

Linking Funding to State Goals

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TEXAS STATE GOALS

Attainment—60% of Texans aged 25-64 will have a degree, certificate, or credential of value by 2030

Responsive to labor market—credentials will have value as measured by typical earnings in the Texas labor market

Affordability—95% of graduates will have no or manageable debt

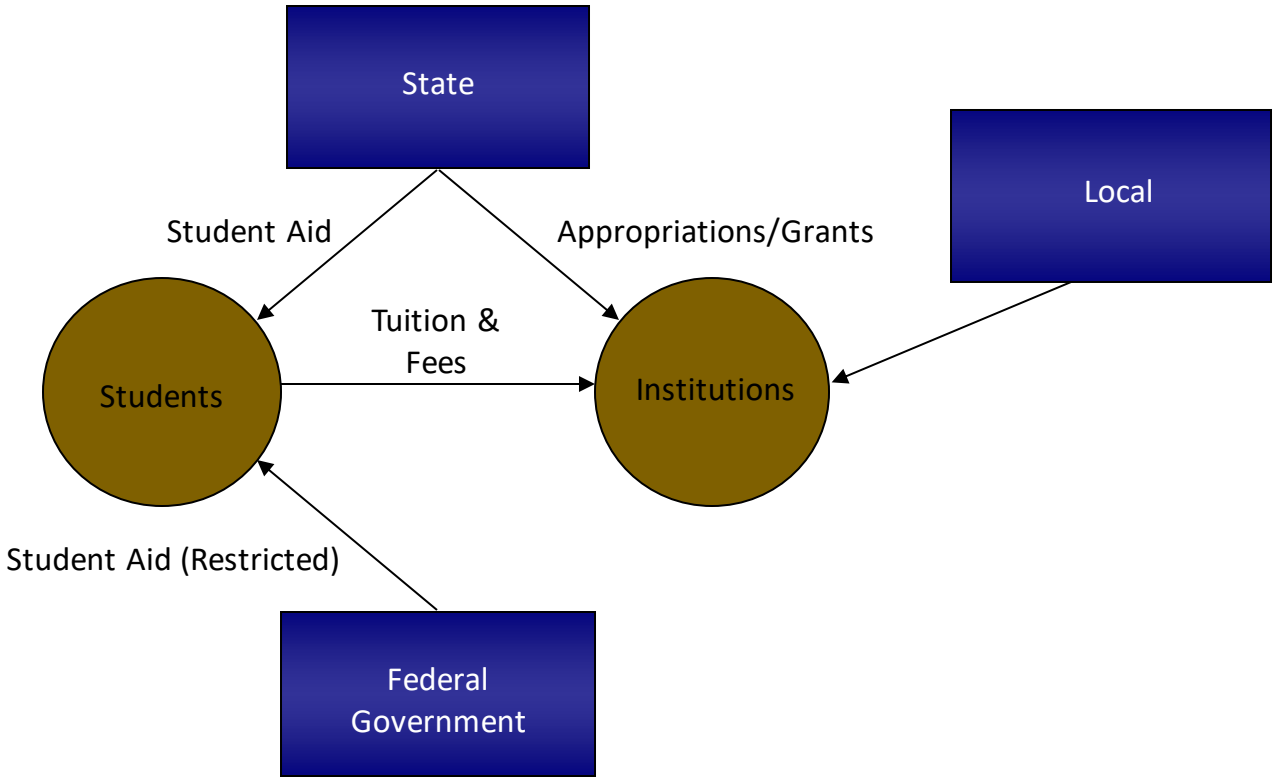
Accessibility—all students across Texas will have equitable opportunities to participate in, contribute to, and benefit from the state's robust economy.

*from "Building a Talent Strong Texas"

Basic Design Principles for a Texas Community College Funding Model

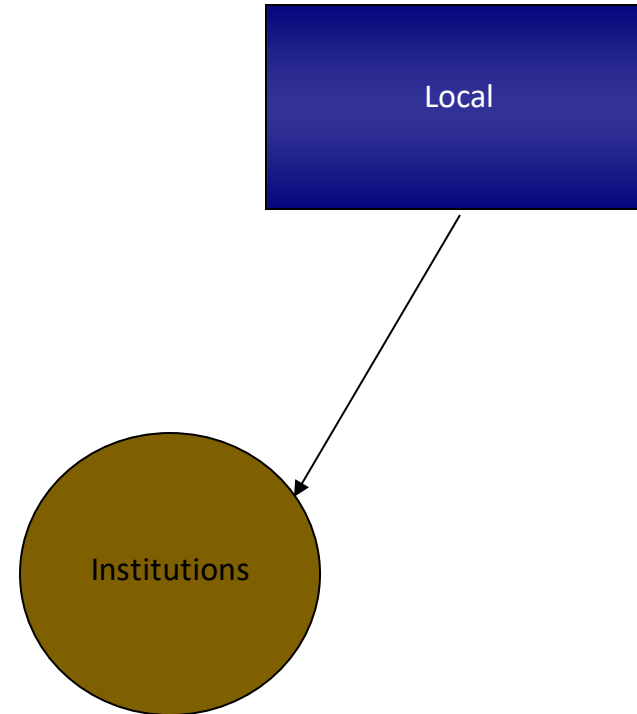
- All components of state funding should promote achievement of state goals.
- The funding model should be specifically designed to fit the needs of Texas—not borrowed from another state.
- The approach to funding should reflect the realities of local governance—CCs in Texas are local, not state, entities and local boards have considerable authority regarding the generation of district revenues (tuition and fees and local taxes).
- The funding model should reflect the regional nature of state labor markets.

