

TEXAS HIGHER EDUCATION COORDINATING BOARD

DRAFT MINUTES

August 22, 2023

Special Called Board Meeting

The Texas Higher Education Coordinating Board (Coordinating Board) convened at 10:00 a.m. on August 22, 2023, with the following members present via Zoom: Welcome Wilson, presiding; Fred Farias; Donna Williams; Richard Clemmer; Stacy Hock; Emma Schwartz; Ashlie Thomas; Daniel Wong; and Cage Sawyers.

Members absent: Javaid Anwar

AGENDA ITEM	ACTION
I. Call to order: opening remarks	Mr. Welcome Wilson called the meeting of the Coordinating Board to order and called roll. All members were present except for Mr. Javaid Anwar. A quorum was met for this board meeting. Mr. Wilson handed the gavel to Dr. Farias.
II. Commissioner's remarks on the Community College Finance Program and College Connect Courses	No action required. Dr. Harrison Keller, Commissioner of Higher Education, gave remarks and was available for questions.
III. Invited Testimony	No action required. Mr. Ray Martinez, the President and CEO of the Texas Association of Community Colleges; and Dr. William Serrata, Board Chair of the Texas Association of Community Colleges and President of El Paso Community College, gave testimony and were available for questions. A copy of the testimony can be found at attachment A.
IV. Presentations on the Financial Aid for Swift Transfer (FAST) program, and Community College Finance Program	No action required. Commissioner Harrison Keller; Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs; and Ms. Emily Cormier, Assistant Commissioner for Funding, presented this item and were available for questions. Mr. Cage Sawyers departed the meeting at 10.41 a.m.
V. Public Testimony	Dr. Farias announced that public testimony would be heard later in the meeting.

AGENDA ITEM	ACTION
VI. Adoption of Rules	
<p>A. Proposed rules:</p> <ol style="list-style-type: none"> 1) Consideration and possible action to repeal and adopt on an emergency basis Chapter 1, Subchapter K, Board Rules 1.156 through 1.162, concerning replacement of the Community and Technical Colleges Formula Advisory Committee with the Standing Advisory Committee for Public Junior Colleges 2) Consideration and possible action to adopt on an emergency basis the proposed amendments to Board Rule 1.164 through 1.167, concerning changes to the membership of the General Academic Institutions Formula Advisory Committee 3) Consideration and possible action to repeal on an emergency basis Board Rules 9.28 through 9.29, relating to certification of community colleges as eligible to receive state appropriations 4) Consideration and possible action to adopt on an emergency basis 	<p>On a motion by Ms. Emma Schwartz, seconded by Ms. Donna Williams, the Board voted to repeal Board Rules 1.156 through 1.163 and adopt on an emergency basis new Chapter 1, Subchapter K, Board Rules 1.156 through 1.162, concerning replacement of the Community and Technical Colleges Formula Advisory Committee with the Standing Advisory Committee for Public Junior Colleges. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p> <p>On a motion by Mr. Richard Clemmer, seconded by Ms. Stacy Hock, the Board voted to adopt on an emergency basis the proposed amendments to Board Rules 1.164 through 1.167, concerning changes to the membership of the General Academic Institutions Formula Advisory Committee. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p> <p>On a motion by Ms. Ashlie Thomas, seconded by Mr. Clemmer, the Board voted to repeal on an emergency basis Board Rules 9.28 through 9.29, relating to certification of community colleges as eligible to receive state appropriations. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p> <p>On a motion by Ms. Williams, seconded by Ms. Thomas, the Board voted to adopt on an emergency basis proposed amendments to Board Rule 9.677</p>

