



LEGISLATIVE BUDGET BOARD

Overview of State Appropriations to Community Colleges

PRESENTED TO THE TEXAS COMMISSION ON COMMUNITY COLLEGE FINANCE

PREPARED BY LEGISLATIVE BUDGET BOARD STAFF

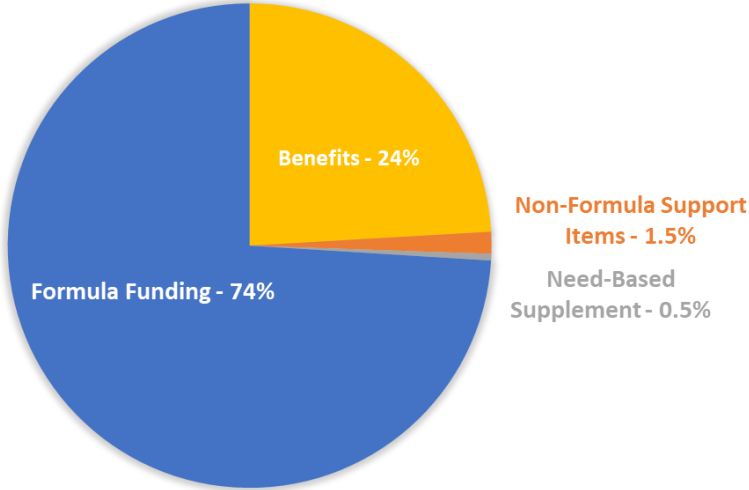
NOVEMBER 2021

Overview

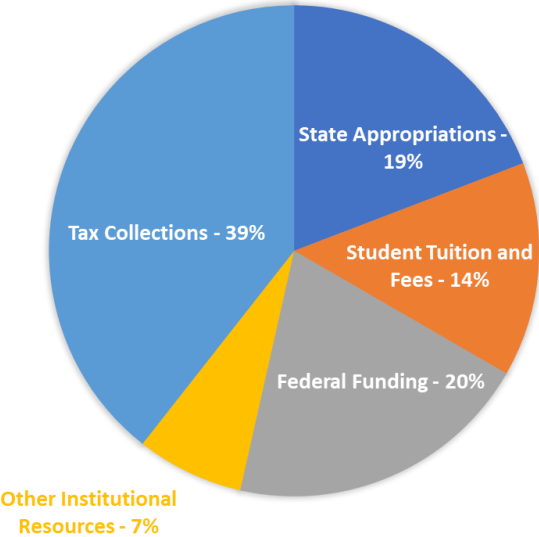
- State appropriations to Community Colleges are comprised entirely of General Revenue and are made through:
 - Formula funding (74% of appropriations)
 - Contact hours (79% of formula funding)
 - Success points (17% of formula funding)
 - Core operations (4% of formula funding)
 - Non-formula support (1.5% of appropriations)
 - Need-based supplements (.05% of appropriations)
 - Health and retirement benefits (24% of appropriations)
- In fiscal year 2020, state appropriations comprised 19% of overall Community College funding in addition to student tuition and fees (14%), federal funding (20%), tax collections (39%), and other institutional resources (7%).

Overview (cont'd)

