bachelor of Applied Technology (BAT)	2,142,624	0.1%
Employee Benefits	432,783,996	19.6%
TOTAL	2,211,362,402	



Community College Funding in Last Decade

Instructional Appropriation: 2008-09 to 2016-17 (in billions)

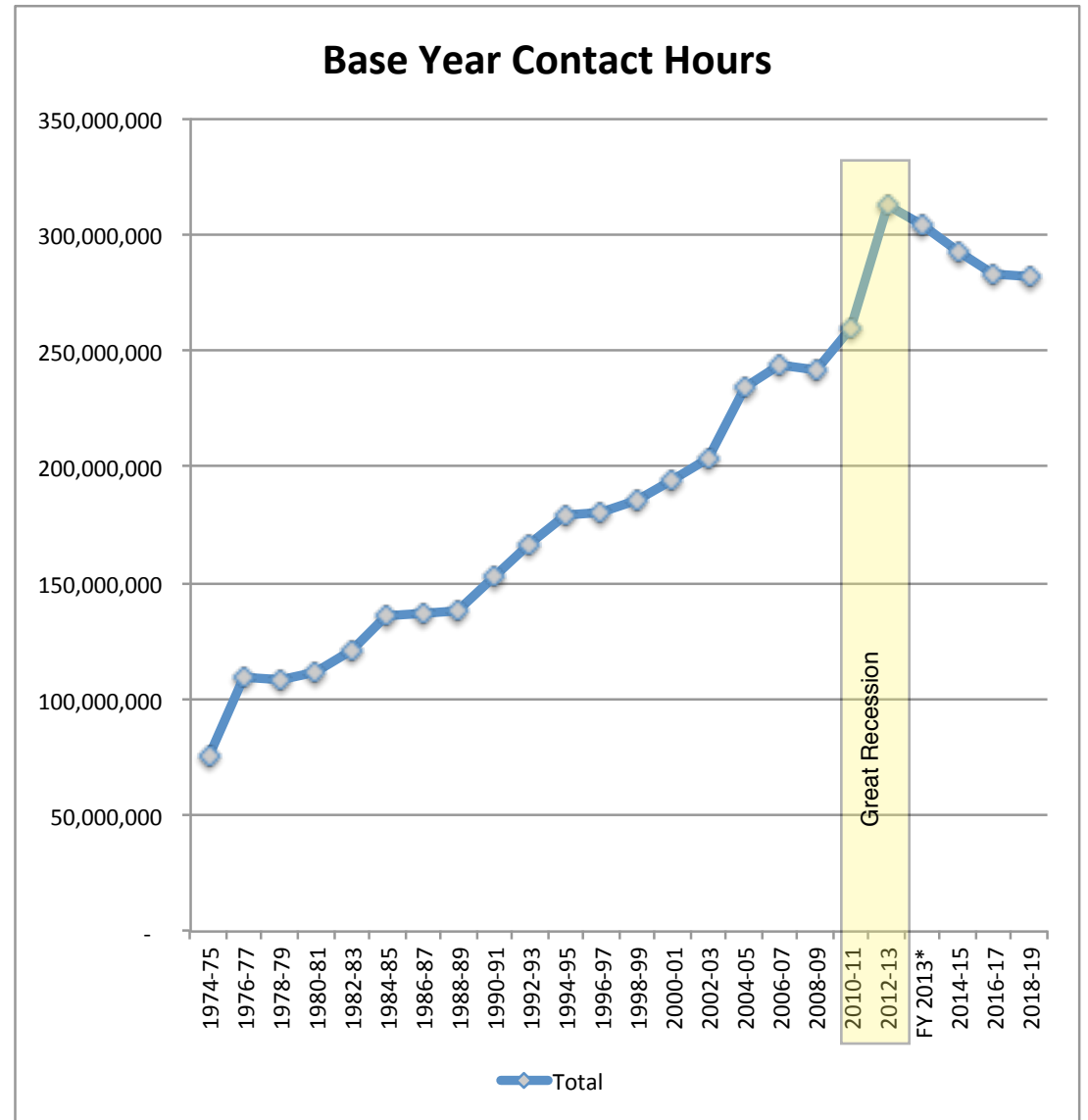


Base Year Contact Hours: Statewide 1974-75 to 2018-19

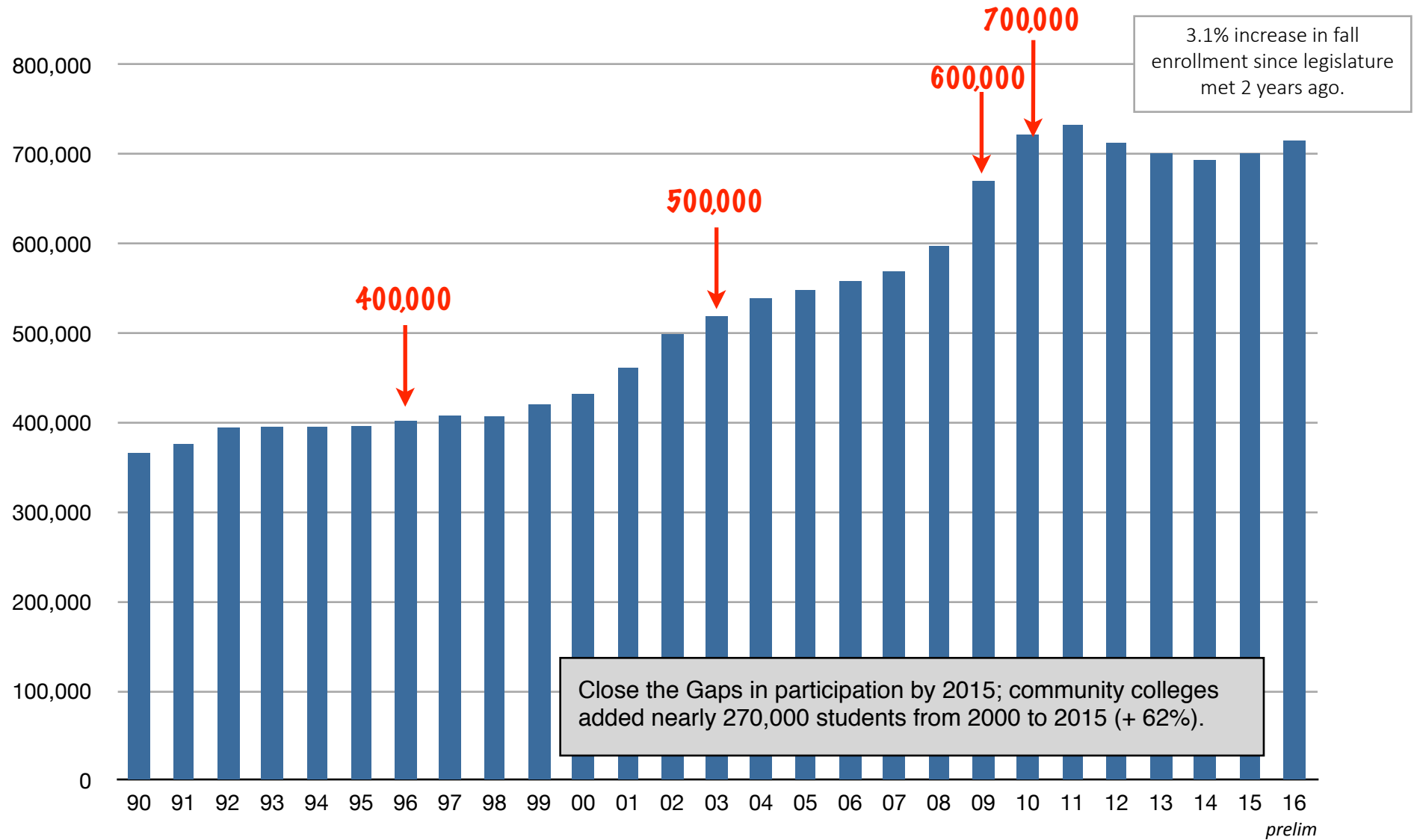
Biennium	Total	% change
1974-75	75,834,299	
1976-77	109,741,542	44.7%
1978-79	107,970,124	-1.6%
1980-81	111,080,043	2.9%
1982-83	121,244,390	9.2%
1984-85	135,838,094	12.0%
1986-87	137,293,461	1.1%
1988-89	137,691,994	0.3%
1990-91	152,624,914	10.8%
1992-93	166,575,227	9.1%
1994-95	179,449,167	7.7%
1996-97	180,714,187	0.7%
1998-99	185,643,998	2.7%
2000-01	193,608,536	4.3%
2002-03	203,528,018	5.1%
2004-05	233,829,584	14.9%
2006-07	244,044,489	4.4%
2008-09	241,839,512	-0.9%
2010-11	259,351,081	7.2%
2012-13	312,528,459	20.5%
FY 2013*	303,904,424	-2.8%
2014-15	292,410,192	-6.4%
2016-17	282,919,371	-3.2%
2018-19	281,826,764	-0.4%

