



March 17, 2023

To: House Higher Education Committee

Re: Written Testimony Submitted **FOR House Bill 8**

Honorable Chair Kuempel and Members of the House Higher Education Committee,

The Commit Partnership and the X organizations undersigned thank you for the opportunity to submit public comment for House Bill 8 (HB 8) by Representative VanDeaver. We are highly supportive of this legislation as it aligns with major components of the Texas Commission on Community College Finance's (TCCCF) [final recommendations](#). HB 8 proposes bold and transformative changes to community college finance reform that will address our workforce challenges and strengthen the Texas economy. **We strongly urge the House Higher Education Committee to vote HB 8 out of committee.**

I. TEXAS' WORKFORCE CHALLENGE

The success of our state is closely linked not only to the capacity of our education and workforce systems to meet the labor needs of Texas businesses, but also to our ability to empower Texans to obtain the knowledge and skills they need to attain meaningful, gainful employment. With Texas' economy booming, corporate relocations to Texas at an all-time high, and unemployment historically low, community college finance reform offers a significant opportunity to address the following major challenges facing Texas employers:

- Less than 1 in 4 Texas students are achieving a postsecondary credential six years beyond their scheduled high school graduation; if they are economically disadvantaged, that ratio declines to 1 in 8. Economically disadvantaged students represent 60% of all Texas K-12 students.¹
- By 2030, 62% of all Texas jobs will require a postsecondary credential,² and currently only 48% of Texans have earned a postsecondary credential of any kind.³
- 54% of jobs in Texas are considered middle-skill — meaning that they require a postsecondary credential beyond high school but less than a bachelor's degree — but only 45% of Texans are sufficiently trained for these types of jobs — which leaves us with a 9-percentage point “middle skills gap” estimated at 1.4 million Texans.⁴

II. COMMUNITY COLLEGES ARE KEY TO ADDRESSING THESE CHALLENGES

Despite both the urgency and the opportunity represented by the challenges we face, it is also clear that **Texas' community colleges are integral to solving our state's workforce challenges, however, they are not appropriately resourced currently.** By providing efficient and affordable pathways to numerous self-sustaining wage credentials, our public junior colleges are uniquely positioned to meet the demand for re-skilling and up-skilling Texas students. However, over the past 40 years, state funding of community colleges has declined from 68% to 26% of institutional revenue, with the balance paid for by higher tuition and property taxes. Furthermore, with 50 separate locally-governed community college districts, substantial variations in underlying property valuations result in significant differences in student tuition rates and the

¹ Higher Education Completion Dashboard

<https://public.tableau.com/app/profile/the.commit.partnership/viz/HigherEducationCompletionDashboard/Dashboard1>

² Carnevale, et al., 2015

³ Lumina Foundation, 2022a

⁴ Texas State of Higher Education Address, 2021 <https://reportcenter.highered.texas.gov/correspondence/commissioner-correspondence/state-of-texas-higher-education/>



ability for colleges to offer sufficient workforce training. This lack of resources puts students at these colleges at a disadvantage in the state workforce, while also negatively impacting local communities' abilities to grow their regional economies.

To overcome these challenges and meet the goals established in [Building a Talent Strong Texas](#), Texas must create a community college finance system that:

- is highly aligned with, and incentivized to serve rapidly changing regional and state workforce needs
- creates opportunity for quality workforce training and postsecondary opportunities for *all* Texans, regardless of their zip code
- invests strategic and meaningful new funding in data-driven strategies that will provide a return on investment for taxpayers by creating a skilled workforce to meet employers' needs and self-sustaining jobs for more Texans

III. HOUSE BILL 8 IS THE SOLUTION

HB 8 reflects the TCCCF recommendations for bold and transformative finance reform that will improve the trajectory of our workforce, strengthen our economy, and ensure more Texans have the ability to support themselves and their families. We strongly support HB 8 for the following reasons:

1. Outcomes Performance Funding Structured to Incentivize Workforce Alignment and Student Success. HB 8 creates a new funding model with a **majority of state funding based on outcomes performance tied to regional and state workforce needs** that will establish Texas as a national leader in utilizing community colleges to adapt to rapidly changing workforce demands. We strongly support the shift from an inputs-based allocation model to a dynamic, outcomes-based formula directly tied to student completions of credentials of value, transfers, and dual credit courses that allows colleges to increase their funding level by improving performance. As the value of higher education becomes more strictly defined by its return on investment, our education system must assist more Texans in attaining credentials of value that are tied to in-demand jobs with strong earning potential. Additional incentives for completions and transfers for economically and academically disadvantaged students and adult learners 25 years or older will ensure additional supports and services are provided to increase completion rates for these students. The outcomes based funding reforms provided by HB 8's Performance Tier will incentivize student success and drive improved results that align with state workforce needs.
1. Guaranteed Instruction and Operations Funding So All Regions Can Thrive. The Base Tier included in HB 8 provides state funding support for colleges with a low taxable valuation base that will ensure that all community colleges, regardless of property-tax valuation, have the adequate funding to properly serve their students. HB 8 also directs the coordinating board by rule to establish an equitable adjustment to the basic allotment for each college district with a total enrollment of fewer than 5,000 FTE students. We applaud the bill's support of smaller colleges in hopes that all regions have the opportunity to share in Texas' economic prosperity. By providing targeted state funding to ensure that all colleges have the **foundational funding for instruction and operations**, all students can have a pathway to a self-sustaining wage and participate in growing their regional economies.
2. Increased Access to Dual Credit. HB 8 creates a **dual credit scholarship** for academically disadvantaged students based on FRPL that will provide more access to students who have historically been less likely to participate in dual credit and subsequent completion of postsecondary



credentials. With this scholarship, Texas would be making a strong commitment to increase economic mobility for families by increasing affordable postsecondary options as early as high school.

3. Facilitating Collaboration, Cost Sharing and Operational Efficiency. Today, the community college sector is a highly diverse, disparate network of 50 institutions with no effective state-level method of ensuring they respond in a concerted manner to state priorities. HB 8 allows for THECB to establish an **institutional collaboration center** within the board and HB 1 allocates additional funding for the board to support shared services and inter-institutional partnerships. This will empower THECB to support colleges in improving operational efficiency, finding opportunities for cost sharing and collaboration, and expanding programmatic offerings for their students, thereby creating a more efficient network of community colleges to collectively meet state workforce goals.

If passed, HB 8 will expand access to educational opportunities at Texas community colleges, specifically through credentials of value which are more necessary than ever to obtain gainful employment and earn a self-sustaining wage. The emphasis on outcomes performance in the new funding model helps ensure a strong future return on investment that will reap great rewards for our businesses and students. HB 8 will:

- Ensure community colleges prioritize programs that meet their local workforce needs so that Texas businesses will have access to a regionally aligned, skilled workforce
- Ensure that every Texan has an equal opportunity to participate in our state's prosperity via expanded access to an affordable, high-quality education
- Ensure that state funds are spent most efficiently and effectively
- Resolve the underlying structural flaws of our current community college finance system

We look forward to continued discussions at the Legislature to ensure the entirety of the Texas Commission on Community College Finance's goals are met and **strongly urge the House Higher Education Committee to vote HB 8 out of committee.**

Sincerely,

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Supporting Organizations:



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at COMMUNITIES FOUNDATION of TEXAS

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