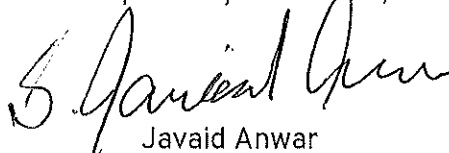
AGENDA ITEM	ACTION
<p>proposed amendments to Board Rule 9.677 related to funding for baccalaureate degree programs at community colleges</p>	<p>related to funding for baccalaureate degree programs at community colleges. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p>
<p>5) Consideration and possible action to adopt on an emergency basis proposed amendments to Board Rule 13.1 related to definitions pertaining to financial planning at institutions of higher education</p>	<p>On a motion by Ms. Williams, seconded by Ms. Hock, the Board voted to adopt on an emergency basis proposed amendments to Board Rule 13.1 related to definitions pertaining to financial planning at institutions of higher education. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p>
<p>6) Consideration and possible action to repeal on an emergency basis Board Rule 13.62 related to community college financial information reporting</p>	<p>On a motion by Ms. Hock, seconded by Ms. Williams, the Board voted to repeal on an emergency basis Board Rule 13.62 related to community college financial information reporting. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p>
<p>7) Consideration and possible action to adopt on an emergency basis proposed amendments to Board Rule 13.63 related to community college financial information reporting</p>	<p>On a motion by Mr. Clemmer, seconded by Ms. Thomas, the Board voted to adopt on an emergency basis proposed amendments to Board Rule 13.63 related to community college financial information reporting. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p>
<p>8) Consideration and possible action to adopt on an emergency basis new Board Rules in Chapter 13, Subchapter</p>	<p>On a motion by Mr. Wilson, seconded by Ms. Schwartz, the Board voted to adopt on an emergency basis new Board Rules in Chapter 13,</p>

AGENDA ITEM	ACTION
<p>P, 13.470 through 13.477, concerning financing for community colleges</p> <p>9) Consideration and possible action to adopt on an emergency basis new Board Rules in Chapter 13, Subchapter Q, 13.500 through 13.506, concerning the Financial Aid for Swift Transfer (FAST) program</p> <p>10) Consideration and possible action to adopt on an emergency basis new Board Rules in Chapter 13, Subchapter R, 13.520 through 13.529, relating to reporting, audit, and overallocation for community colleges</p> <p>11) Consideration and possible action to adopt a new Board Rule in Chapter 4, Subchapter D, 4.86, concerning the establishment of College Connect Courses</p>	<p>Subchapter P, 13.470 through 13.477, concerning financing for community colleges. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Ms. Emily Cormier presented this item and was available for questions.</p> <p>Mr. Renzo Soto gave public testimony in favor of this agenda item. A copy of the testimony can be found at attachment B.</p> <p>On a motion by Ms. Thomas, seconded by Ms. Williams, the Board voted to adopt on an emergency basis new Board Rules in Chapter 13, Subchapter Q, 13.500 through 13.506, concerning the Financial Aid for Swift Transfer (FAST) program. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Dr. Charles Contéro-Puls, Assistant Commissioner for Student Financial Aid Programs, presented this item and was available for questions.</p> <p>On a motion by Mr. Clemmer, seconded by Ms. Schwartz, the Board voted to adopt on an emergency basis new Board Rules in Chapter 13, Subchapter R, 13.520 through 13.529, relating to reporting, audit, and overallocation for community colleges. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Mr. Paul Maeyeart, Interim Assistant Commissioner for Internal Audit and Compliance, presented this item and was available for questions.</p> <p>On a motion by Ms. Williams, seconded by Ms. Hock, the Board voted to adopt a new Board Rule in Chapter 4, Subchapter D, 4.86, concerning the establishment of College Connect Courses. The vote was unanimous.</p> <p>A copy of the Board Rules as adopted may be found in the agenda materials.</p> <p>Dr. Jennielle Strother, Assistant</p>

AGENDA ITEM	ACTION
	Commissioner for Student Success, presented this item and was available for questions.
VII. Lunch	The board did not break for lunch.
VIII. Discussion and possible action to hire and set the compensation of the Board's Internal Auditor.	<p>Pursuant to Texas Government Code, Sections 551.074 and/or 551.071, the Board met in Executive Session on Agenda Item 8 to deliberate on appointment and employment of the Internal Auditor, and Agenda Item 9 to discuss the performance and compensation of the Commissioner of Higher Education, and receive any legal advice necessary on these two items.</p> <p>The Board went into closed session at 11:52 p.m. The Board reconvened in open session at 1:28 p.m. There was no action taken during the closed session.</p> <p>On a motion by Ms. Thomas, seconded by Ms. Hock, the Board voted to delegate to Commissioner Keller and the chairman of the Board the authority to hire for the position of Internal Auditor and set the salary within the parameters discussed by the Board. The vote was unanimous.</p>
IX. Consideration and possible action to approve an increase in the commissioner's annual salary	On a motion by Mr. Clemmer, seconded by Ms. Hock, the Board voted to approve an increase in the commissioner's annual salary to the maximum amount authorized under the General Appropriations Act. The vote was unanimous.
X. Adjournment	

With no further business, on a motion by Mr. Clemmer, seconded by Ms. Thomas, the meeting adjourned at approximately 1:30 p.m.