*Mid-biennium Redistribution

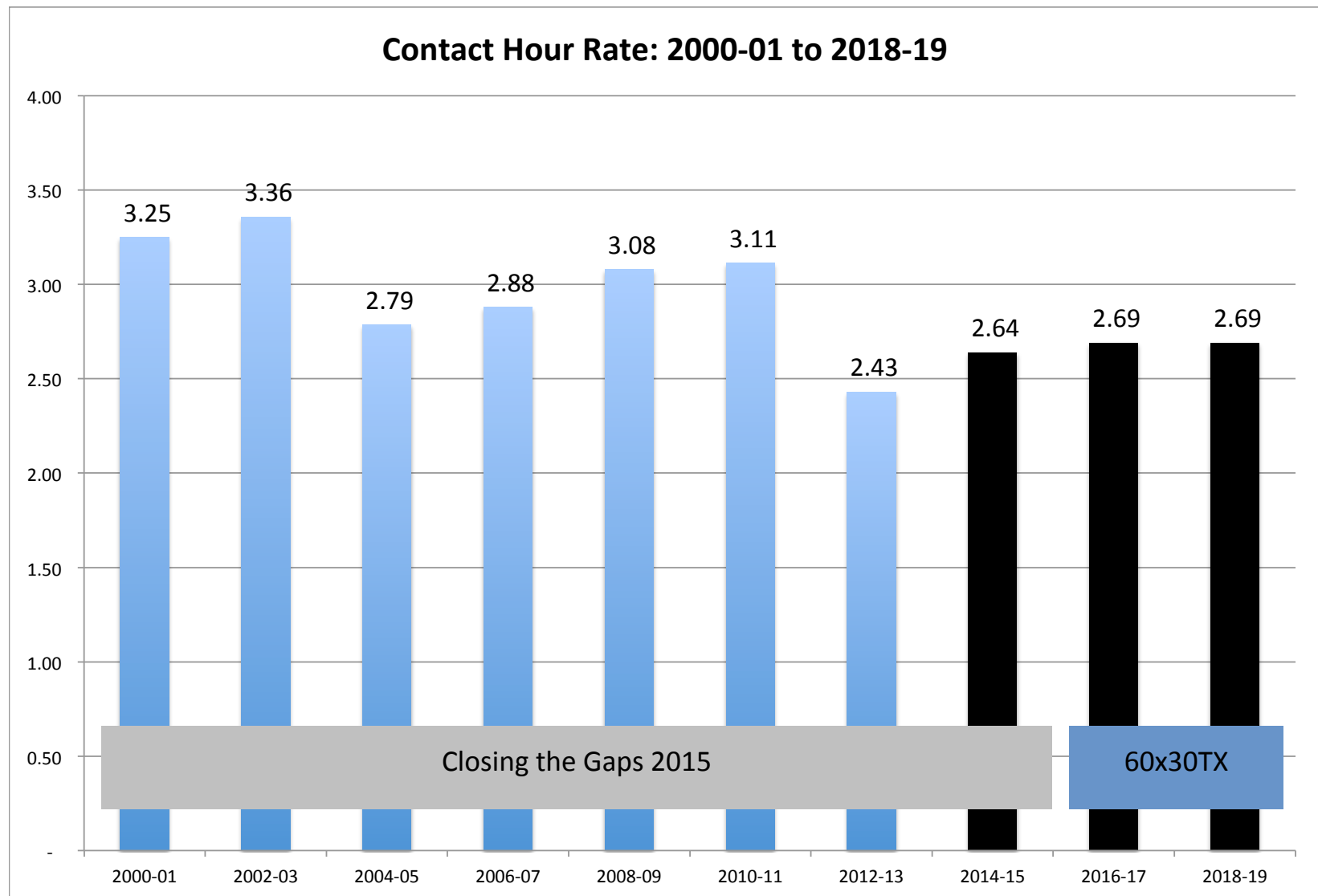
Source: THECB, Compiled by TACC Staff (Updated 1/22/17)