The Elements of State Funding



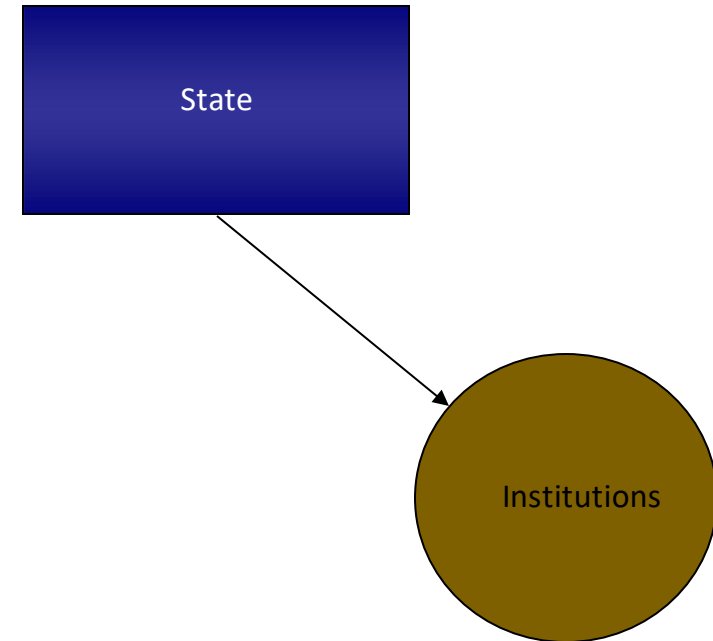
The Role of Local Funding

- Community Colleges are locally governed institutions
- A derivative proposition. Local funding (plus tuition) should provide the funding required for base operations of the colleges and maintaining their assets



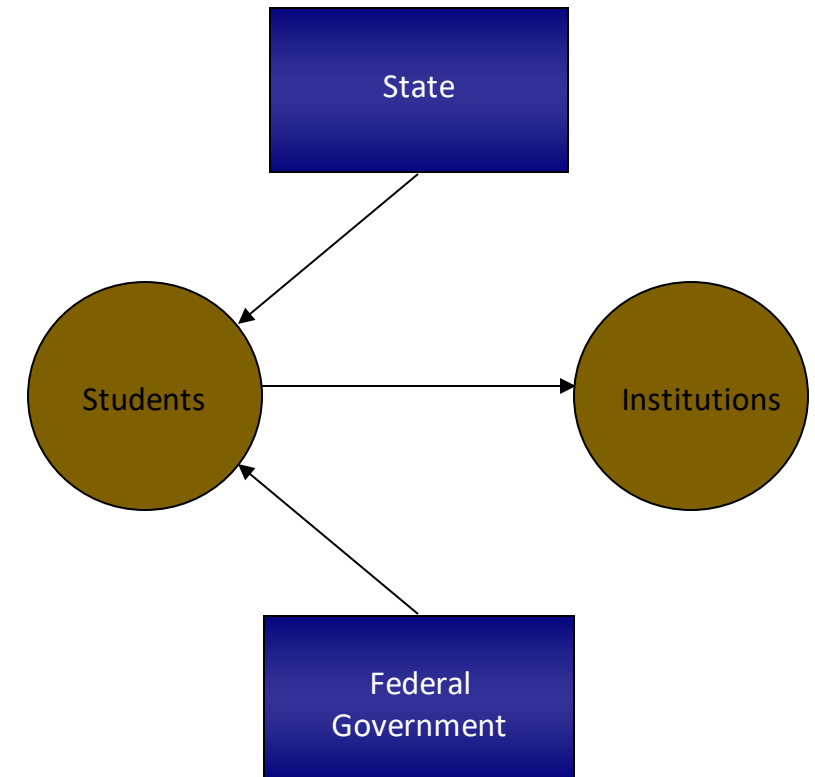
Funding Attainment and Workforce Outcomes

- Connect funding to state goals by explicitly “paying” for:
 - ✓ All degrees, certificates, and credentials of value regardless of the path inside the institution to producing these outcomes (i.e., credit or noncredit)
 - ✓ Additional weight given for awards in fields identified as high priority for meeting state or regional workforce needs.