Respectfully Submitted,



Javaid Anwar
Secretary of the Board

ATTACHMENT A
Invited testimony

AGENDA ITEM III



**Texas Association of
Community Colleges**

THECB Special Called Board Meeting – August 22, 2023

Testimony for Dr. William Serrata

Good morning, Chairman Farias, Vice Chair Williams, and distinguished board members. My name is William Serrata, and I serve as President of El Paso Community College and Board Chair of the Texas Association of Community Colleges.

I'd like to begin my remarks by expressing my sincere gratitude to state leadership, members of the Texas Legislature – particularly Representative Gary VanDeaver and Senator Brandon Creighton - the members of the Texas Commission on Community Finance which was chaired by Mr. Woody Hunt, and of course, to Commissioner Harrison Keller for his outstanding leadership and steadfast support of our community colleges. As the current Chair of TACC, I have experienced first-hand how the road leading to House Bill 8's enactment has been paved with respect, integrity, and most importantly, with collaboration.

Two years ago, during the 2021 legislative session, it became clear that the funding formula based upon contact hours and enrollment for community colleges no longer reflected the needs of our institutions, our students, or our state. As community colleges leaders, we are known to be nimble and adapt to challenging scenarios to continue successfully serving our students' needs. However, having a funding formula that did not reflect our evolving role in producing relevant academic and workforce outcomes was potentially detrimental to maintaining our state's positive economic momentum.

As you may know, community colleges are funded through three main sources of revenue – state appropriations, local property taxes, and tuition and fees. Over the past decade, these sources of revenue have shifted significantly and today, revenue from state appropriations for funding of our community colleges on average is approximately 23 percent.

In response to the fluctuation in revenue, during the 2021 legislative session, with support from community college leaders, Senate Bill 1230, authored by Senator Larry Taylor, was passed, and signed into law which established the Texas Commission on Community College Finance.

Over the span of the next two years, the Commission appropriately focused on relevant aspects of community college operations, including state funding for outcomes, student affordability, and capacity building. It was through this process that the voices of community college leaders statewide were heard and ultimately reflected in the Commission's final recommendations.

As a community college leader, I can say with confidence that the work of the Commission provided an opportunity for all relevant stakeholders to take a dive deep into our mission as a sector and to better understand the impact we have not just with our student populations but in our local and regional communities. It was through this same process, that the work of the Commission resulted in unity and coalition among all 50 community college districts. Important momentum was created by sitting at the table with our broad coalition partners, by listening to the needs of our state's business and industry, and most importantly, by aligning the final recommendations of the Commission with our state's higher education plan, *Building a Talent Strong Texas*.

Updated: August 19, 2023 | 1



**Texas Association of
Community Colleges**

We all know that important milestones were reached by House Bill 8; but what I would like to emphasize is that in my 30 years in higher education, I have never experienced a more collaborative approach to the development of legislation. The coalition of partners that has resulted from this transformative piece of legislation is one that will have ripple effects for generations to come. House Bill 8 didn't just bring together different stakeholders; it created community and provided a roadmap to successful implementation of public policy.

This is how public policy should be done.

As we look ahead, I am also fortunate to serve as the chair of the newly formed Community College Standing Advisory Committee, another testament to the commitment of keeping our sector's voice heavily involved in this process and ensuring that community colleges are heard. It is truly remarkable how the Standing Advisory Committee has worked expeditiously alongside the hardworking staff at the Coordinating Board to provide the emergency rules that you will consider today.

As I conclude my testimony, I urge adoption of the emergency rules packet. While there may be certain aspects of these emergency rules that will need further adjustment during the regular rule making process that will follow in coming months, I can say with confidence that adoption of these rules today will ensure that we can begin the HB 8 implementation process with integrity and a genuine commitment to success.

Thank you for your service to our state, and I would be happy to answer any questions or wait until my colleague Ray Martinez finishes his testimony.



Texas Association of Community Colleges

THECB Special Called Board Meeting – August 22, 2023

Testimony for Ray Martinez III, J.D.