2022-23 State Appropriations



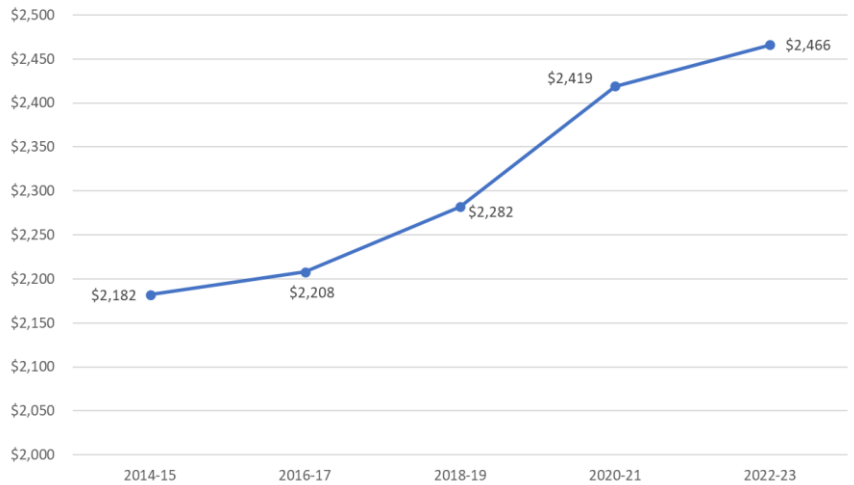
2020 Funding Sources



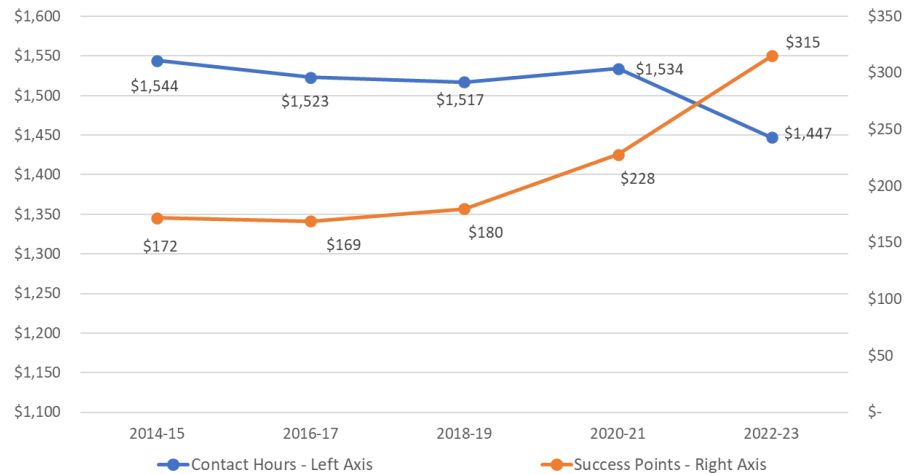
Overview (cont'd)

- Appropriations to Community Colleges total \$2.5 billion in the 2022-23 biennium, an increase of \$284 million (13%) since the 2014-15 biennium.
- Since the 2014-15 biennium, contact hour formula funding has decreased by \$97 million (6%) while success point formula funding has increased by \$143 million (83%).

Total Biennial Appropriations (millions)



Biennial Contact Hour and Success Point Formula Appropriations (millions)

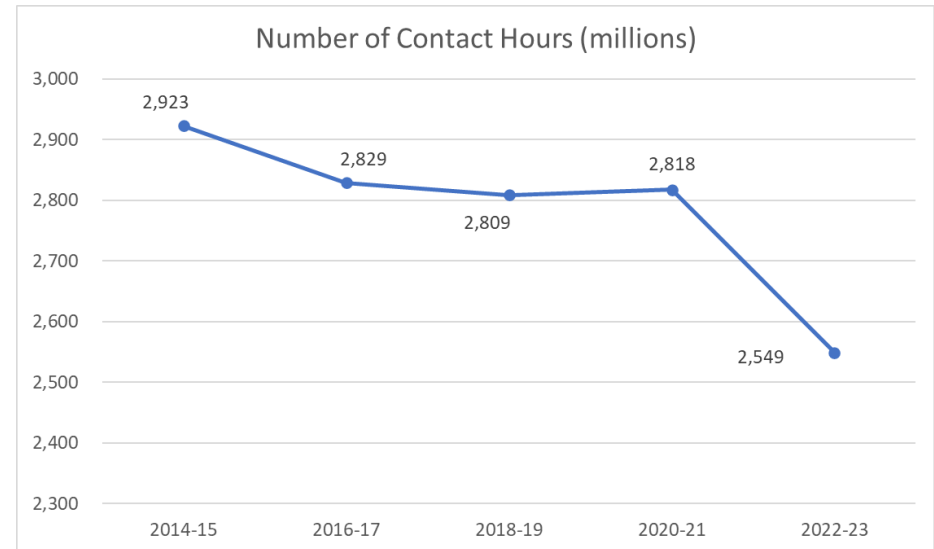
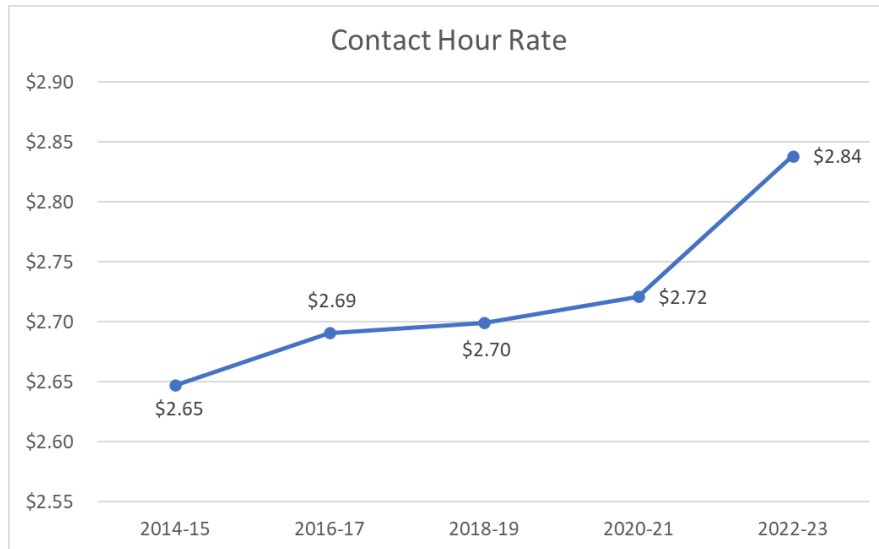