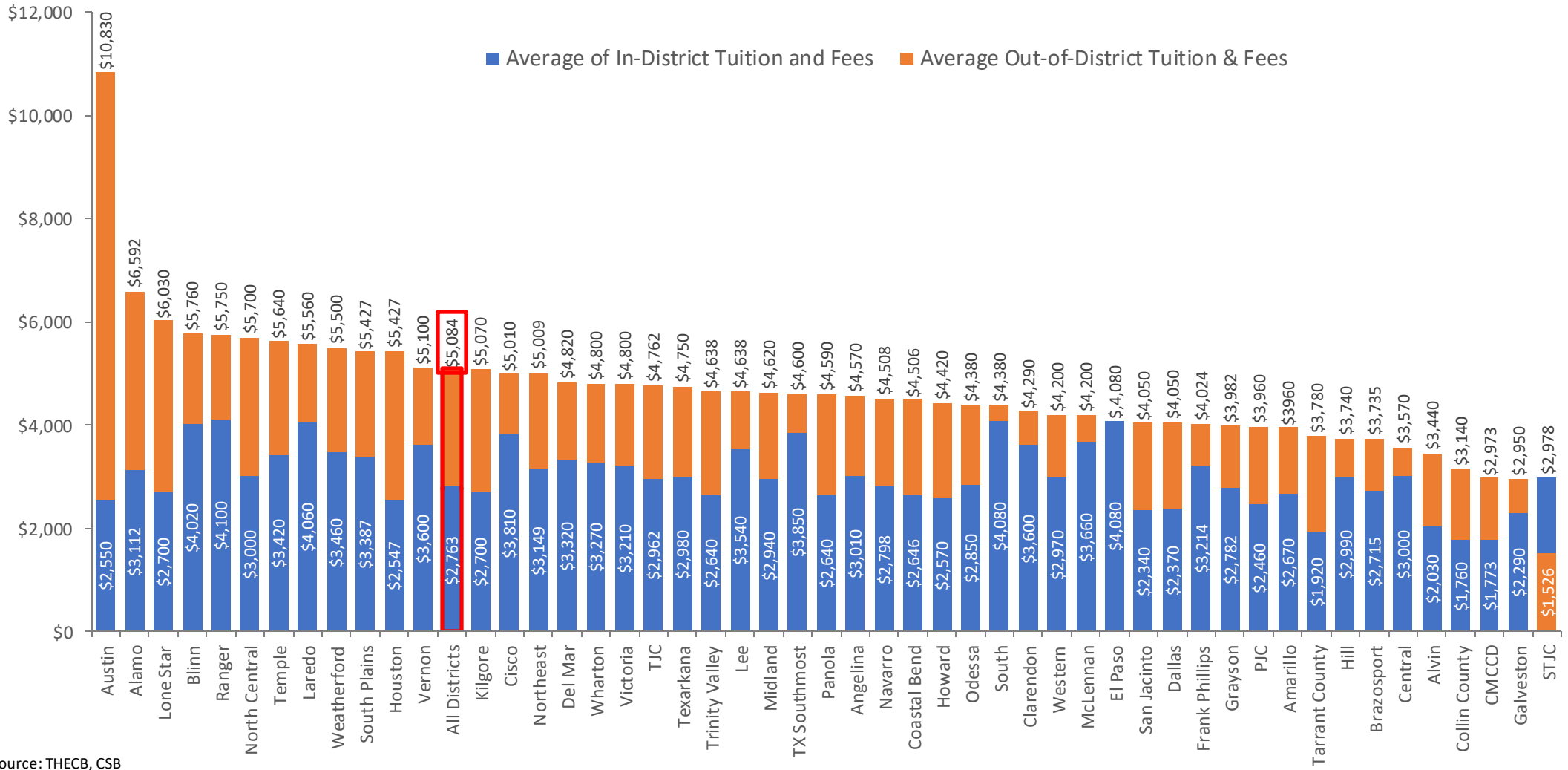


Promoting Affordability in the Funding Model

- Reducing cost to students by either
 - ✓ Reducing sticker price for out-of-district tuition by identifying a source of funding other than students to cover the differential tuition
 - ✓ Providing additional student financial aid
 - ✓ Establishing practices that keep dual credit courses affordable (Creating a common tuition level for dual credit)
- Cutting institutional operating costs through shared services—either administrative or academic—and avoiding costs that would otherwise be borne by students.

