

Policy Issues

Enrollment Growth: There is an expectation from the State of Texas that community colleges should grow and continue to grow in the future to meet the access goal of *Closing the Gaps*. Over 70 percent of the enrollment growth needed to meet the goals of *Closing the Gaps* is expected from community colleges. Neither appropriations bill (HB 1 or SB 1) in the current session provide any funds for the 18.2 percent growth that has already been documented by the Coordinating Board in the initial base year contact hours. TACC expects the base year to increase 20 percent or more when base year contact hours are updated next month. Four colleges were penalized in HB 1 and were de-funded by the state due to a lack of base year contact hour growth over a 20-year period. If state policy requires and expects community colleges to grow, the the state should provide funding for that growth. *Estimated cost for 2012-13 biennium: \$386 million*

Health Insurance: Texas public community colleges are required to participate in the Texas Employees Group Benefits Act (HEGI) and pay 100% of employee costs and 50% of dependents costs for health insurance (Insurance Code 1551.101.3). Costs may not be passed on to employees.

During the 81st Legislature, the state contribution for HEGI was a major policy issue for both the House and the Senate (following the Governor's veto of HEGI for community colleges for FY 2009). The policy discussion revolved around the premise that the Legislature should pay the health insurance premiums of community college employees whose salaries were eligible to be paid from state funds (General Revenue), regardless of the source of funds for their salary. Eligible employees are community college personnel with positions that are classified as instructional or administrative--provided that the employee's salary is not paid by grants or auxiliary funds. All other employees--physical plant employees, auxiliary service employees, and grant-funded employees, for example--are eligible for HEGI, but are not eligible to have their group health insurance be paid from state funds (General Revenue).

For the 2010-11 biennium, the state paid 84 percent of the cost for eligible employees. The General Appropriations Act passed by the 81st Legislature included Special Provisions that reflect the distinction between those full-time college employees who are eligible to have HEGI paid from General Revenue and those full-time colleges who are ineligible to have their HEGI paid from General Revenue:

Sec. 6.08. Benefits Paid Proportional by Fund.

(a) Unless otherwise provided, in order to maximize balances in the General Revenue Fund, payment for benefits paid from appropriated funds, including "local funds" and "education and general funds" as defined in § 51.009 (a) and (c), Education Code, shall be proportional to the source of funds except for public community or junior colleges.

(b) Unless otherwise specifically authorized by this Act, the funds appropriated by this Act out of the General Revenue Fund may not be expended for employee benefit costs, or other indirect costs, associated with the payment of salaries or wages, if the salaries or wages are paid from a source other than the General Revenue Fund except for public community or junior colleges. For purposes of this Act, a public community or junior college may expend funds appropriated for employee benefit costs for any employee if the employee is: (1) otherwise eligible to

participate in the group benefits program; and (2) an instructional or administrative employee whose salary may be fully paid from funds appropriated under the General Appropriations Act, regardless of whether the salary is actually paid from appropriated funds. Payments for employee benefit costs for salaries and wages paid from sources, including payments received pursuant to interagency agreements or as contract receipts, other than the General Revenue Fund shall be made in proportion to the source of funds from which the respective salary or wage is paid or, if the Comptroller determines that achieving proportionality at the time the payment is made would be impractical or inefficient, then the General Revenue Fund shall be reimbursed for any such payment made out of the General Revenue Fund.

(c) The Comptroller, after consulting with the Legislative Budget Board and the State Auditor's Office, shall develop and maintain rules to provide for the administration of this section.

(d) Each agency or institution of higher education (excluding a community or junior college) having General Revenue Fund appropriations and other sources of financing shall file with the Comptroller and the State Auditor a report demonstrating proportionality. The report shall be filed before November 20th following the close of the fiscal year for the salaries, wages, and benefits of the preceding year ended August 31. The report shall be in a format prescribed by the Comptroller in collaboration with the Legislative Budget Board and the State Auditor's Office. The State Auditor shall at least biennially review agency and institution (excluding a community or junior college) compliance with the requirements of this section if the agency or institution (excluding a community or junior college) receives funds appropriated under Articles II, III, or VI of this Act. The Comptroller, on receipt of notification from the State Auditor of amounts disproportionately paid from General Revenue Fund appropriations, shall reduce current year General Revenue Fund appropriations of the agency or institution until such time as such amounts are repaid from sources other than the General Revenue Fund.

