Texas Commission on Community College Finance

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December 13, 2021
Enrollments, excluding dual credit, at two-year institutions have seen a decline over the past decade.

- Academic enrollments excluding dual credit declined by 76,621 from their peak in Fall 2011 to 2020
- Traditional and continuing workforce education declined by 122,833 from their peak in Fall 2010 to 2020
Community College Revenue by Type*
(in millions)

*Excludes Other Institutional Resources. This category is composed of Endowment and Interest Income, Local Government Grants – Restricted, Private Gifts & Grants – Restricted, Sales and Service, Net Auxiliary Enterprises, and Other Income.
2019-2020 Community College Service Areas and Taxing Districts

Service Areas

Taxing Districts
Community College State Funding Formula

Core Operations*
• Provides a minimum, equal amount of funding to each district of $1,360,812 for the biennium

Contact Hour
• Constitutes majority of allocation (78.9%)
• Funding for contact hours is weighted based on expenditure study of disciplines across the two-year institutions (RFOE)
• Additional 10% weight applied for certain critical fields

Success Points
• Outcomes-based formula in which institutions receive points for each milestone completed by each student in an academic year
• Based on rolling three-year average

Bachelor’s Program Funding
• Statute provides that 4 legacy institutions offering certain baccalaureate programs are funded at general academic institutional rates
• Statute provides that for all other institutions, contact hours for junior-level or senior-level courses are funded in the same manner as lower division courses in a corresponding field through the contact hour formula

*Excludes need-based supplements provided in the 2022-23 biennium to 11 institutions ($1 million per college)
Historical Allocation of Community College Funding Formulas

Total formula funding* in FY22-23 was generally maintained at FY20-21 levels; however, $86.5 million in funding was shifted from contact hour formula to success point formula.

*Excludes need-based supplemental funding provided in the 2022-23 biennium to 11 institutions outside of formula funding.

<table>
<thead>
<tr>
<th>Years</th>
<th>Contact Hour Funding</th>
<th>Bachelor of Applied Technology (BAT)</th>
<th>Core Operations</th>
<th>Student Success Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>$1,771.7</td>
<td>$1,743.8</td>
<td>$1,767.4</td>
<td>$1,833.3</td>
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Community College Formula Funding
2014-2015 to 2022-2023

- Contact Hour Funding
- Bachelor of Applied Technology (BAT)
- Core Operations
- Student Success Points

2014-15: 87.4%
2016-17: 87.3%
2018-19: 85.8%
2020-21: 83.7%
2022-23: 78.9%

Total formula funding in FY22-23 was generally maintained at FY20-21 levels; however, $86.5 million in funding was shifted from contact hour formula to success point formula.
Higher Education Emergency Relief Fund (HEERF)

Approximately $2.5 billion in awards have been allocated to community colleges*

*Amounts are sourced from HEERF allocation tables published by the U.S. Department of Education. The data reflect amounts that originally allocated to institutions through HEERF and do not reflect whether funds have been received or expended by colleges.

Federal requirements provide that much of this funding be spent on student financial aid. Institutions are currently reporting on federal expenditures to the THECB.
## Financing Differences: Public and Higher Education

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<tbody>
<tr>
<td>State Requirements</td>
<td>Texas Constitution, Article 7. Education provides “it shall be the duty of the Legislature of the State to establish and make suitable provision for the support and maintenance…of public free schools”</td>
<td>TEC 130.003 provides that “There shall be appropriated biennially…an amount sufficient to supplement local funds for the proper support, maintenance, operation, and improvement…”</td>
</tr>
<tr>
<td>Formulas</td>
<td>Entitlement Funding</td>
<td>Allocation Methodology</td>
</tr>
<tr>
<td>Local Funding</td>
<td>Considers local tax revenues of districts</td>
<td>Funding formulas do not consider property tax revenue or tuition and fee revenue</td>
</tr>
<tr>
<td>Equity</td>
<td>Adjustments for multiple student and district characteristics</td>
<td>No adjustments for student or district characteristics</td>
</tr>
<tr>
<td>Formula Data</td>
<td>Settle-up Process (current year enrollments)</td>
<td>Base Year Data (snapshot of prior enrollments)</td>
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</tbody>
</table>
Questions and Discussion