

LEGISLATIVE PRIORITIES 2009

Texas Association of Community Colleges



Introduction to Legislative Priorities

In difficult economic times, the state and national government are all called upon to make decisions to transition its citizens to a prosperous economy. There is no stronger engine for economic growth in the State of Texas than the partnership between the state and its community colleges. Community colleges are the work horse for higher education and economic opportunity for Texans. The state's investment in community colleges provides a dramatic rate of return to the state, the community, and individual served by the college. The way out of a tough economic situation is to make strategic investments. There is no better return on investment in higher education than community colleges. The Texas Association of Community Colleges (TACC) calls on the 81st Legislature to consider our Legislative Priorities.

Legislative Priority 1 - Appropriations

The 81st Legislature should invest sufficient base funding in community colleges through the *New Community College Compact with Texas* in the amount of \$2.29 billion.

Community colleges are essential to the economic health of Texas and are critical to meeting the goals of *Closing the Gaps*. Community colleges require sufficient base funding in order to fulfill the mission of providing quality higher education and workforce preparation for all Texans. Sufficient base funding provides the opportunity for community colleges to keep tuition affordable. Affordability of higher education is also a key tenet of the *New Community College Compact with Texas*.

Legislative Priority 2 – Employee Benefits

The 81st Legislature should pass legislation to codify its historical commitment of funding community college group healthcare insurance based on employee eligibility; and the 81st Legislature should provide funding for community college group healthcare insurance consistent with its historical commitment.

In order to provide an excellent educational experience for all students, community colleges must hire and retain talented and dedicated faculty and staff. The uncertainty in funding caused by the Governor's veto of these funds after the 80th Legislative Session requires a more definitive action to make these funds reliable and predictable.

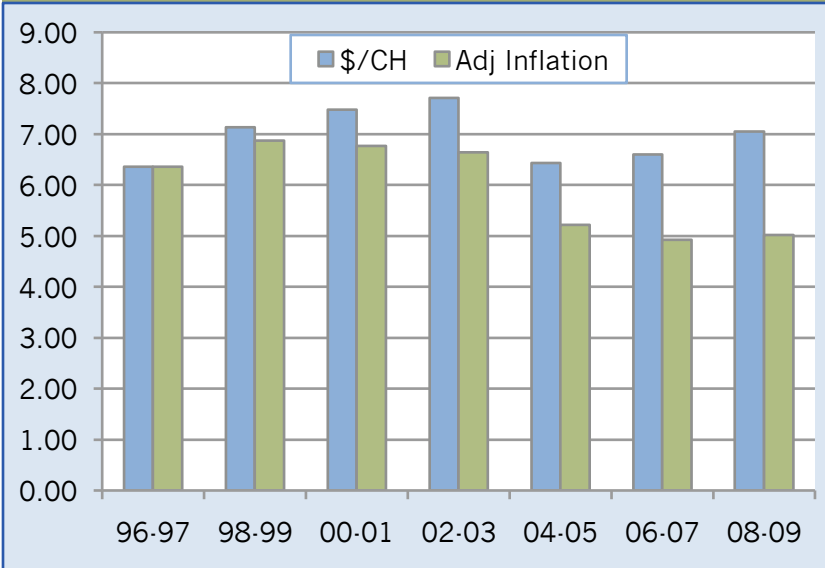


Legislative Priority 1 - Appropriations

Appropriations

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Appropriation per Contact Hour (Biennium)



Partnership with State of Texas

The Texas Association of Community Colleges (TACC) believes it is time to cement a new partnership between the 50 community college districts and the State of Texas. The terms of the partnership are detailed below, but in brief, the partnership calls for mutual investment in community colleges by the college districts and the state with sound accountability for the investment to state and local taxpayers. At stake in the development of this partnership is the economic well-being of the state. Community colleges are the key to economic and educational success for the state. To ensure that success, sufficient state and local support of community colleges is needed as detailed in the *New Community College Compact with Texas*. The *New Compact* has three funding elements: sufficient base funding, incentive funding, and affordability.