Good morning, Chairman Farias, Vice Chair Williams, and distinguished board members. My name is Ray Martinez, and I have the distinct honor of serving as President & CEO of the Texas Association of Community Colleges.

Over the past year, one of the more frequent questions I have received is, "*Why is now the time to revamp the funding model for our 50 community college districts?*" And the short answer is because we want to ensure greater student and career success and to preserve the continued vibrancy of our state's economy.

In a state as dynamic as Texas, where innovation and growth are not just aspirations but inherent traits, it's no surprise that we find ourselves leading the nation in job growth. Texas is currently the ninth-largest economy globally - with just over 15 million Texans in the civilian workforce. However, Texas has also seen unprecedented population growth - in fact, over the last 10 years, the Texas population has grown more than any other state in the nation.

To keep this economic momentum moving forward, we need to align our postsecondary credentials with our workforce needs - only then, will Texans be prepared to meet the challenges of tomorrow. That is why throughout the recently concluded 88th Texas Legislative Session, Texas' community colleges were unified in our support of House Bill 8.

A report earlier this year from the Federal Reserve Bank of Dallas shows that between now and 2035, Texas will create more than 4 million new jobs in industries such as Manufacturing, Information Technology, Transportation, Construction, and Healthcare. But many of these new jobs will be in the category of what the Dallas Fed calls "middle tier" skills - in other words, jobs that require more than a high school diploma but less than a four-year degree. This projection by the Dallas Fed presents both an opportunity and a challenge. While today we have a vibrant state economy, we must bridge the gap between the skills needed by our workforce, and the education and training that our citizens possess - and, according to data from the Coordinating Board, only 48 percent of working-age Texans currently hold certificates or degrees beyond a high school diploma.

Texas has an array of outstanding higher education institutions. And yet, we believe there is no sector better prepared to meet our state's workforce needs than our 50 community college districts. Texas has always embraced challenges head-on, and today we stand together to support a forward-looking solution - a solution that puts our community colleges in an even more vital role. Texas community colleges are uniquely poised to address the skills gap, enabling more Texans to earn the credentials necessary for high-demand, well-paying jobs. For example, according to the most recent data, 93 percent of all career and technical education degrees and certificates were awarded by community colleges; community colleges enroll approximately 94 percent of all dual credit students; and, perhaps most importantly, Texas ranks as the 6th most affordable in the country, in terms of average tuition and fees at public two-year colleges.



**Texas Association of
Community Colleges**

Clearly, transforming the funding model for community colleges was a critically important decision by the Texas Legislature. House Bill 8 reflects a commitment among all stakeholders to address the needs of both students and the workforce. It directly connects education with employment so that students learn not just for the sake of knowledge, but for the fulfillment of meaningful careers.

In a time when the value of higher education is being questioned, Texas stands as a pioneer by connecting community college funding to tangible, student-centered outcomes. By embracing data-driven solutions, we tackle enrollment challenges and ensure that the value of higher education remains unquestionable.

In conclusion, as Dr. Serrata outlined moments ago, Commissioner Keller and his team have been integral to the success of the Commission recommendations and to the passage of House Bill 8. To be more direct, House Bill 8 would not have passed without the hard work and sustained support of Commissioner Harrison Keller. His stewardship of this process has been profound and impactful - we are tremendously grateful for his efforts - and the entire agency staff - for the strong and enduring partnership that we now have between TACC and the Coordinating Board. For example, last week, TACC and Coordinating Board staff co-hosted a webinar via Zoom to answer questions about the new financial aid program for dual credit students - we had over 300 participants from community colleges, including 22 community college presidents and chancellors.

Finally, while we support passage of the proposed emergency rules under consideration today, as with any major piece of legislation, we know there will need to be further adjustments along the way. We look forward to the work ahead.

Thank you all for your dedication to this transformative change. I would be happy to answer any questions.

TEXAS 2036

**Written Comments of Renzo Soto, Policy Advisor at Texas 2036
Submitted regarding the adoption of emergency rules to implement HB 8 (88-R)**

To Chairman Farias, Vice Chair Williams, members of the Board, and Commissioner Keller,

Texas 2036 extends our gratitude for your leadership in helping secure transformative and historic community college finance reform in Texas. HB 8 is landmark legislation that establishes Texas as a national leader in higher education, and it is a great example of what can be accomplished when state leaders, policymakers, educators, administrators, employers, and other stakeholders all join together to tackle the same issues – improve the educational experiences of our students and better prepare them to succeed in the workforce.

