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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

From: Andy MacLaurin, Assistant Commissioner for Funding

Date: February 13, 2025

Subject: Updated FY25 Supplemental Request, FY25 Funding Formula Model and District Runs, and Dynamic Adjustment Notification

Updated Fiscal Year 2025 (FY25) Supplemental Request

The updated FY25 supplemental funding request for community college finance is \$89.5 million. This revised request results from updating FY25 outcome forecasting based on actual 2024 outcome data reported by community colleges to the Texas Higher Education Coordinating Board (THECB) during the fall of 2024.

This funding level maintains Board-adopted weights and rates for fundable outcomes, and forecasts 2025 outcomes using 2024 actual data in accordance with methodologies adopted in agency rule.

FY25 Formula Funding Model and District Runs

The THECB has posted the updated [FY25 formula funding model](#) with the calculation of the dynamic adjustment. The model is based on weights, rates, and policies approved by the Board at the July 2024 Board Meeting. Updated FY25 Community College district runs based on this formula funding model may be found [here](#).

Dynamic Adjustment

THECB distributed the first of the Three-pay FY25 foundation payments in October 2024. The upcoming February payment will include the dynamic adjustment. An institution MAY receive more funding in addition to originally published amounts (the “foundation payment”) if its FY24 certified outcomes exceeded forecasts.

THECB will not reduce an institution's FY25 payments in the February payment. Any negative adjustments will occur in the “projected settle up” (affecting the October payment) or if supplemental legislative appropriations do not provide for the full June payment. Institutions whose FY25 performance tier as recalculated with FY24 actual data is less than

their FY25 foundation payment performance tier should expect a reduction equal to the difference to be applied to their October 2025 (FY26) payment.

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

Attachment

c: Ray Martinez, President, Texas Association of Community Colleges
Wynn Rosser, PhD, Commissioner of Higher Education, THECB
Sarah Keyton, Deputy Commissioner, Administration, THECB
Glenna Bruun, Associate Commissioner, Public Affairs, THECB
Chris Fernandez, Senior Director, Funding, THECB
Emily Schmidt, Director of Fiscal Management, Funding, THECB

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