Sufficient Base Funding: All institutions require a funding base with which they can be expected to fulfill the statutory requirements of the community college mission. In the past, base funding was proposed by community colleges as 100 percent of the annual cost study. Under the *New Compact* community colleges propose that base funding consist of three components: **Sufficient Base Formula Funding, Employee Benefits, and Contingency Funding for Enrollment Growth.**



Sufficient Base Formula Funding

TACC endorses the formula recommendation of the Community and Technical College Formula Advisory Committee with the additional commitment to incentive funding.

For the 2010-11 biennium, sufficient base formula funding would be \$2.29 billion (see table below). This request is an increase of \$595 million over the 2008-09 formula appropriation.

Calculation of Sufficient Base Formula Funding

Cost Study	\$3.67 billion
Less tuition and fees	1.22 billion
Less 10% set aside for incentive funding	254.2 million
Sufficient Base Formula Funding	\$2.29 billion

Employee Benefits

Community colleges consider the provision of employee benefits a key component of base funding. Preservation of quality employee benefits is critically important to the retention of faculty and staff. This issue is discussed in detail as part of Priority 2 – Employee Benefits.

Contingency Funding for Enrollment Growth

TACC proposes continuation of the practice of recognizing enrollment growth with a contingency fund set aside at the Texas Higher Education Coordinating Board. Because the formula funding system is based on historical enrollment data, colleges that increase in enrollment are at a fiscal disadvantage in dealing with increasing numbers of students without any additional funding.



New Compact Incentive Funding

Once base funding is secured, achieving the state's economic and education goals requires a demonstrable commitment on the part of community colleges to **innovation** and **outcomes**. TACC stands ready to participate in the development of meaningful success measures. In the first two years of the *New Compact*, half of the funds set aside (\$254.2 million) should be allocated equally between the two categories.

Innovation - \$127.1 million

The New Compact recognizes that we cannot achieve the economic and education goals by continuing business as usual. Colleges must innovate and invent better methods for student success. Innovation funds should be allocated to each college – a portion of which is a flat allocation of \$500,000 per college and the remainder allocated through the formula.

Outcomes - \$127.1 million

Community Colleges are committed to accountability and the improvement of student success. A number of colleges are participating in a national initiative known as *Achieving the Dream*, a data driven effort, that is helping colleges develop best practices for student success. As a starting point, accountability measures developed by the Governor's Task Force on Incentive Funding and the Texas Higher Education Coordinating Board can be used as a baseline to track improvement on student outcomes.



Affordability

Low community college tuition is the single largest and most effective financial aid program in the state. However, as the state commitment to sufficient base funding has eroded so has the ability of community colleges to maintain their commitment to low tuition. First and foremost the commitment to sufficient base funding on the part of the state will enable community colleges to keep tuition affordable.

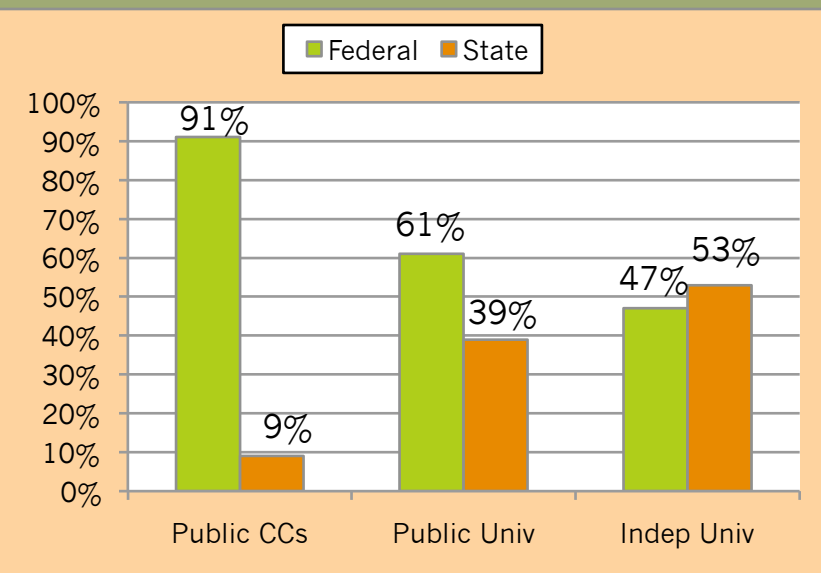
Keeping tuition costs low and providing adequate financial aid are keys for students' persistence and success. This is especially true for community college students who are the most price-sensitive to increases in tuition. The educational costs for these students can consume a greater portion of their income than those enrolled in other public sector institutions.