We submit these public comments to provide data-driven recommendations as the Texas Higher Education Coordinating Board takes the first step in implementing this overhaul. The THECB's work to put HB 8 into action is no small task, and we hope that these recommendations are helpful as we offer them after comprehensive review of state data and countless hours of discussions with community college leaders, employers and business associations, and education and civic advocates.

The comments that follow focus on three topics: dual credit, credentials of value, and high-demand fields. In each topic, we provide commentary and data on pertinent issues explaining our recommendations before outlining and providing suggested language to enact them.

Thank you again for your efforts to date and for providing stakeholders with an opportunity to engage on these issues which will undoubtedly shape the future of our state.

1. Dual Credit

HB 3 (80-R) first established bonus funding based on students' outcomes that rewarded postsecondary credential attainment by high schoolers. Dual credit courses are an important tool used by Texas school districts to access this performance-based bonus funding stream. With HB 8 performance-based funding for both dual credit and credential of value completion, community college districts now have incentives to work with school districts in not only delivering dual credit courses – but also ensuring that Texas high school graduates can earn a credential of value alongside their diploma. This is why the dual credit reforms of HB 8 have some of the greatest potential to rapidly and efficiently increase our students' credential attainment levels. This will require a clear articulation of relevant dual credit offerings qualifying

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for the Dual Credit or Dual Enrollment Fundable Outcome as well as qualifying interactions between the different fundable outcomes in the performance-based formula.

The proposed rules for fundable outcomes incentivize community colleges to seek as many avenues for success for a single student as possible. It is entirely feasible for a college – and advantageous for the student's educational success – to receive multiple fundable outcomes for supporting a single student. For example, they can help a student complete a coherent sequence of dual credit courses and earn a credential of value while still in high school, provide further education to that same student so that they earn additional credits as a community college student and earn the next stackable credential (or credentials) in their associate degree program, before ultimately helping that student transfer to a university to pursue a bachelor's degree. This, however, describes the student's journey only from the finance formula perspective. In order to make this a reality, those who support students in their educational journey, such as counselors, teachers and faculty, and administrators, must all have clear information on the dual credit opportunities not only available to students but, more importantly, relevant to their career interests.

HB 8 states that the measurable dual credit outcome for performance tier funding is only for the completion of a sequence of credit hours "that apply toward academic or workforce program requirements at the postsecondary level". This essentially means that coherent sequences of dual credit hours must allow a student to fulfill the requirements to earn either an academic or workforce credential. Then, the information needed by educators and administrators to best achieve this should clearly list the dual credit courses that respectively fulfill the requirements of each credential available to the student and relevant to their interests. The THECB can ensure that this information can be compiled by adopting initial rules on an emergency basis that ties the dual credit outcome only to courses that meet academic or workforce program requirements. Then, in the longer term, the THECB should work with community colleges to monitor dual credit students' ability to apply their credits and earn a credential of value so that future adjustments can be identified and completed based on actual student experience.

Furthermore, the rules for the fundable outcomes should make clear that the completion of a credential of value is the most important outcome for a student to achieve because that is what will help them in the workforce. We are supportive of a community college's ability to earn multiple fundable outcomes if they successfully guide a student to complete both a coherent sequence of dual credit courses and a credential of value under this proposal. Likewise, we are supportive of a college's ability to earn multiple fundable outcomes if they successfully transfer a student who also earns their associate degree or another credential. **However, we recommend that the THECB clarify that a single set of coherent courses combining for only 15 semester credit hours in total should not simultaneously satisfy the semester**

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credit hour requirements of both the dual credit and transfer fundable outcomes. Allowing such an interaction between the two different fundable outcomes would decrease the impact of each outcome metric in adequately preparing students for an education at a four-year institution. Additionally, this would cause the two fundable outcome metrics to significantly overlap and obligate nearly twice the resources towards what is essentially a single outcome, ultimately reducing the state's ability to dedicate limited resources towards more effective strategies.