HEGI in HB 1: HB 1 provides \$57.1 million for employee group health insurance. This appropriation represents an 82% decrease from the health insurance appropriation of the 2010-11 biennium. HB1 creates an entirely new mechanism for calculating the state's appropriation for HEGI by treating community college faculty and staff the same as public school teachers. This new methodology funds community college employees at a flat \$75 per eligible employee. This is a stark departure from historic practice and treats community college faculty and staff as local government employees, yet maintains the mandate of participation in the state ERS system. In HB1, HEGI appropriations for general academic institutions is 90% of ERS cost and is calculated by the standard method. However, the proposed methodology for community colleges would result in HEGI being funded by the state at 14% of ERS costs. For community colleges this level of funding and the method used to calculate the appropriation is an unacceptable change to the partnership between college employees and the state (Rider 12, HB 1, III-195). **Shortfall in HB 1 (82nd): \$340 million**

HEGI in SB 1: SB 1 provides \$198.4 million for employee group health insurance. This appropriation represents a 39% decrease from the health insurance appropriation of the 2010-11 biennium. In SB 1, community college HEGI is calculated by the standard method. However, community colleges are funded at 50% of ERS costs; general academics are funded at 90% of ERS costs. **Shortfall in SB 1 (82nd): \$198.4 million**

Retirement (TRS/ORP): In both HB 1 and SB 1, the appropriation for employee retirement is a 43+% decrease from the amount appropriated in the 2010-11 biennium. In addition to the reduction of the state share to 6.0%, an unconstitutional standard for determining the retirement appropriation for community colleges is applied in both HB 1 and SB 1 (see TRS/ORP riders below). According to the riders, retirement contributions in HB 1 and SB 1 are based on the amount of General Revenue appropriated to community colleges. The Texas Constitution indicates that TRS state retirement contribution should be based on the “aggregate compensation paid to individuals participating in the system” (Article 16, Section 67b3). *Shortfall in HB 1/SB 1, estimated: \$87.1 million*

TEACHER RETIREMENT SYSTEM

HB 1, III-39; SB 1, III-39 & III-38

13. Limitation on General Revenue Fund Retirement Contributions to Public Community/Junior Colleges. For each public community/junior college district, the combined annual General Revenue Fund contributions to the Teacher Retirement System shall not exceed 6.46.0 percent of each district’s unrestricted General Revenue appropriation in fiscal year 2012 and fiscal year 2013.

Contingent on enactment of legislation by the eighty-second Legislature, Regular Session, relating to state retirement contributions for public community/junior colleges, funds referenced above expended for the purpose of state retirement contributions shall be limited to the provisions of the legislation.

OPTIONAL RETIREMENT PROGRAM

HB 1, III-40; SB 1, III-41

13. Limitation on General Revenue Fund Retirement Contributions to Public Community and Junior Colleges. For each public community/junior college district, the combined annual General Revenue Fund contributions to the Optional Retirement Program shall not exceed 6.0 percent of each district’s unrestricted General Revenue appropriation in fiscal year 2012 and fiscal year 2013.

Unfunded Mandates

Tuition Waivers: The Education Code requires universities and colleges to provide tuition exemptions in 38 different categories of students and 19 different waiver categories for students. The Texas Higher Education Coordinating Board compiles the report for each college district in the CB's Integrated Fiscal Reporting System (IFRS). A list of tuition/waivers is provided in Appendix A (pp. 6-7). *Estimated loss of revenue per year: \$75 million*

Internet Access to Course Information: HB 2504 (81st Legislature, TEC 51.907) required institutions to post syllabus, faculty credentials, and students evaluations of faculty each term and maintain for two years. Each district allotted many hours of staff time to develop and maintain this information. Information accessibility rules for college websites are also mandated without funding by the State (TAC 206 & TAC 213).

Accountability Measures: One set of accountability measures should be required by community colleges. Currently, there is a set of Performance Measures required by the Legislative Budget Board and a separate Accountability System at the Coordinating Board. In addition, a new accountability system, Momentum Points, has been proposed for community colleges by the Coordinating Board during the 82nd session.

Background Checks: The State requires fingerprint-based background checks of faculty and staff, yet provides no funds for these expensive tests (TEC 22).