Formula Funding – Contact Hours

- Funding per hour of scheduled academic or technical instruction.
- Contact hours are categorized by program area and funding is weighted according to the average cost of providing instruction in that area.
- Appropriations are based on data from the summer and fall semesters two years prior to the first year of the biennium and the spring semester one year prior to the first year of the biennium. For example, 2022-23 appropriations are based on contact hours from the summer and fall of 2020 and spring of 2021.

Formula Funding – Contact Hours (cont'd)

- Appropriations in the 2022-23 biennium total \$1.45 billion at a rate of \$2.84 per contact hour.

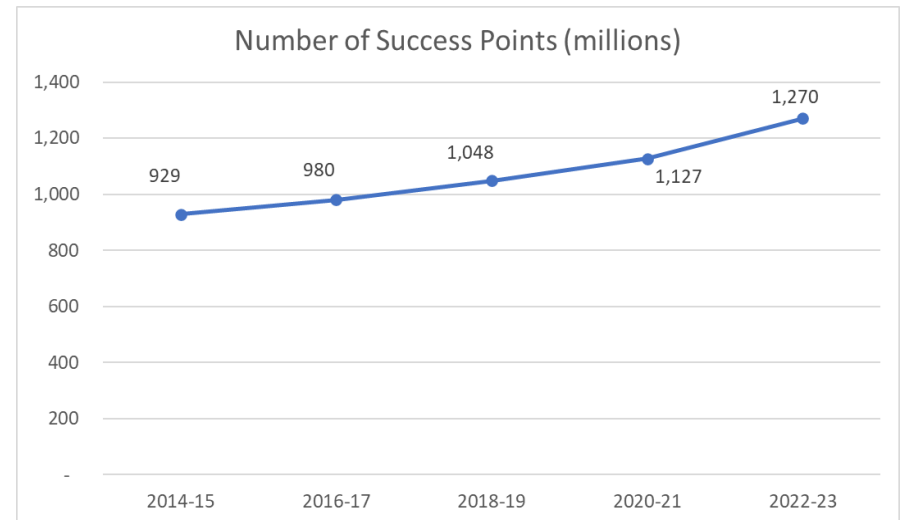
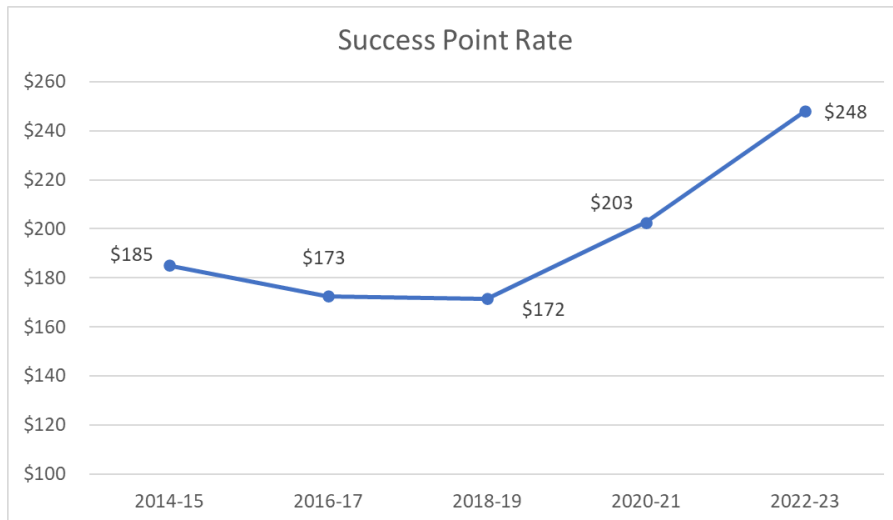


