

# Community College Finance Rule-Making

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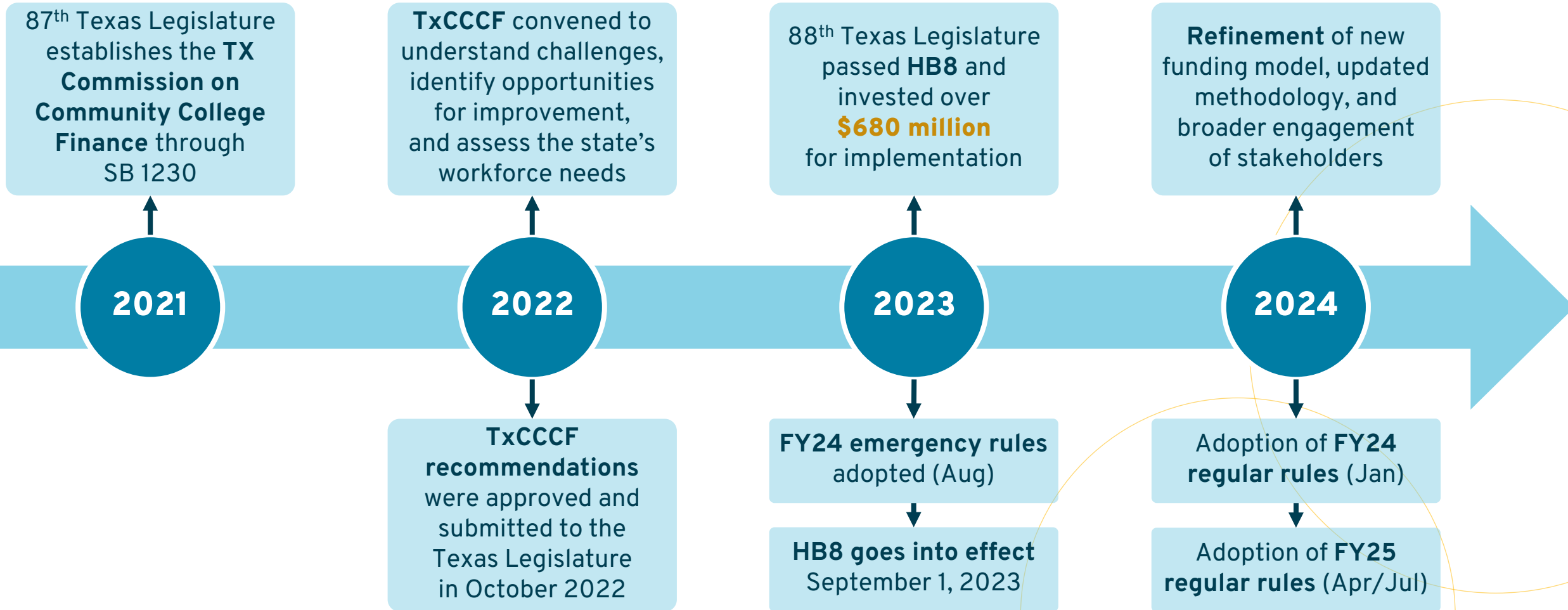
January 25, 2024

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# Context Setting

# Community College Finance: Key Milestones & Accomplishments



# 2024 Milestones: Summary of Rule-Making Schedule

## JANUARY 2024

Adoption of **FY24** regular rules:

- Base Tier and Performance Tier funding rules
- Financial Aid for Swift Transfer (FAST) rules
- Credential of Value definition and methodology
- Fundable outcomes, weights, and rates
- Creation of Standing Advisory Committee

## APRIL 2024

Adoption of **FY25** regular rules:

- Credential of Value baseline and premium tiers
- Clarifications of dual credit and transfer fundable outcomes
- Addition of 3rd party credentials to fundable outcomes
- Methodology refinements for adult learners, base tier tuition and fees, and high-demand fields

## JULY 2024

Adoption of **FY25** regular rules:

- Weights and rates for fundable outcomes
- Dynamic payments process
- Methodology refinements for forecasting
- Base tier funding at 5% of performance tier

# Community College Engagement: Collaborative Process to Develop Rules



## **STANDING ADVISORY COMMITTEE**

Comprised of 12 institutional leaders from across the state to provide recommendations regarding formulas and administration of HB8



## **TEXAS ASSOCIATION OF COMMUNITY COLLEGES**

Ongoing collaboration with TACC leadership and staff to engage community college leaders in rule-making and HB8 implementation

# Major Changes from FY24 to FY25

# Refining the New Funding Model: Areas of Focus for FY25 Rules

Based on extensive analysis and refinement, FY25 rules will include significant changes compared to FY24 rules in four major areas:

**CREDENTIALS  
OF VALUE**



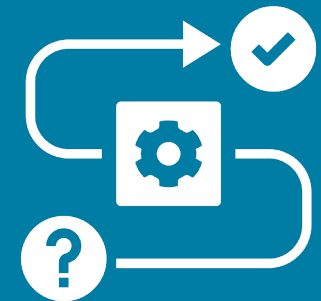
**FUNDABLE  
CREDENTIALS**



**HIGH-DEMAND  
FIELDS**



**METHODOLOGY +  
PROCESS CHANGES**

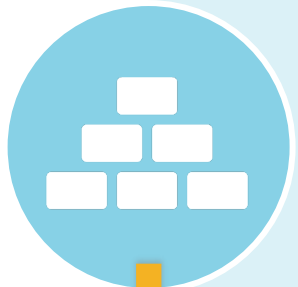






# Credentials of Value: Achieving Positive Return on Investment

Credentials of value provide a positive return on investments (ROI) to students. Starting FY25, community colleges will be eligible for performance funding for 2 tiers of Credentials of Value:



## CREDENTIALS OF VALUE BASELINE

Institutions are funded for **all conferred credentials** when a **typical graduate** earns cumulative wages greater than median earnings of a typical high school graduate and recoups the net cost of attendance within **10 years** of earning the credential



## CREDENTIALS OF VALUE PREMIUM

Institutions receive premium funding for each student earning a **credential of value** who is projected to **achieve a positive ROI at or before a target year** when most students in comparable programs are projected to reach positive ROI

# Fundable Credentials: Adding New Credentials



NEW IN FY25



## Degrees, Certificates, and Awards

- Associate degree
- Baccalaureate degree
- Level 1 or 2 Certificate
- Advanced Technical Certificate
- Continuing Education Certificate
- Occupational Skills Awards



## Credentials Leading to Licensure or Certification

Completion of a credential (not just coursework) leading to licensure or certification meeting a threshold of contact or semester credit hours  
*(fewer hours required for credentials in high-demand fields)*



## Texas Opportunity High School Diploma

Competency-based diploma program earned through concurrent enrollment in a career and technical education program



## Third-Party Credentials

Credentials listed in the American Council on Education's National Guide and meet contact hours, conferral, transcript, and other program content requirements



# High-Demand Fields: Meeting Texas' Workforce Needs

A list of high-demand fields will be developed with input from colleges, Texas Workforce Commission (TWC), the Governor's Office, and other stakeholders and evaluated every 2 years across the following categories:

10

## STATEWIDE HIGH-DEMAND FIELDS

Based on top-10 growing occupational groups for which colleges train students according to 10-year demand projections from Texas Workforce Commission (TWC) and Bureau of Labor Statistics (BLS) data



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## REGIONAL HIGH-DEMAND FIELDS

Based on top-5 growing occupational groups in each colleges' region that are not on the statewide list, where regions align with the Texas Comptroller's economic regions



## ESSENTIAL AND EMERGING FIELDS

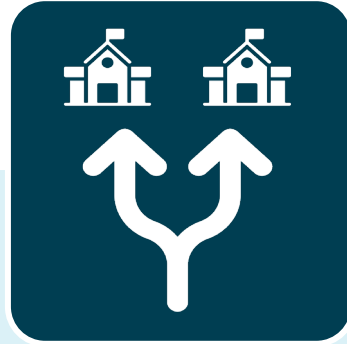
Colleges and state leaders recommend additional fields to ensure colleges meet rapidly evolving economic needs and labor shortages in critical occupations (subject to approval by the Governor's Office and LBB)

# Methodology + Process: Aligning Incentives to Desired Outcomes



## Adult Learners

Defining adult learners as those who are 25+ years old for a period (specific to program type) *prior to* earning a credential



## Dual Credit

Removing double counting of standard credit hours that previously contributed to both dual credit and transfer outcomes



## Transfer

Ensuring that only one college is credited for each transfer and that a college can earn transfer outcome only once per student



## Outcomes Forecast

Calculating payments based on forecasted outcomes to better fund performance changes and create a process to adjust payments accordingly



## Data Sources

Changing data source for average tuition and fees from IPEDS to THECB data for increased transparency and accuracy

# Looking Ahead

# The Road Ahead: HB8 Rule-Making

The Coordinating Board will continue to develop and refine rules over the next several months through additional analyses and input gathering from the public and other stakeholders before the April and July board meetings

## 1 APRIL 25, 2024

- Credential of Value baseline and premium tiers
- Clarifications of dual credit and transfer fundable outcomes
- Addition of 3<sup>rd</sup> party credentials to fundable outcomes
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## 2 JULY 25, 2024

- Weights and rates for fundable outcomes
- Dynamic payments process
- Methodology refinements for forecasting
- Base tier funding at 5% of performance tier



**Texas Higher  
Education  
COORDINATING BOARD**