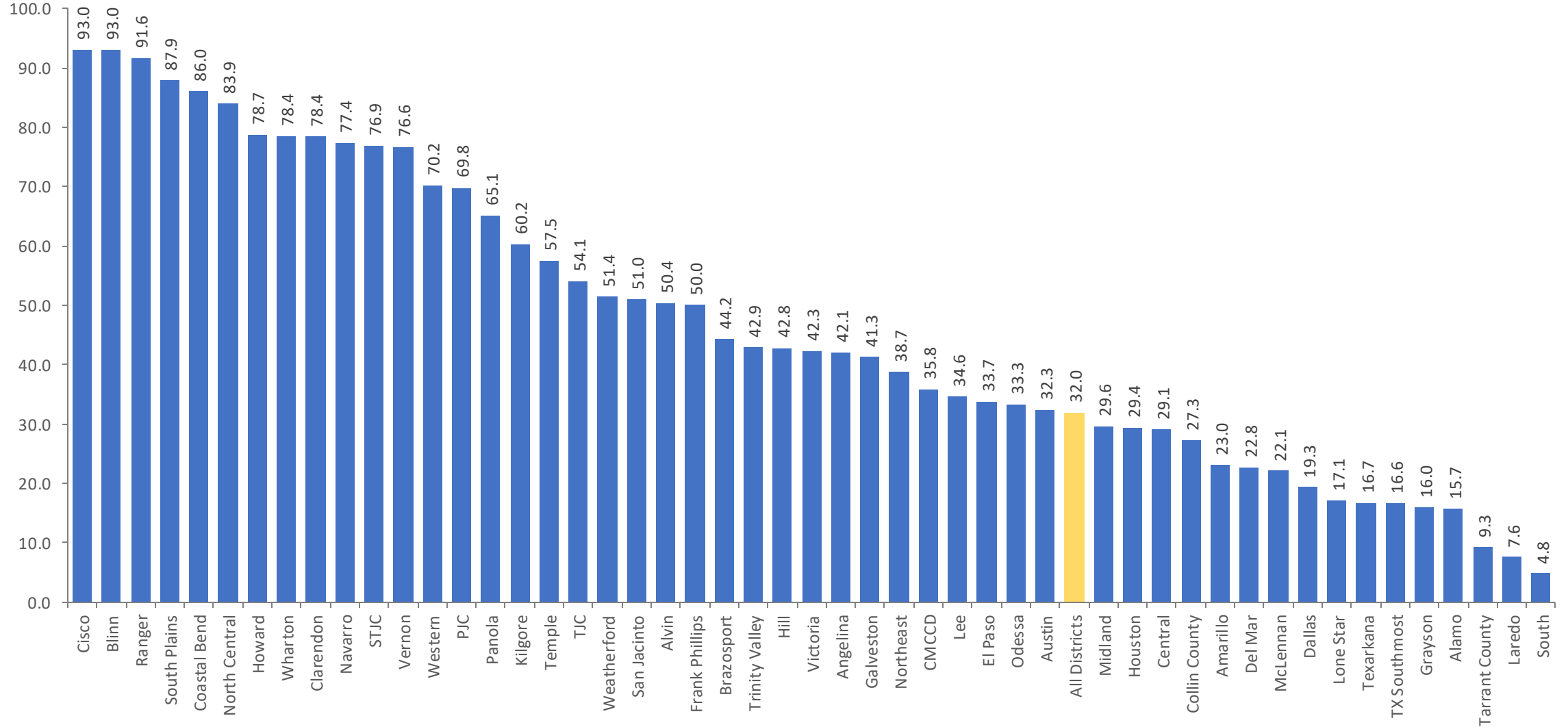


Average Tuition & Fee Charges by District and Residency Status, FY 2022



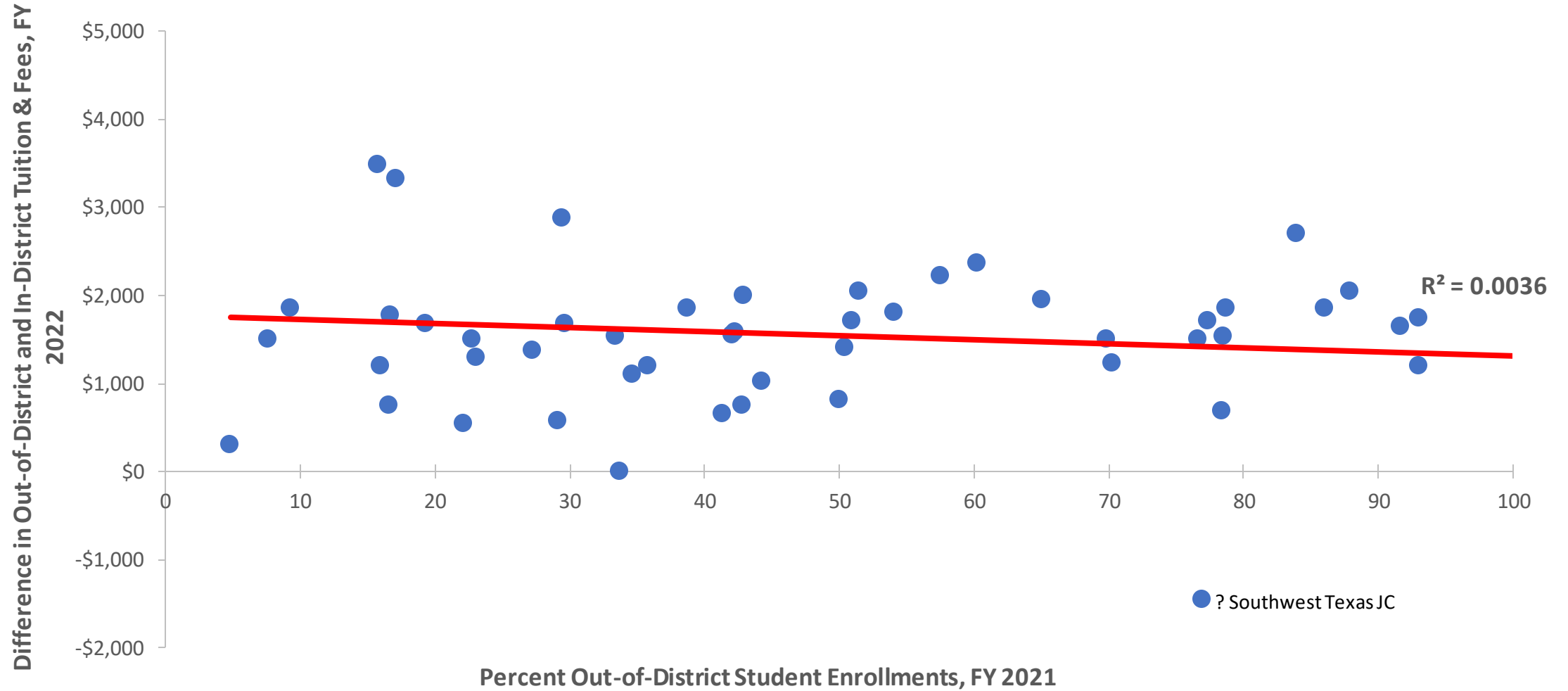
Source: THECB, CSB

Percent Out-of-District Enrollments by District, FY 2021



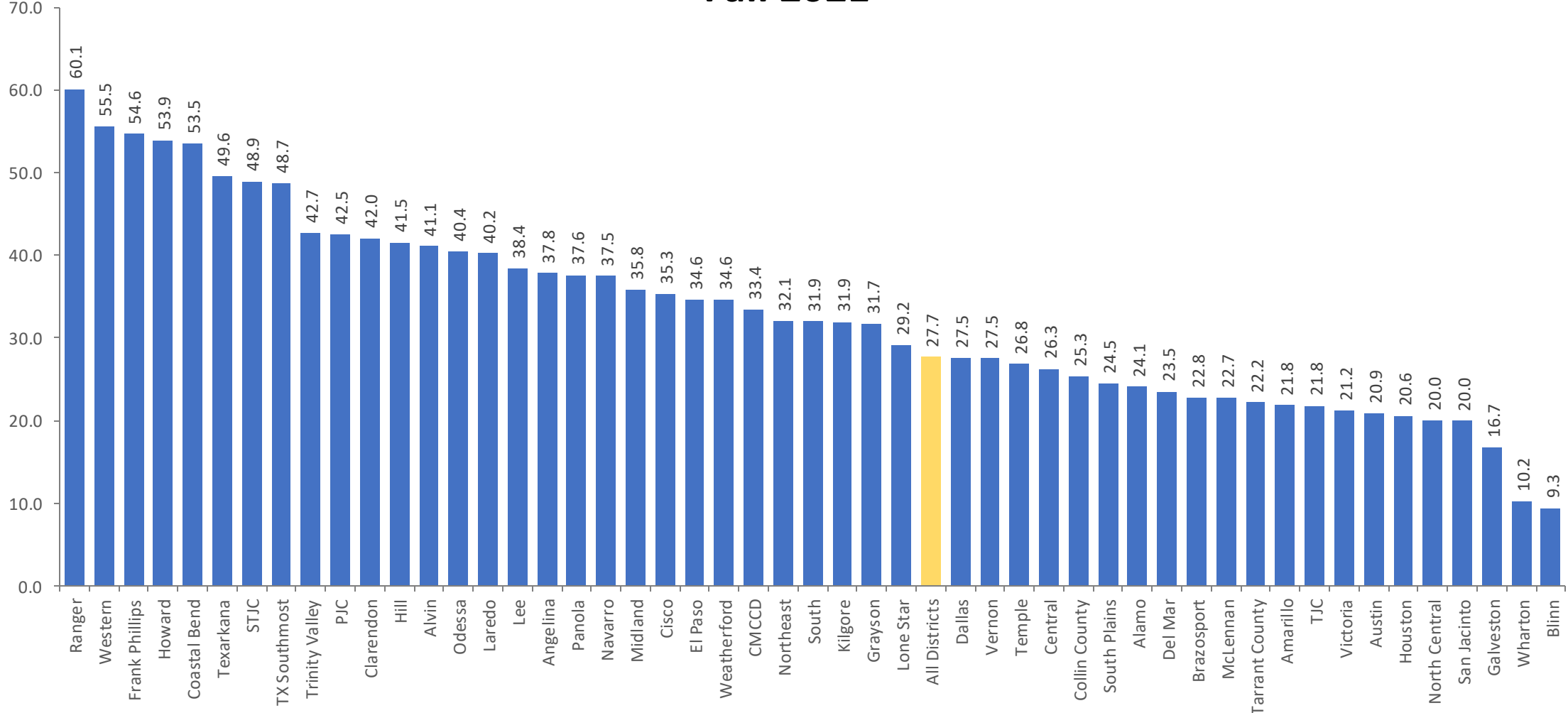
Source: THECB, CBM001, Accountability Interactive System.