Formula Funding – Success Points

- Outcomes-based funding model instituted in the 2014-15 biennium.
- Funding based on a three-year average of total instances within the following metrics, weighted by an associated point value:
 - Student completion of developmental education in math, reading, or writing (1, 0.5, and 0.5 points, respectively)
 - Student completion of first college-level course with a grade of 'C' or better in math, reading, or writing (1, 0.5, and 0.5 points)
 - Student completion of 15 or 30 semester credit hours (1 and 1.5 points)
 - Student transfer to a General Academic Institution or completion of a co-enrollment program at a General Academic Institution (3 points)
 - Student receipt of a degree or certificate in a critical field (STEM or Allied Health) or non-critical field (3.25 and 1.2 points)

Formula Funding – Success Points (cont'd)

- Appropriations in the 2022-23 biennium total \$314 million at a rate of \$248 per success point.

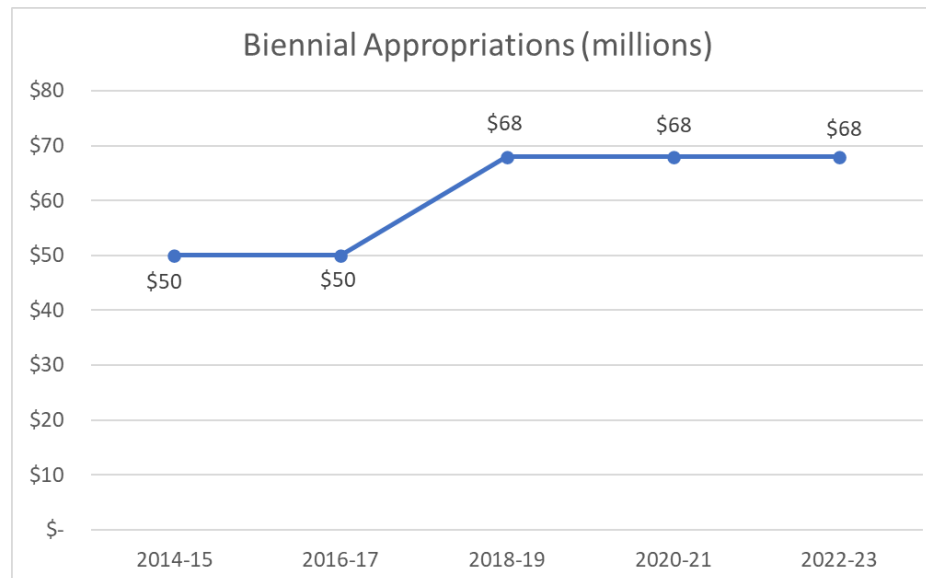


Formula Funding – Success Points (cont'd)

- Beginning in the 2022-23 biennium, the Legislature made the first revision the formula's weights since its inception, as follows:
 - Student completion of 30 semester credit hours was increased from 1 to 1.5 points
 - Student transfer to a General Academic Institution or completion of a co-enrollment program at a General Academic Institution was increased from 2 to 3 points
 - Student receipt of a degree or certificate in a critical field was increased from 2.25 to 3.25 points
 - Student receipt of a degree or certificate in a non-critical field was decreased from 2 to 1.2 points