Changes to State Reporting Requirements on Short Notice: Each change to state reports requires staff time for development, testing, and maintenance. Periodic changes are expected. However, when these changes from the Coordinating Board are given on short notice with requests for early calls for data or specialized data, institutions incur costs that the state does not reimburse. Among the reports that colleges reported as unnecessary requirements:

- **Uniform Recruitment and Retention Strategy:** This Coordinating Board report (TEC 61.086) is not useful. By the time the State disseminates the "best practice" information collected in the process, community colleges have already shared the information widely through professional organizations. The State information is unnecessary and burdensome.
- **ROTC Tuition:** The State requires institutions to report ROTC tuition rates each year.
- **Consultant Testimony:** Colleges are required each year to report on college staff who have provided consultant testimony. Community college faculty rarely, if ever, engage in this activity.
- **Legislative Appropriation Request (LAR):** The preparation of the LAR is time consuming and contains no data which the State does not already have.
- **Reports to Texas Commission on Environmental Quality:** Colleges are required to make reports to TCEQ which are, according to one college, "endless and require daily monitoring and reporting."

Health Notifications: Health notifications (e.g., meningitis) required of each district even if the district does not have campus residences/dorms.

Licensure Data: The State has removed itself completely from the collection of this data and now requires each institution to gather its own. The state should require licensing agencies (the majority of licensures for community colleges) to report passing rates to the Coordinating Board.

College Investments: Government Code 2257 requires all college investments to be collateralized. The average returns for foundations last year were greater than 10 percent; college investments earned less than .5 percent.

Paper Copies of District Budget: Colleges are required to submit 5 paper copies of the district's budget to the State. An electronic submission would reduce staff time, paper, and postage (Administrative Code, Title 19, 13.43).

Paper Copies of Annual Financial Report: Colleges are required to submit 12 paper copies of the district's annual financial report to the State. An electronic submission would reduce staff time, paper, and postage (Administrative Code, Title 19, 13.62).

Notice of availability of textbooks through retailers (TEC 51.9705, Rule 4.217)

Appendix A - List of Tuition Exemptions/Waivers

Exemption	Education Code
Blind	54.205 (a-2)
Combat Extension	54.203 (b-2)
Tuition Reduction > 15 sch	54.010
Concurrent Enrollment	54.011
Senior Citizen lower tuition	54.0513
Designated Tuition Exemp	54.0513 (d)
Highest Ranking HS Scholar	54.201
Legacy Act	54.203
Hazelwood Spouse (Credit)	54.203
Hazelwood Spouse (NC)	54.203
Hazelwood Exemp (Credit)	54.203(a)
Hazelwood Exemp (NC)	54.203(a)
Hazelwood Depend (Credit)	54.203(b)
Hazelwood Depend (NC)	54.203(b)
Children of Disabled Firemen	54.204
Disabled Police Officer	54.2041
Deaf	54.205 (a-3)
Fire Science	54.208
Children of POWs/MIAs	54.209
Senior Citizen Exemp - Audit	54.210(c)
Foster Care	54.211
Adopted	54.2111
National Guard Fee Waiver	54.2155
Dual Enrollment	54.216
Fully Funded Courses	54.217

Waiver	Education Code
National Student Exchange	51.930
Good Neighbor	54.207
Military in Texas	54.058
Intention to Stay in TX	54.058(k)
College Teachers, Profs	54.059
Border States	54.060(a)
Citizens of Mexico	54.060(b)
Public Health	54.060(b)
Citizens of Mexico - Pilot	54.060(c)
Border County/Parish	54.060(g)
100 Mile	54.0601
Competitive Scholarship	54.064
Economic Development	54.066
Nursing Graduates	54.069
Foreign Service Officer	54.070
Olympic Programs	54.073
NATO Families	54.074
TX Tomorrow Fund	54.621(c)
Academic Common Mkt	160.07

Unfunded Mandates: Texas Public Community Colleges

Exemption	Education Code
Distance Learn Exemp Fees	54.218
Prisoners of War	54.219
Children of Nurse Faculty	54.221
Preceptor & Preceptor Children	54.222
Inter-institutional Acad. Prog.	54.224
Prorated Fees for Term Length	54.5025
Student Services Fee Exemp	54.503(e)
Governing Board Waivers	54.5035
Ad Valorem	130.0032
Jr. College Dual Enrollment	130.008
CC District Employees	130.0851
Dependents of Public Servants	TGC 615.0225