Currently, state grants account for less than 10 percent of all grant aid to community college students.

Financial Aid in Texas

The state of Texas provides the majority of need-based grant aid to students at public institutions through the Texas Grant Program. While students enrolled at independent universities are primarily served through the Tuition Equalization Grant. Community college students are eligible for Texas Grant but the Texas Educational Opportunity Grant Program (TEOG) is aimed directly at students attending two-year institutions. Currently, the Federal Government provides the vast majority of need-based grant aid for community college students primarily through the Pell Grant. The state provides less than 10% of need-based grant aid to community college students.

Percent of Need-Based Grant Aid from State and Federal



Student Affordability and *Closing the Gaps*

The state plan for higher education, *Closing the Gaps*, calls for significant enrollment increases in Texas by 2015. Most of the new students will enroll at one of the state's community colleges. Student affordability will be critical to achieving these enrollment increases.

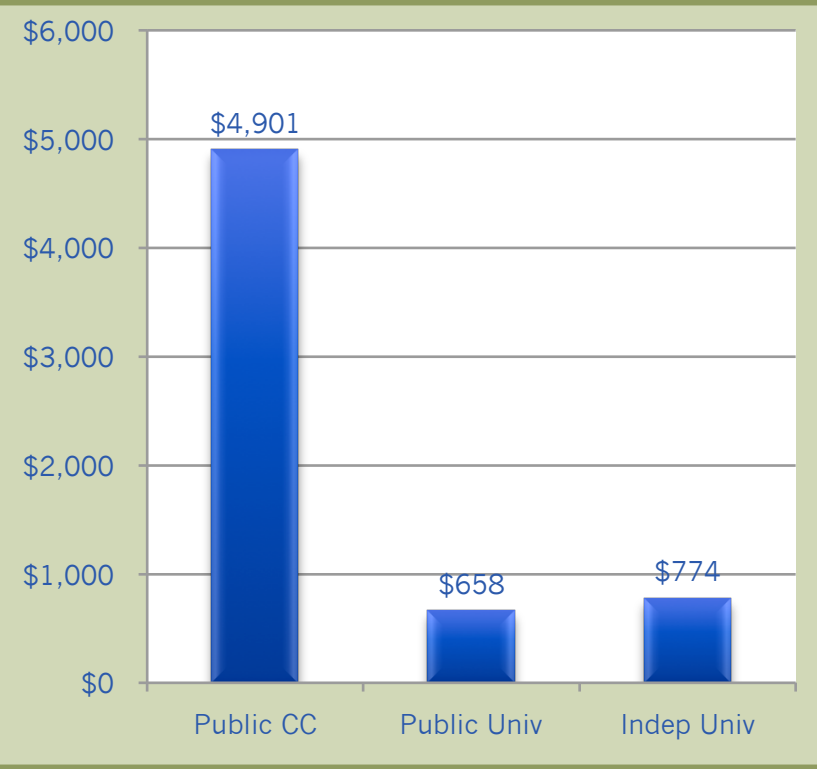
Currently, the state financial aid policy is not aligned with the goals of *Closing the Gaps*. The TEOG targets community college students who are under-served by other state financial aid programs. Of the 160,000 students who are eligible for TEOG, 6,000 students receive grants.

Funding for this program should be increased from the current \$14 million biennially to a minimum \$50 million per biennium to enhance community college student affordability.

154,000 eligible students did not receive a TEOG grant.

The unmet financial need of community college students is seven times greater than the unmet need of students at public universities.

Unmet Need at Community Colleges



Legislative Priority 2 – Employee Benefits

Employee Benefits

The 81st Legislature should pass legislation to codify its historical commitment of funding community college group healthcare insurance based on employee eligibility; and the 81st Legislature should provide funding for community college group healthcare insurance consistent with its historical commitment.