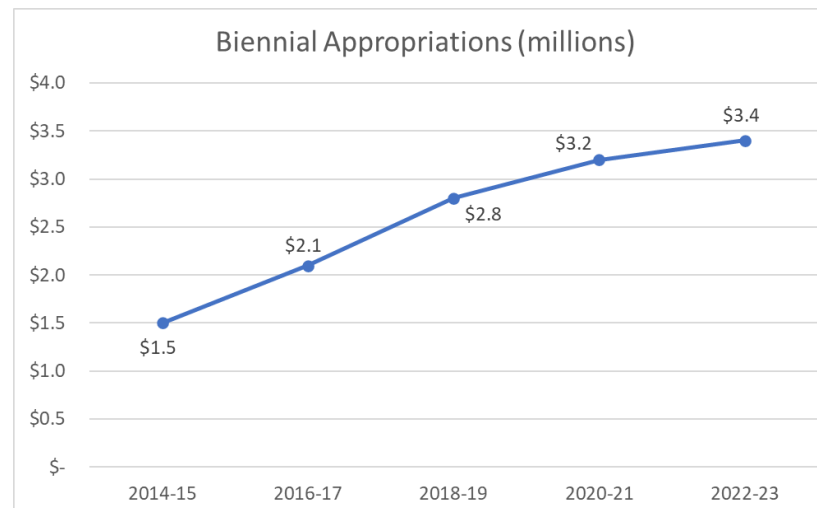
Formula Funding – Core Operations

- Instituted in the 2014-15 biennium to replace supplemental funding to small institutions.
- Fixed amount of \$1.4 million appropriated to each Community College.
- Appropriations in the 2022-23 biennium total \$68 million.



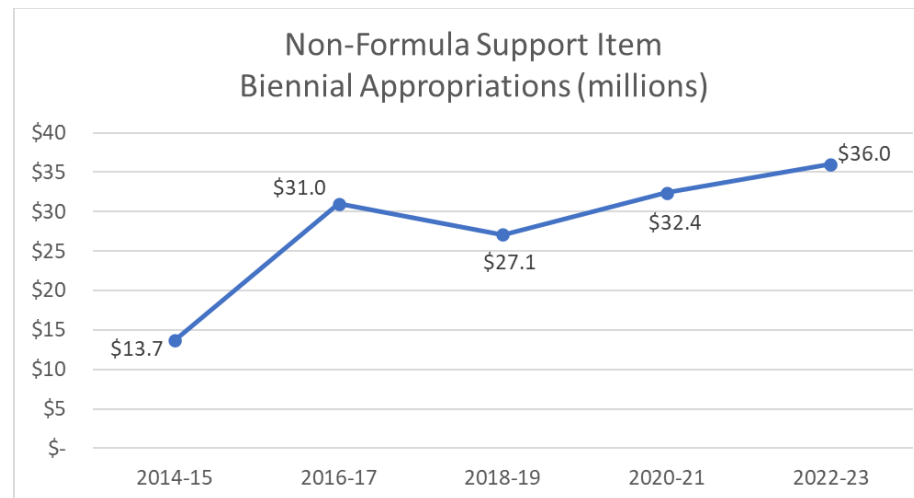
Formula Funding – Bachelor of Applied Technology

- Four-year program offering degrees in Business Administration, Health Services, Liberal Arts, Science, and Technology.
- Offered by four institutions (Brazosport College, Midland College, South Texas College, and Tyler Junior College).
- Funding per hour of instruction, weighted by degree type.
- Appropriations in the 2022-23 biennium total \$3.4 million.



Non-Formula Support Items and Need-Based Supplements

- Non-Formula Support Item funding is appropriated for programs or projects that are specifically identified by the Legislature for support; totals \$36 million across 12 institutions in the 2022-23 biennium.



- Need-based supplemental funding was included in the 2022-23 biennium, totaling \$11 million divided equally across 11 Community Colleges that the Legislature determined to have the greatest financial need.

Benefits

- Health insurance funding is provided to instruction and administrative employees through Higher Education Employee Group Insurance, in which by statute, the state contributes 50 percent of the monthly premium.
 - Appropriations in the 2022-23 biennium total \$379 million
- Retirement funding is provided through the Teacher Retirement System and the Optional Retirement Program, in which the state contributes 8 percent of the employees' salary.
 - Appropriations in the 2022-23 biennium total \$218 million
- Eligible employee headcounts for both health and retirement benefits may not change over the previous biennium at a more positive rate than the change in the institutions' contact hours; however, institutions that experience a decrease in contact hours may maintain the number of eligible employees up to 98 percent of the previous biennium's headcount.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

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