Fall Enrollment: 1990-2016



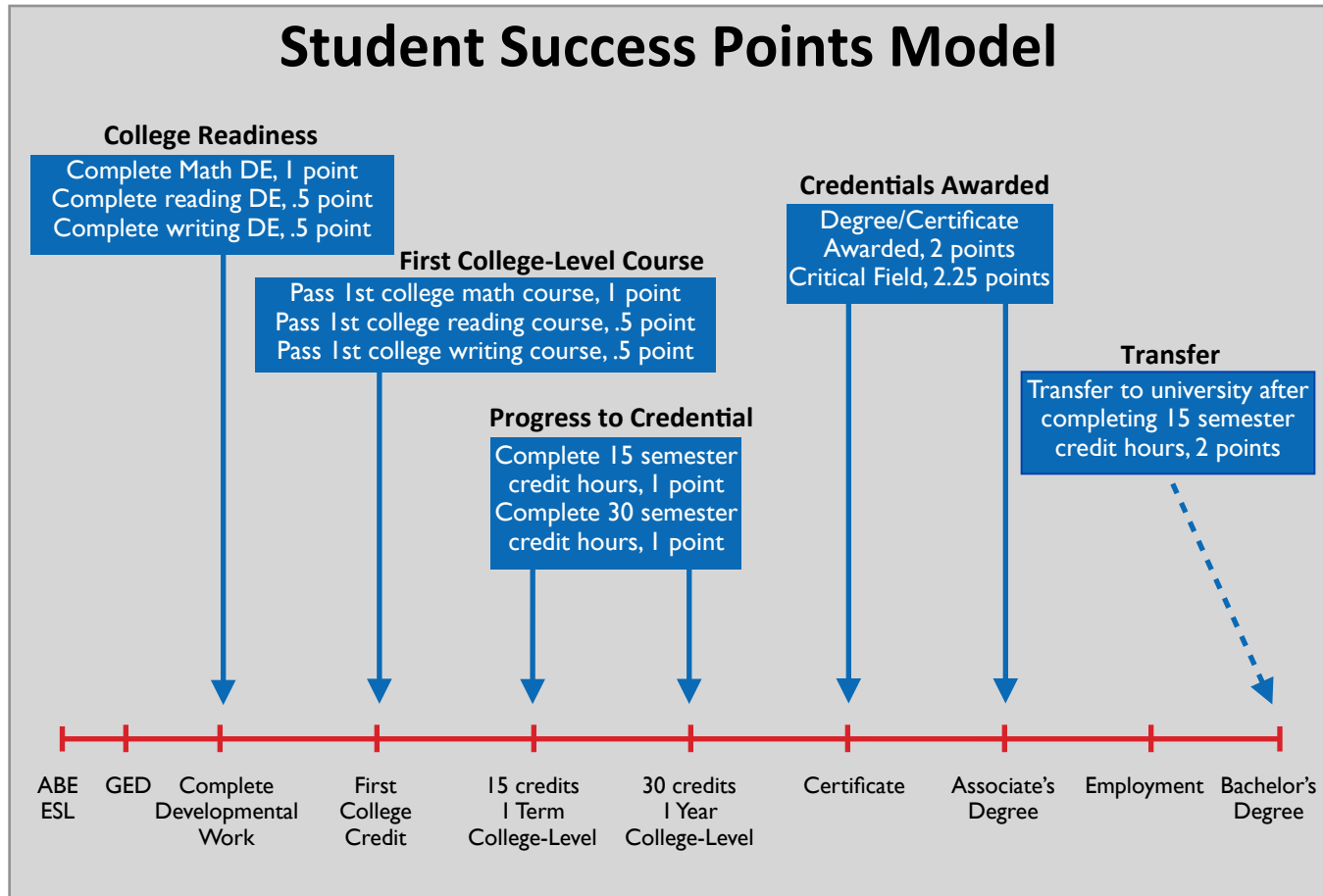
Source: Texas Higher Education Coordinating Board



Note: Contact Hour Rate for 2000-01 to 2012-13 assumes the current funding pattern: \$50 million for core, then 10% for student success points and 90% for contact hour funding.

Performance Based Funding for Texas Community Colleges

Student Success Points



In the 2016-17 appropriation, student success points were funded at \$172 per point.

In the 2014-15 appropriation, student success points were funded at \$185 per point.