Texas Public 2-Year Institutions: Percent Out-of-District Student Enrollments (FY 2021) vs. Difference in Out-of-District and In-District Tuition and Fee Levels (FY 2022)



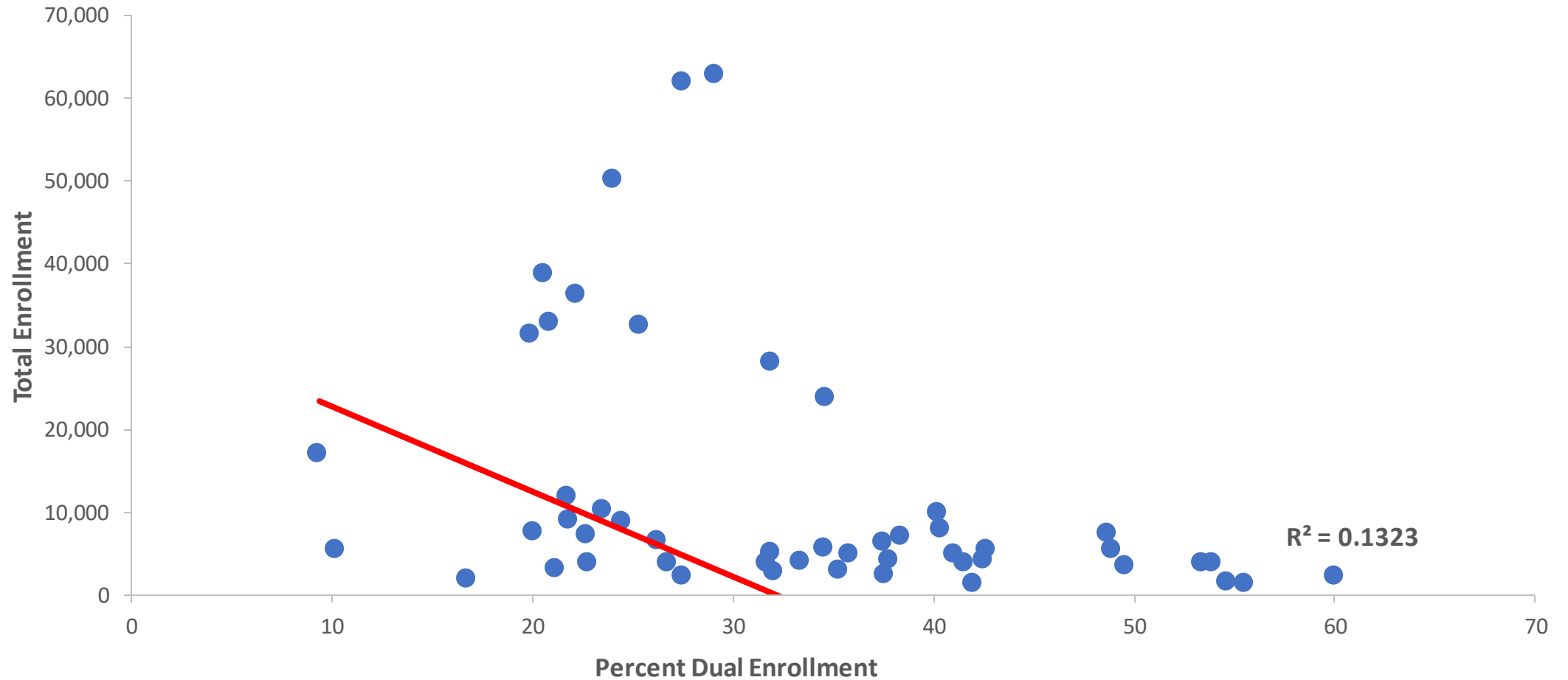
Sources: THECB, CSB. CBM001, Accountability Interactive System.

Percent of Headcount Enrollments that are Dual Enrollment, Fall 2021



Source: THECB, CBM001, Accountability Interactive System.

