

KEY TAKEAWAYS

- The rates of Texas students successfully completing a postsecondary credential are not sufficient to meet Texas employers' needs for skilled talent.
- The Texas Commission on Community College Finance proposed transformative reforms for the state's community college finance system to better organize colleges around helping support the state's workforce.
- HB 8 will enact the Commission's recommendations and infuse \$650 million into Texas community colleges primarily based on improvements in student outcomes and better alignment of college programs with state and regional workforce needs.

Background

House Bill 8 by Rep. VanDeaver seeks to enact the Texas Commission on Community College Finance's recommendations to better position Texas community colleges in supporting the state's workforce. By 2036, it's projected that over 70% of jobs in Texas will require a postsecondary degree or credential. But Texas students have historically fallen short of this benchmark. For the more recent cohort of Texas students, just 22% earned a postsecondary degree or credential within six years of high school completion, with deep disparities for economically disadvantaged and minority students. At a time when earning a postsecondary credential has never been more important to future participation in the Texas economy, enrollment in our community colleges has been declining. HB 8 seeks to better align programmatic offerings at community colleges to workforce needs, ensuring that students who enroll in Texas community colleges have the best chances for career success upon completion.

Texas Credential Attainment by Demographic

Source: Texas 8th Grade Cohorts, 2012 Cohort.



White Students



Black Students



Hispanic Students



Non-Economically Disadvantaged Students



Economically Disadvantaged Students

With only 0.2% of annual community college operating revenues coming from state funds aligned with workforce needs, Texas has an opportunity to transform its community college finance system. HB 8 will provide community colleges with sustainable and dynamic state funding awarded based on improvements in key student outcomes necessary to maximize Texans' competitiveness in the state's labor market.

Texas voters support improved alignment of community college funding and programs toward workforce needs:

- 87% of voters want community colleges to focus on programs that match the needs of their local workforce.
- 81% of voters favor providing financial incentives to community colleges to focus on courses in career fields where students can earn a self-sustaining wage.
- 79% of voters favor using \$650 million to invest in community college students' outcomes linked to good jobs.

Proposed Action

HB 8 transformatively reforms the state's community college finance system by:

- establishing new funding formulas that primarily awards increases in the number of students earning a credential of value, successfully transferring, or earning a coherent sequence of dual credit hours.
- addressing the needs of community college districts with low property tax valuations and enrollment with a base tier of funding.
- ensuring equitable achievement of outcomes through bonuses for disadvantaged students.

Public Policy Impact

HB 8 would resolve the underlying structural flaws of our current community college finance system while expanding access to educational opportunities. Specifically, the new finance system would provide predictable and sustained funding to colleges based on improvements in students' outcomes. This will allow colleges to focus on programs that meet state and regional workforce needs and allow Texans equal opportunities to participate in our state's prosperity through meaningful careers with family-sustaining wages.