During the 80th Session, the Legislature funded community college employee group health insurance for eligible employees. This policy decision came after extensive deliberation by the Legislature on the applicability of proportionality. As in past sessions the 80th Legislature rejected the notion of applying proportionality to community colleges and provided this critical funding for group healthcare insurance for eligible faculty and staff at our institutions.

In June of 2007, the second year of group health insurance appropriations for community colleges was vetoed. For many of the state's community colleges the loss of nearly \$154 million in funding would have made retaining employees challenging. In the fall of 2007 an agreement was reached between the Governor and legislative leaders to restore these critical funds.

TACC believes the state is responsible for providing group health insurance benefits to all employees involved with the educational program at our colleges. In order to accomplish this goal TACC calls for a definitive solution to the issue of proportionality. The 81st Legislature should maintain its historical commitment to Texas community colleges by passing legislation that recognizes funding of such healthcare insurance based on employee eligibility.

TACC supports legislation that would solve the issue of proportionality by defining the eligibility of community college employees.



Local Commitment and Return on Investment

The success or failure of the state higher education plan, *Closing the Gaps*, rests squarely on the shoulders of the state's fifty community college districts. The state portion of the partnership, as described above, funds the operations while the local commitment lies in the construction and maintenance of the physical plant. Clearly this partnership creates a return on investment that benefits enormously both the state economy in the aggregate and local communities.

Key Role of Community Colleges

- ❖ Community colleges are expected to enroll over 70 percent of the new students entering Texas higher education.
- ❖ Community colleges are the institution of choice for a majority of students entering higher education.
- ❖ Community colleges enroll 75 percent of the freshmen and sophomores in the state.
- ❖ Community colleges enroll 78 percent of minority freshmen and sophomores in the state.
- ❖ The community college student population reflects the ethnic diversity of the state.
- ❖ Community colleges are accessible, affordable, and attract the very students that are needed in the state's higher education system.

In 2007, community colleges trained:

- 62 % of all Registered Nurses
- 9,500 other healthcare professionals
- 84% of all First Responders (including 1,300 Firefighters)
- 2,700 Technicians & Mechanics

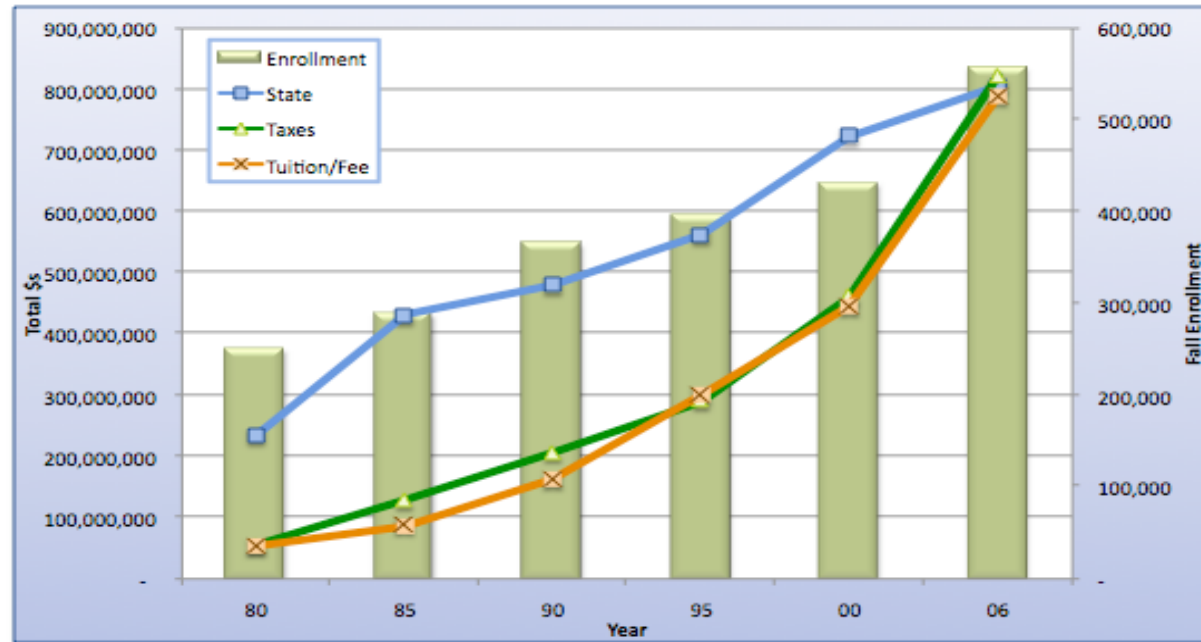
Challenges for Public Community Colleges