We propose this for two main reasons. First, neither outcome rewards a student's successful completion of a credential of value. While dual credit and transfer have been proven to help many students go on to complete a credential, there are a significant number of students who do not end up graduating. The 2021 Texas Public Higher Education Almanac reports that the four-year public institution statewide graduation rate for students transferring from a two-year college is 60.0%. It is likely that many of those students who did not graduate may not have earned any type of postsecondary credential while they were at the two-year college. As such, it is important that the rules maximize opportunities for students to earn a credential prior to transferring to a four-year institution.

Second, data from the THECB accountability database shows that transfer students with at least 30 semester credit hours earned at their two-year college are more likely to graduate than their peers who earn less than 30 semester credit hours. This has been consistent since 2014, the earliest year of data currently accessible in the database where 56.0% of students with at least 30 semester credit hours graduated as compared to only 48.1% of students who earned fewer than 30 semester credit hours. In 2021, this split was 61.5% to 56.2%, respectively. It is necessary to clarify that the 15 semester credit hours that must be fulfilled to earn the dual credit and transfer fundable outcomes cannot be met by the same set of completed courses. Such rules would create an incentive for community colleges to provide dual credit students with the option to earn at least another 15 semester credit hours at the community college after finishing high school. Together, the dual credit and the transfer fundable outcomes would lead more students to earn at least 30 semester credit hours prior to transferring and, therefore, increase their likelihood of earning a bachelor's degree.

Dual Credit Recommendations (*revisions are bolded and italicized*):

- a. Delete Sec. 13.472(12)(F) as the language allows any course being taken for college credit by a high school student who has not yet earned a high school diploma to count for the Dual Credit or Dual Enrollment Fundable Outcome, which is outside the scope of the dual credit outcome as it is described in HB 8.

b. Amend Sec. 13.472(25) to read as follows:

(25) Transfer Fundable Outcome--A student who enrolls in a general academic teaching institution, as defined in Texas Education Code, §61.003, after earning at least 15 semester credit hours, excluding semester credit hours earned from dual credit or dual enrollment, from a single public junior college district during the period including the fiscal year in which they enroll at the general academic teaching institution and the four fiscal years prior.

2. Credentials of Value

The adoption of Building a Talent Strong Texas and its goal to have at least 60% of working-age Texans have a credential of value by 2030 already placed our state at the forefront of national higher education reforms by prioritizing a return on investment for each student. HB 8 and its significant incentives for students' completion of credentials of value ensure that each community college is helping meet the state's higher education goals. It is therefore crucial that the HB 8 emergency rules regarding credentials of value provide sufficient guidance and resources to colleges that allow them to orient their operations around delivering education and training opportunities with proven value in the workforce.

The significant emphasis on financial incentives for credential of value completion in the proposed rules establishes a strong foundation for improving the state's postsecondary attainment numbers. Relative to the other fundable outcomes, credential of value completion accounts for 67.81% of total funding provided to community colleges in FY 2024 compared to 29.28% and 7.96% for transfer and dual credit completion, respectively. We recommend that the THECB maintain the prioritization of credential of value completion relative to other fundable outcomes in the performance-based formula. This will help ensure that colleges are helping students secure a valuable credential that can be used to access high-demand, high-wage jobs.

Additionally, of the 144,167 fundable credentials conferred in FY 2022, the majority, 59%, were associate degrees. Community colleges have several non-degree credential offerings that have proven workforce value, and many colleges have established programs where students can earn multiple stackable credentials that help enhance the value of the associated terminal degree. These stackable credential pathways should be accessible to every Texan as it maximizes their potential return on investment while also providing protections for students who pursue higher education intermittently or face circumstances that could cause them to stop out. In order to incentivize the establishment of these pathways, we recommend that the THECB maintain its proposal that there be stair-step financial incentives for different credential levels. Providing larger incentives for associate and bachelor's degrees compared to lower-level certificates and skills awards supports the creation of logical sequences of

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stackable credentials within programs. For example, a college can create a computer science associate degree program where the course sequence allows them to also earn a level 1 computer programming basics certificate and a level 2 computer programming intermediate certificate. The college would be able to earn a fundable outcome for each credential completed by the student, and, importantly, the lower financial incentive for the certificates helps ensure that the college ultimately supports the student in completing the higher-level computer science associate degree.