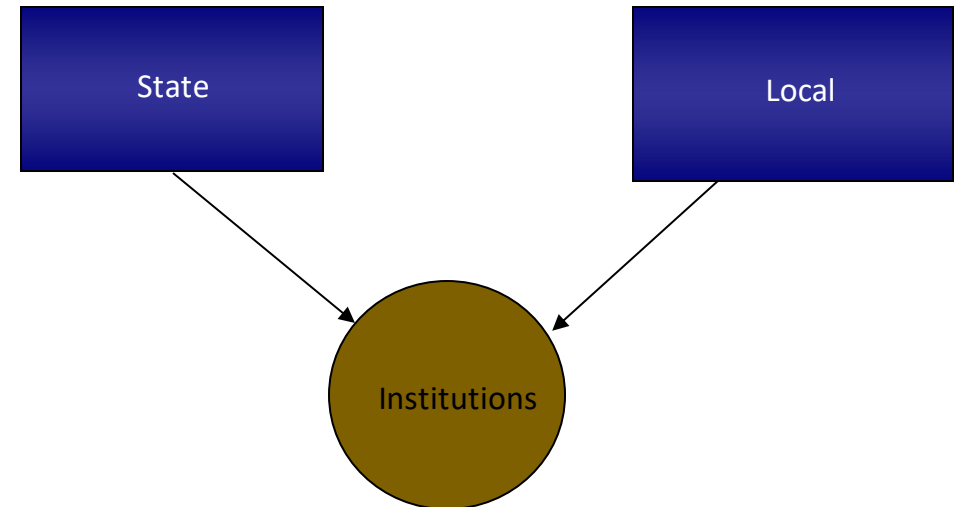
Texas Public 2-Year Institutions: Percent Dual Enrollment vs Total Enrollment, FY 2021



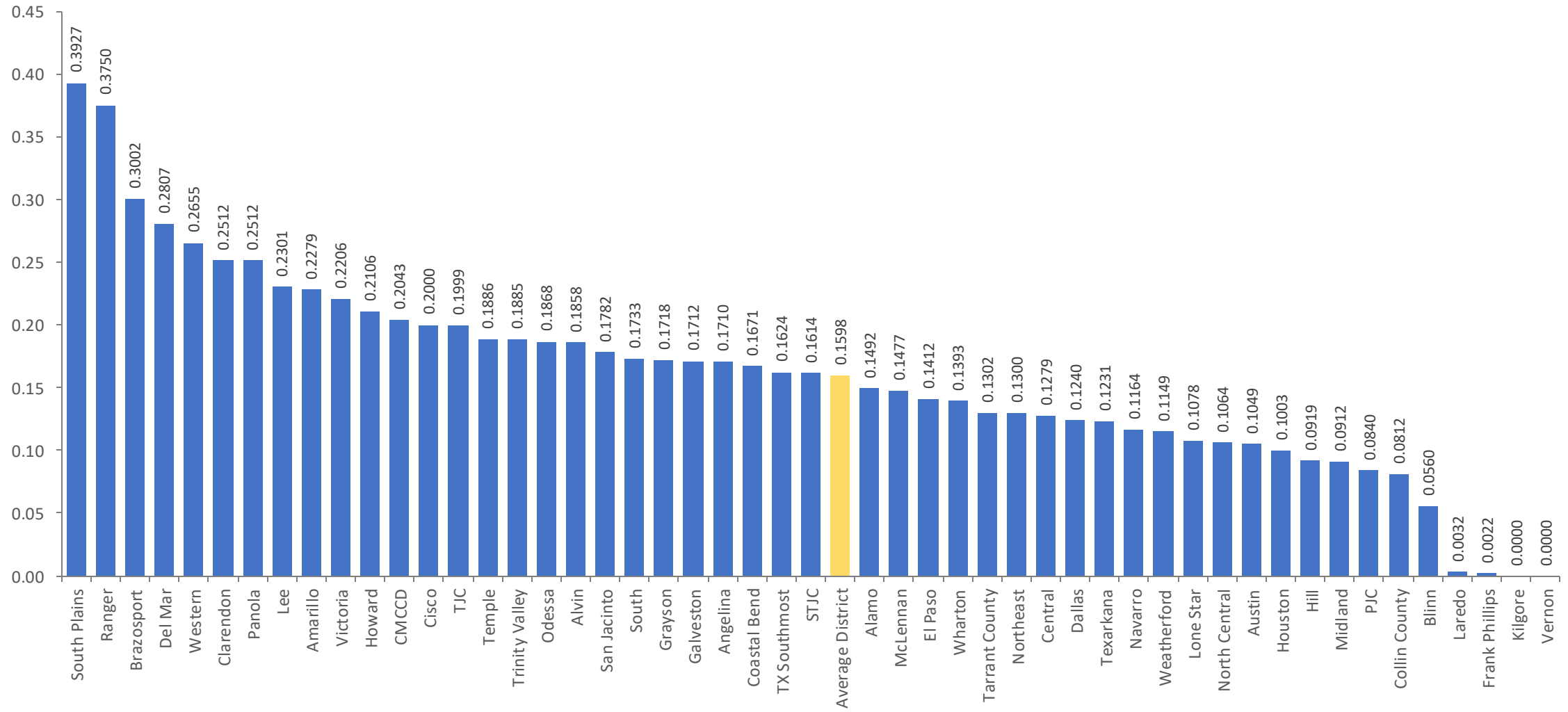
Sources: THECB, CSB. CBM001, Accountability Interactive System.