Community colleges are expected to provide the education that leads to greater economic opportunity and improved quality of life for all citizens. Ninety percent of the jobs in the new economy require post-secondary education. Two-thirds of these jobs require a certificate or an associate's degree. Sustainable and successful community colleges are necessary to provide these educational opportunities. Community colleges serve a wide range of college students, including those who are most likely to have academic, financial, and personal challenges.

Community colleges are expected to educate a diverse mix of student with dramatically varying goals. Community colleges are expected to serve students who may not have any other opportunity in higher education. **However, as these students attain their educational goals (complete college courses, earn certificates, and earn degrees), they will improve their own lives and benefit the state and nation.**



Community colleges have done their part to invest in the economic future of the state.



Local Investment in Facilities

In order to accommodate all of the new students that are expected to enter higher education in the next decade local taxpayers **will need to invest approximately \$11 billion in new facilities and infrastructure.** Colleges will fulfill their commitment to provide facilities under the *New Compact* and are expecting the state to meet its commitment. In recent years, several community college districts have passed bond issues in order to build new college facilities.

Return on Investment

The state's investment in community colleges will provide real returns to the state, to our communities and to our students. Community colleges generate an \$18 return on each dollar the state invests based on an analysis of Texas community colleges by CCBenefits. According to the Perryman study commissioned by the Coordinating Board, the return on investment in higher education for the state is \$8 for every dollar invested. The total economic impact of community colleges on the Texas economy is more than \$14 billion annually and community colleges account for over 300,000 total jobs. For every dollar a student invests in community college education, the student will receive \$9.05 per hour in higher future earnings over the next 30 years.



Legislative Priorities 2009 - Conclusion

Texas stands at the crossroads. We can achieve the benefits of investing in community colleges or we can face serious negative consequences if we do not meet the goals of *Closing the Gaps*. In *The Texas Challenge in the Twenty-First Century*, former state demographer Steve Murdock detailed three population trends for Texas: 1) the population of Texas will show continuing and extensive growth; 2) Texas will have an increasingly diverse population; and 3) Texas will have an aging and age-stratified population. Dr. Murdock concluded that unless socioeconomic and education differences among ethnic groups change, Texas will be poorer and less competitive in the future than it is today.

The 81st Legislature has an opportunity to build a legacy for the state. We urge their support of these priorities.



- * Appendix 1: Community and Technical College (CTC) Formula Advisory Committee Recommendations
- * Appendix 2: TACC Estimate of CTC Formula Recommendation



Recommendation 1: Formula Funding

The Texas Legislature should establish the full funding of the community and technical college formula as a priority. The Legislature should fund the total costs of instruction in the community and technical colleges in partnership with local funding efforts to support institutional infrastructure. The Committee recommends that 100% of the formula (less tuition and designated fees) be funded for FY 2010 and FY 2011.

Recommendation 2: Critical Fields

The Legislature should fund identified “critical fields” contact hours with a premium of 10% over and above the full formula funding rate determined by the RFOE cost study. The “critical fields” shall include computer science, engineering, mathematics, physical science, nursing, allied health, life sciences, and teacher education and certification.

Recommendation 3: Nursing Growth Supplement

The Legislature should continue the critical field funding premium approach for nursing as established in the last biennium in which contact hours in nursing are funded at a 10% premium over and above the formula funding rate determined by the cost study.

Recommendation 4: Small School Supplement

In an effort to assist smaller communities and their institutions of higher learning overcome a lack of scale and the related economic benefits associated with a large populace, the committee recommends the Legislature adopt a sliding scale supplement for schools who generate less than three million contact hours in a base year period. The supplement would provide smaller schools with an opportunity to receive funding to overcome their lack of size while reducing the level of assistance as they grow.