It is equally important that the rules on credentials of value provide guardrails against the development of credentials without sufficient workforce value. While the proposed rules include some provisions to that effect, we believe there are opportunities for improvement in the guardrails. Specifically, the proposed rules provide a definition for Institutional Credentials Leading to Licensure or Certification (ICLCs) that has contact hour thresholds aimed at guaranteeing the quality of these credentials. Based on the accompanying FY 2024 formula runs for HB 8 released by the THECB, there are two types of ICLCs currently rewarded by the new community college finance program – those that verify completion of a course or sequence of courses preparing a student for a relevant licensure or certification exam, and those that certify that a student has actually earned the relevant license or certification. While the former ICLC type is important in preparing students for exams, the latter is the actual credential of value since individuals need the license or certification to work in the field. We recommend that the THECB further clarify that only ICLCs where the student is certified to have passed their exam and earned the license or certification be rewarded as a Fundable Credential.

Additionally, in the longer term, it is important for the THECB to reward all credentials of value that materially help students get a good job. While the contact hour thresholds for the ICLCs are currently necessary, they could also disincentivize microcredentials that are gaining popularity among both workers and employers as they seek to reskill and upskill. It is possible for the THECB to leverage the Tri-Agency Workforce Initiative to obtain the data needed to transition away from the ICLC contact hour thresholds. Specifically, HB 3767 (87-R) requires the Texas Workforce Commission to work with employers to enhance the state's employment and earnings data and gain occupational information. Individualized occupational data will allow the THECB to conduct analyses measuring the ability of specific credentials to help Texans get a relevant job – for example, an electrician ICLC helping someone become employed as an electrician.

In regards to the proposed definition of "Credential of Value", the THECB should conduct the calculations so that the value of each credential offered by community colleges is clear. The current definition states that "[t]he calculation shall include the most current available data for each program or a comparable program." However, as discussed above, stackable credentials

allow colleges to embed multiple credentials within a single program. Using program-level data for credential of value determinations could risk conflating workforce value among different credentials. For instance, a computer science associate degree holder likely has access to a wider range of occupational opportunities than a level 1 computer program basic certificate holder. If a college embeds the level 1 basic certificate as a stackable credential leading up to the computer science associate degree, a value analysis of the degree program as a whole might confate the improved outcomes someone could get with the associate degree with the outcomes that can be realistically expected with only a level 1 basic certificate. To avoid such scenarios, we recommend that the THECB clarify that its definition for "Credential of Value" relies on data for each credential program so that the value of each individual credential is determined.

Credentials of Value Recommendations (*revisions are bolded and italicized*):

- a. Maintain the proposed Funded Value amounts in Sec. 13.474(b) for Fundable Credentials to prioritize credential of value completion over other fundable outcomes and to incentivize stackable credential pathways.
- b. Amend Sec. 13.472(16)(C) and add a new Sec. 13.472(16)(C-1) to read as follows:

~~(C) An Institutional Credential Leading to Licensure or Certification (ICLC) not included in subparagraph (B) and that the institution reported and certified to the Coordinating Board during fiscal year 2023, that meets the following criteria:~~

~~(i) The credential or Institutional Credentialing Leading to Licensure or Certification (ICLC) program:~~

~~(i) includes no fewer than 144 contact hours or nine (9) semester credit hours; or~~

~~(ii) is awarded in a high demand field, as defined by Board rule, and includes no fewer than 80 contact hours or five (5) semester credit hours; and~~

~~(ii) The student earned the licensure or certification, while or after being enrolled in one of the institution's Institutional Credentialing Leading to Licensure or Certification (ICLC) programs, as the result of the student's successful passage of a credentialing examination for a licensure or certification not later than twelve months after the student's enrollment in the affiliated ICLC program.~~

~~(C-1) Upon successful enhancement of the reporting of employment and earnings data by employers pursuant to Sec. 204.0025 of the Texas Labor Code, the Coordinating Board shall use occupational information to measure the linkages of an Institutional Credential Leading to Licensure or~~

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Certification with the attainment of relevant occupations. The Coordinating Board shall use the analysis to provide recommendations to the Board on the potential repeal of Sec. 13.472(16)(C)(i).

c. Amend Sec. 13.472(10) to read as follows:

(10) Credential of Value – A credential earned by a student that would be expected to provide a positive return on investment. A positive return on investment is met when a typical student completing the credential is expected to earn cumulative wages greater than the cumulative median earnings of an average Texas high school graduate, plus recouping the net cost of attendance within ten years after earning the credential. This calculation shall include the student's opportunity cost, calculated as the difference between median earnings for a typical Texas high school graduate and typical earnings for students while enrolled for four years for baccalaureate degree holders, two years for associate degree holders, and one year for holders of a Level 1 certificate, Level 2 certificate, or Advanced Technical Certificate. The Coordinating Board shall calculate the expected return on investment based on the data available to the agency for the funding year. The calculation shall include the most current available data for each credential program or a comparable credential program.

