

## THE TEXAS 2036 DIFFERENCE

Rethinking Community Colleges and the Workforce of the Future



### HISTORY / INTRODUCTION

By 2036, more than 70% of jobs in Texas will require a postsecondary credential. But today, **only around 1 in 3 Texas high schoolers obtain such a credential** within six years of graduation.

With a broad mission to provide both academic programs and skills training, community colleges are uniquely suited to **prepare Texans for success in the workforce.**

The state's finance system for community colleges, however, did not adequately incent students' ultimate success in the workforce, focusing instead on seat time in classrooms. Amidst declining enrollment and historic workforce shortages from the pandemic, it became clear a solution was needed.



That solution came in the form of **House Bill 8** in the 88<sup>th</sup> legislative session, which overhauls the state's financing system for Texas community colleges by primarily rewarding funds based on students' progress in measurable outcomes and closer alignment of programs with workforce needs.

This transformative reform stemmed from in-depth review of the state's finance system and the needs of community colleges done by the **Texas Commission on Community College Finance** (TXCCCF) beginning in Fall 2021. However, multiple separate initiatives by state leaders, higher education institutions, and other stakeholders aimed at maximizing the value of higher education and addressing workforce needs were already underway prior to the Commission's work.

Texas 2036 created a foundational framework, paired with persistent engagement, to help align and organize all these efforts for success – culminating in a straightforward path to realize the benefits of each initiative through community college finance reform.

# KEY ADVOCACY INTERVENTIONS

## 2020

- Together with business and education leaders, Texas 2036 launches Aim Hire Texas, a statewide workforce coalition to build a skilled Texas workforce through innovative, collaborative, and data-driven education and workforce training policies.

## 2021

- Texas 2036 and Aim Hire Texas support the passage of HB 3767 (87R), the Texas Education and Workforce Alignment Act, to uniformly organize the state's education and workforce systems around shared goals, strategies, and data infrastructures.

## 2022

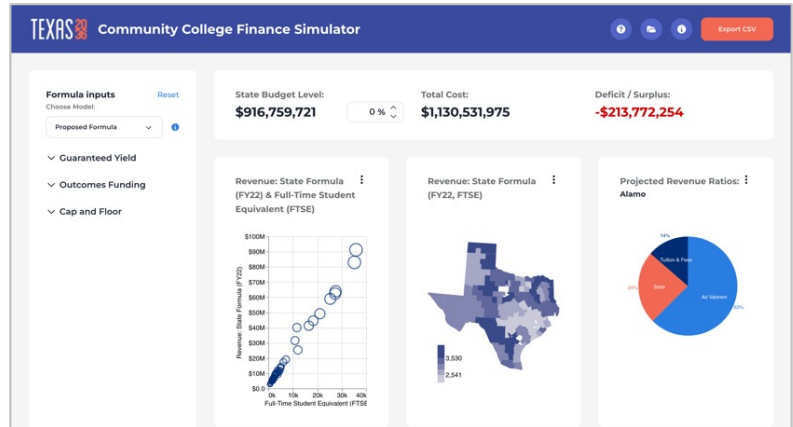
- Texas 2036 convenes an expert panel of state agency staff, community college leaders, and education advocates to inform the development of the Community College Finance Simulator (CCFS).
- Texas 2036 highlights high-value postsecondary credentials, state agency collaboration via HB 3767, and TXCCCF opportunities to meet state goals in public comments for the state's new higher education strategic plan.
- Texas 2036 releases the first version of the CCFS and testifies before the TXCCCF.
- THECB adopts new higher education strategic plan, Building a Talent Strong Texas (BTST), focusing on credentials with data-backed workforce value.
- Texas 2036 submit public comments supporting the state workforce goals proposed by TEA/THECB/TWC (Tri-Agency) incorporating BTST credential focus and interagency data infrastructure improvements.
- Texas 2036 and coalition partners release recommendations for the TXCCCF, including highlights on alignment with BTST through outcomes-based funding.
- Texas 2036 updates the CCFS to model new outcomes-based formulas that expand credential opportunities and reward equitable credential completion
- TXCCCF submits report to the Legislature recommending an outcomes-based community college finance system linked to the goals of BTST.
- Texas 2036, together with the Commit Partnership and coalition partners, launch the Aim Hire Texas Policy Coalition to support TXCCCF recommendations.

## 2023

- Texas 2036 releases final CCFS updates modeling TXCCCF recommendations.
- Texas 2036 engage legislative leaders and offices, providing community college finance 101s and sharing support from Texas employers and education advocates.
- Texas 2036 and Aim Hire Texas Policy Coalition partners testify in support of HB 8 and its Senate companion, SB 2539.

# THE TEXAS 2036 DIFFERENCE

The Texas 2036 approach to community college finance reform was centered on data. Our key project was the development of a **Community College Finance Simulator** that compiled financial and higher education data to accurately model the existing finance system and various formula changes that could improve student outcomes.



This allowed Texas 2036 to simultaneously support the Texas Commission on Community College Finance while educating state leaders and key stakeholders on possible system reforms and their respective impacts.

Texas 2036 strategically engaged key stakeholders in the development of its simulator. TXCCCF members, community college leaders, education finance experts, and the THECB all weighed in and provided recommendations on the finance system models in the simulator. This process ensured that the simulator complemented the TXCCCF's efforts.

Texas 2036 also ensured that each iteration of the simulator was released publicly so that legislators, the media, and community leaders could all learn about and test the reforms considered by the TXCCCF. As a result, the comprehensive reforms recommended by the TXCCCF were familiar at the beginning of the 88<sup>th</sup> Legislative Session.

**Aim Hire Texas (AHT) is a statewide coalition co-chaired by Texas 2036 and the Commit Partnership.** The now-80-member coalition seeks alignment between the state's education and workforce systems and the demands of Texas employers to expand opportunities for Texans and grow a strong talent base for continued growth of the Texas economy.



In 2022, the Policy Coalition arm of AHT was launched. The goal was to further support partners in their advocacy for transformative community college finance reform to address workforce shortages, improve Texans' ability to earn a family-sustaining wage, and grow the state's economy. Through the AHT Policy Coalition, Texas 2036 was able to mobilize business and education leaders from communities throughout the state with a uniform message of support. With the passage of HB 8, the Policy Coalition is now engaged in the implementation process, providing public comments and working closely with state and community college leaders.



## 2023 COMMUNITY COLLEGE FINANCE BILL House Bill 8

**HB 8 transforms the state's community college finance system by rewarding improvements in measurable student outcomes that are aligned with Texas employers' workforce needs and the goals of the state's higher education strategic plan**

Key provisions include:

- **Emphasis** on rewarding the majority of state funds based on improvements in the defined student outcomes of dual credit completion, successful transfer to a four-year university, and credential of value attainment.
- **Meaningful incentives** for better alignment of courses and student outcomes with statewide and regional workforce needs.
- **New funding** supporting community colleges' success in helping disadvantaged student populations meet desired outcomes.
- \$691 million total investment to implement the new finance system, provide financial aid to economically disadvantaged students, and increased community college capacity to offer workforce-aligned courses.

### Results

- ✓ Unanimous support from education and workforce advocates, higher education institutions, and Texas lawmakers;
- ✓ Finally passed the Senate 31-0;
- ✓ Finally passed the House 142-0;
- ✓ **Signed into law** by the Governor.