Recommendation 5: Developmental Education

The Legislature should fund the additional, differential cost for delivering instruction and support services to accelerate and improve completion of developmental studies for students who have not achieved college readiness. The Legislature should fund developmental course contact hours with a premium of 10% over and above the full formula funding rate. The Texas Higher Education Coordinating Board should then modify its cost study in order to specifically identify the differential cost of delivering developmental coursework.

Recommendation 6: Alternate Teacher Certification

The Legislature should provide funding for alternative teacher certification programs at community colleges.



TACC Estimate of CTC Formula Recommendation*

College District	Formula Appropriation FY 2008-09	TACC Estimate of FY 2010-11	\$ increase from 2008-09
Alamo	135,693,392	183,172,917	47,479,525
Alvin	16,913,416	22,899,049	5,985,633
Amarillo	34,306,532	46,173,346	11,866,814
Angelina	15,454,656	21,041,307	5,586,651
Austin	83,559,700	112,939,153	29,379,453
Austin	83,559,700	112,939,153	29,379,453
Blinn	41,139,958	55,729,268	14,589,310
Brazosport	11,515,770	15,484,314	3,968,544
Central Texas	40,026,226	53,905,738	13,879,512
Cisco	10,966,216	14,903,077	3,936,861
Clarendon	3,980,576	5,421,199	1,440,623
Coastal Bend	11,081,082	15,096,685	4,015,603
College of the Mainland	12,175,454	16,667,419	4,491,965
Collin	56,382,880	76,264,041	19,881,161
Dallas	178,996,408	240,637,556	61,641,148
Del Mar	37,317,354	50,274,141	12,956,787
El Paso	66,712,422	89,884,949	23,172,527
Frank Phillips	5,374,250	7,399,103	2,024,853

*based on THECB Formula Worksheet, Version 5, 6/4/2008



TACC Estimate of CTC Formula Recommendation*

College District	Formula Appropriation FY 2008-09	TACC Estimate of FY 2010-11	\$ increase from 2008-09
Galveston	7,638,626	10,272,434	2,633,808
Grayson	13,910,142	18,880,131	4,969,989
Hill	12,995,630	17,719,551	4,723,921
Houston	127,254,866	169,890,562	42,635,696
Howard	15,348,470	20,678,627	5,330,157
Kilgore	20,366,428	27,453,776	7,087,348
Laredo	24,964,072	33,591,013	8,626,941
Lee	19,820,584	26,530,771	6,710,187
Lone Star	109,713,056	149,092,501	39,379,445
McLennan	27,607,204	37,353,362	9,746,158
Midland	19,456,888	26,563,359	7,106,471
Navarro	24,249,318	32,833,430	8,584,112
North Central Texas	18,838,618	25,692,810	6,854,192
Northeast Texas	7,980,432	10,803,428	2,822,996
Odessa	15,729,780	21,132,258	5,402,478
Panola	7,287,116	10,017,868	2,730,752
Paris	16,290,310	22,256,899	5,966,589
Ranger	3,174,680	4,407,157	1,232,477

*based on THECB Formula Worksheet, Version 5, 6/4/2008



TACC Estimate of CTC Formula Recommendation*

College District	Formula Appropriation FY 2008-09	TACC Estimate of FY 2010-11	\$ increase from 2008-09
San Jacinto	74,246,024	100,781,141	26,535,117
South Plains	29,025,716	39,539,233	10,513,517
South Texas	50,542,148	68,209,917	17,667,769
Southwest Texas	14,315,796	19,306,923	4,991,127
Tarrant	90,885,520	122,711,861	31,826,341
Temple	14,101,298	19,238,628	5,137,330
Texarkana	18,213,070	24,597,161	6,384,091
Texas Southmost	27,965,642	38,013,658	10,048,016
Trinity Valley	23,148,354	31,185,868	8,037,514
Tyler	32,974,900	44,922,935	11,948,035
Vernon	10,779,470	14,754,492	3,975,022
Victoria	13,328,426	18,356,081	5,027,655
Weatherford	16,468,262	22,410,870	5,942,608
Western Texas	6,128,018	8,280,135	2,152,117
Wharton	16,832,008	22,819,422	5,987,414
TOTAL	1,693,177,164	2,288,191,522	595,014,358

*based on THECB Formula Worksheet, Version 5, 6/4/2008