3. High-Demand Fields

Community colleges are a key partner in producing the skilled talent needed by Texas employers, particularly given that the majority of jobs in Texas are "middle skills" requiring individuals with more than a high school education but not necessarily a bachelor's degree. The proposed rules establish a good methodology for determining the state's high-demand fields that allows the THECB to account for both statewide and regional workforce needs and to periodically adjust the fields to match evolving economic conditions.

For the THECB's consideration, we believe that this methodology can be further improved once the Tri-Agency Workforce Initiative completes its calculation of self-sufficient wages as required by the Texas Government Code, Sec. 2308A.012. According to statute, the self-sufficient wage determination "must be based on a common standard that reflects the regionally adjusted minimum employment earnings necessary to meet a family's basic needs while also maintaining self-sufficiency." This means that a Texan earning a self-sufficient wage is able to afford their own basic needs, as well as their family's basic needs, without requiring public assistance. While the proposed methodology for determining high-demand fields considers

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Jobs at or above the statewide median wage, we recommend that the THECB transition to the self-sufficient wage once it becomes available.

There are a number of advantages that would result from the transition. First, it would satisfy the legislative charge in the Texas Government Code, Sec. 2308A.006(b)(2) requiring that the goals of the Tri-Agency "include goals for the attainment of employment in jobs that pay a self-sufficient wage for all career education and training programs in the state", which includes career technical or workforce education programs offered by an institution of higher education. Second, self-sufficient wage levels allow for more accurate accounts of regional workforce needs given that a self-sufficient wage is being calculated for each Texas county. Applying a regionalized wage filter will better recognize jobs that may be more competitive in meeting Texans' basic needs in one region compared to other regions. Lastly, in addition to concurrently meeting both statewide higher education and workforce development goals, transitioning to self-sufficient wage levels would provide a double cost-benefit to the state – a greater return-on-investment from economic contributions alongside decreased reliance on state public assistance programs.

High-Demand Fields Recommendations (*revisions are bolded and italicized*):

- a. Amending Sec. 13.472(17)(B)(iv) and adding a new Sec. 13.472(17)(C) to read as follows:

(B)(iv) Generating a list of CIP codes populated by each four-digit CIP code associated with an occupation on the statewide list per the crosswalk promulgated by the National Center for Education Statistics of the U.S. Department of Education, which as of the effective date of this rule is available at the following address: <https://nces.ed.gov/ipeds/cipcode/post3.aspx?y=66>;

or

(C) Appearing on the list of CIP codes resulting from the methodology outlined in Subparagraph B of this paragraph for a period of time subsequent to Fall 2021 to be determined by the Coordinating Board, except that the extraction of the top 25 occupations for each higher education region as ranked by their ten-year projected number of new openings must exclude those with an average wage less than the region's self-sufficient wage, as determined by the Coordinating Board contingent on the availability of calculations pursuant to Texas Government Code, Sec. 2308A.012, and those with a typical entry credential other than "Some college, no degree", "Postsecondary non-degree award", and "Associate degree", from the [texasmi.com](https://www.texasmi.com) website maintained by the Texas Workforce Commission.

We thank you again for the opportunity to provide feedback regarding the emergency rules for HB 8. We understand that this will be an iterative process requiring careful review of the implications of initial rules through data and partnerships with community colleges and other stakeholders. Texas 2036 applauds the work of the THECB thus far in guiding the discussions of the Texas Commission on Community College Finance, helping educate the Texas Legislature as HB 8 was moving through the legislative process, and being a steadfast leader serving students and community colleges in developing this strong foundation of rules to implement transformative community college finance reform. We look forward to continuing to serve as a collaborative partner in these efforts.

Sincerely,

Renzo Soto
Policy Advisor, Texas 2036

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