Linking Funding to the Goal of Providing Access to Educational Opportunity

- Ensuring fiscal viability of small, primarily rural, institutions
 - ✓ Providing the equivalent of revenue sharing funds to qualifying institutions
- Providing access to programs that are needed in the region, but cannot be afforded by regional institutions, by either:
 - ✓ Contributing program start-up funding
 - ✓ Promoting access to programs through sharing of academic services

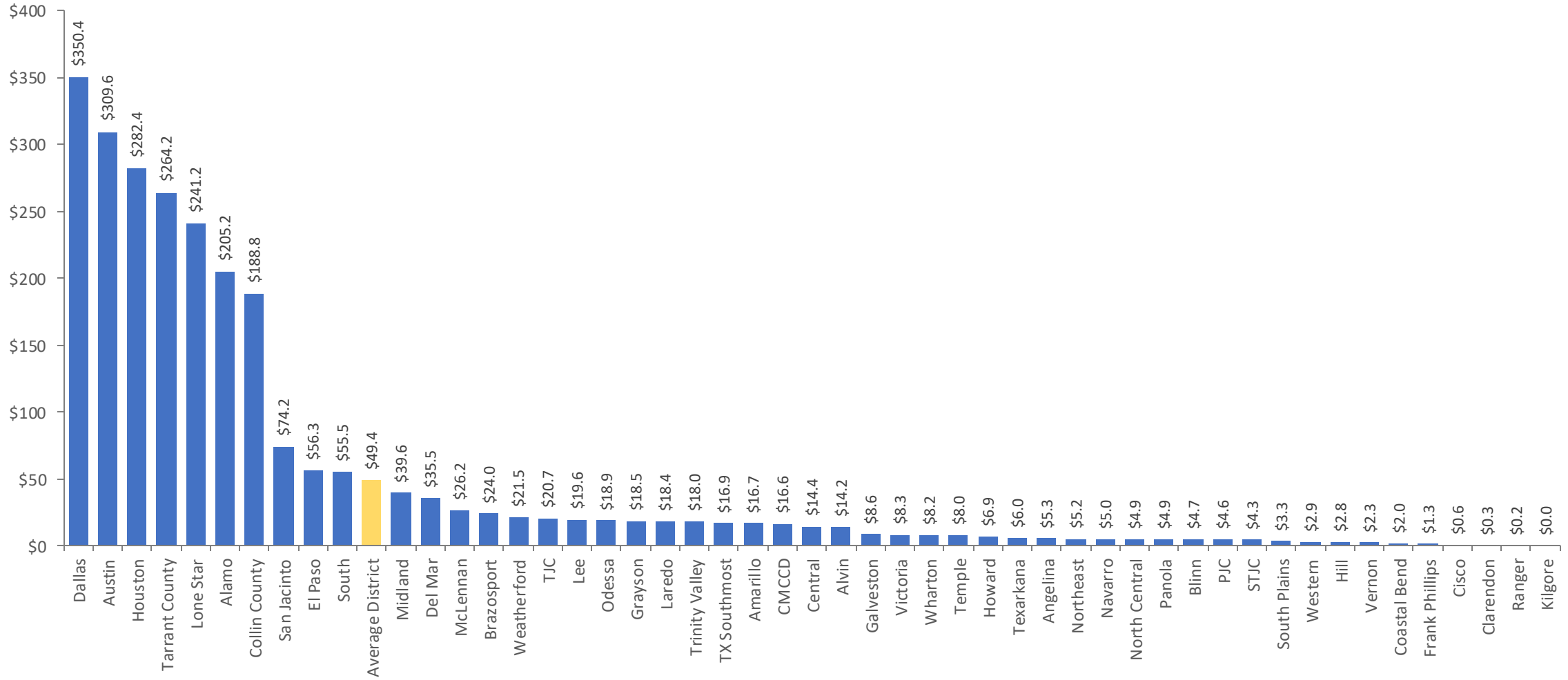


District Property Tax Rates (Per \$100), 2020



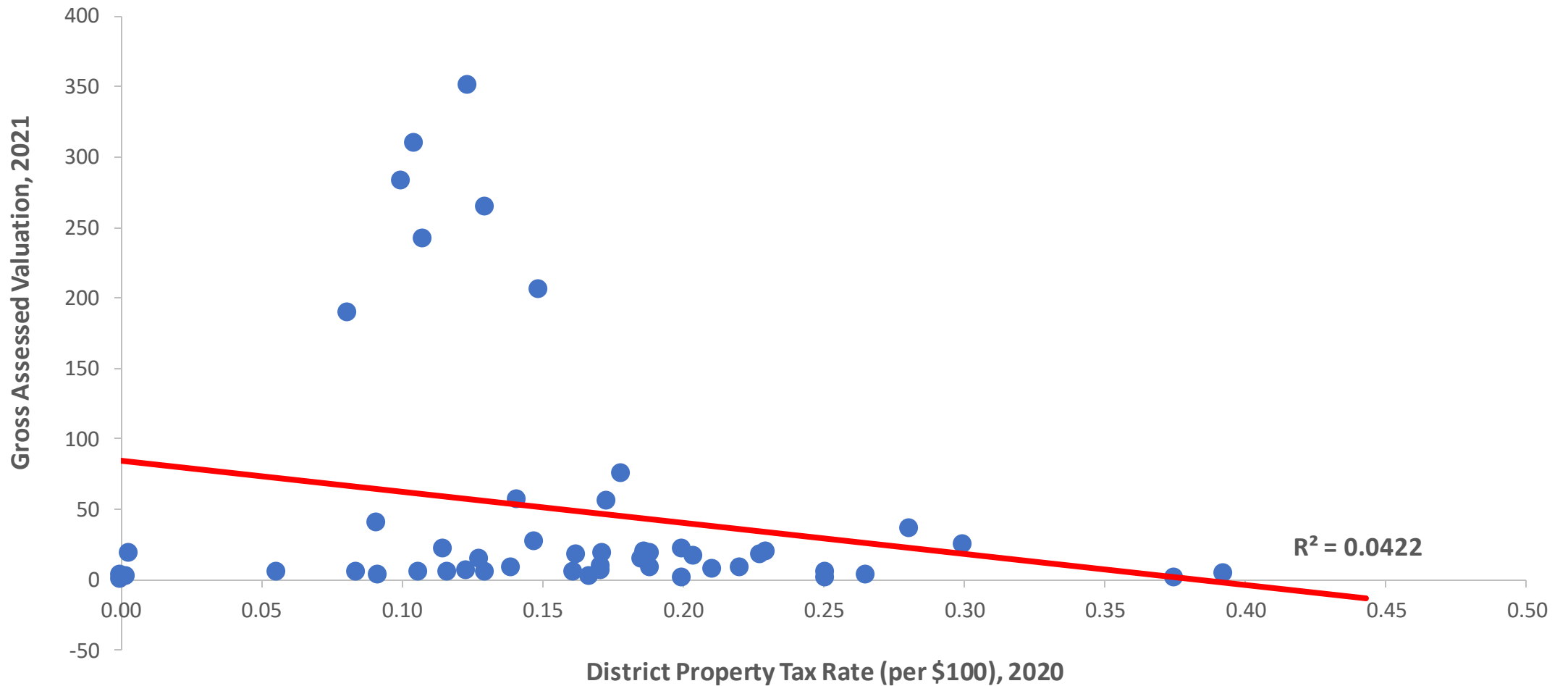
Source: THECB.

