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Memorandum

To: Presidents and Chancellors of Public Community Colleges
Chief Financial Officers of Community Colleges
Chief Reporting Officials of Community Colleges
Institutional Research Directors of Community Colleges
Community and Technical College Liaisons

From: Emily Cormier, Assistant Commissioner for Funding
Melissa Humphries, Assistant Commissioner for Data
Management and Research

Date: June 14, 2024

Subject: Updated Draft Funding Formula Model and Tools for FY 25

The Texas Higher Education Coordinating Board (THECB) is pleased to release an updated draft formula funding model for Fiscal Year 2025 (FY 25). This updated model includes corrected data for institutions with reporting errors, updated forecasting calculations for ICLCs and OSAs, and revised credential of value premium totals based on methodological corrections. Additionally, the data visualization tool located [here](#) (under “Resources for Institutions”) has been updated to align with this version of the formula funding model.

In May, [we distributed a memo](#) that provided detailed information regarding the proposed policy changes that are still reflected in this updated draft model. **Please note that the formula, funding amounts, and payments still formally remain in draft form until July, when the THECB will consider and adopt forthcoming rules governing the FY 25 implementation of House Bill 8.**

As a reminder, THECB will distribute an institution’s funding for FY 25 over the course of three payments. An institution MAY receive funding in addition to originally published amounts, called a dynamic adjustment, as part of the February payment if its preliminary FY 24 outcomes exceed forecasts. THECB will not reduce an institution's FY 25 payments except to close out FY 24 formula funding based on corrected data (affecting the October payment, as applicable) or if supplemental legislative appropriations do not provide for the full June payment.

We are also pleased to provide you with a financial simulation tool [here](#) (also under “Resources”) that we developed to assist colleges in analyzing

and comparing funding amounts related to performance outcomes. This tool is designed to simulate FY 25 performance tier funding by allowing institutions to input FY24 and FY 25 outcome counts based on your institution's estimates of actual outcomes in place of the forecasted amounts. We encourage you to begin on the "Instructions" tab and familiarize yourself with the functions within the tool.

We appreciate the input and questions that colleges submitted as well as the participation in the joint webinar hosted by TACC and THECB last month. Based on these events, and as we work to adopt the FY25 rules at the July Board meeting, we are in the process of updating the [Community College Finance webpage](#) with new [FAQs](#) that will provide additional information and insight into different aspects of this dynamic model.

To assist with questions and understanding of the dynamic model, the THECB Community College Finance staff will be holding virtual office hours on the schedule below:

- Thursday June 20th, 9-10am
- Monday June 24th, 2:30-3:30pm
- Thursday June 27th, 9-10am
- Monday July 1st, 2:30-3:30pm
- Thursday August 1st, 9-10am
- Thursday September 5th, 9-10am

These will be general sessions where all community college personnel are invited to join, ask questions, and participate in discussion. The information about joining the office hours calls will be posted on our website [here](#) (under "CCF Office Hours"); please check the site and stay tuned for communications. If you have questions but are unable to attend a session please contact [Emily Schmidt](#).

Your partnership and support are greatly appreciated as we continue to implement this new dynamic model. For additional guidance and resources, please visit the [community college finance website](#) for more information and contact information.

cc: Ray Martinez, President, Texas Association of Community Colleges
Presidents - Community Colleges
CCs CROs/Liaison (Lamars)-HB 8
ER - Governmental Relations
CCs Chancellors/Presidents-HB 8
CCs Liaison-HB 8
Liaisons - CTC

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