Gross Assessed Valuation by District (Billions of \$), 2021



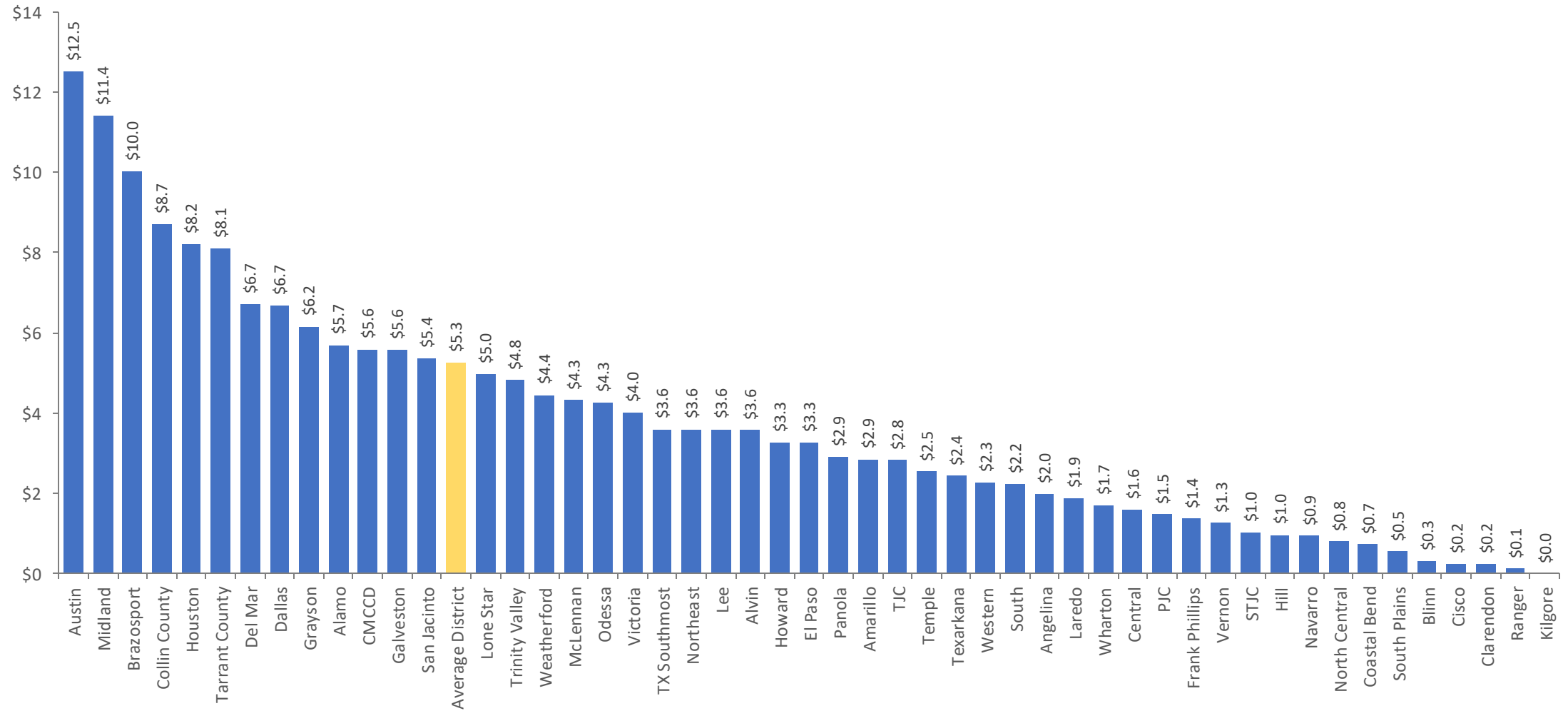
Source: THECB.

Texas Public 2-Year Institutions: District Property Tax Rates (2020) vs Gross Assessed Valuation (2021)



Sources: THECB, CSB

Gross Assessed Valuation per FTES by District (Millions of \$), 2021



Source: THECB, NCES, IPEDS AY 2019-20 Instructional Activity File.

Topics Requiring Further Discussion

- Approaches to maintaining affordability for:
 - ✓ Out-of-district students
 - ✓ Dual credit students
 - ✓ CTE Programs
- Approaches to incentivizing outcomes
 - ✓ Share of a fixed pool
 - ✓ Established fixed price per outcome
 - ✓ Inclusion of outcomes of noncredit programs
 - ✓ Assignment of responsibility for determining high priority workforce needs in each region

Topics Requiring Further Discussion (continued)

- Clarifying the state versus local responsibilities for funding community colleges
- Ground rules for providing state funding to ensure fiscal viability of small, mostly rural institutions
 - ✓ Direct state subvention (if colleges meet the requirement for a minimum tax rate)
 - ✓ Assistance in creating shared services arrangements

Questions/Discussion