

# Texas Community College Finance Reform Incentivizes Student Outcomes

## House Bill 8 (88R) Transformed Community College Finance Through Outcomes-Based Funding

By 2031, **63 percent of jobs in Texas will require some postsecondary training** beyond high school. Texas' 50 community college systems provide training, support, and valuable credentials to nearly 700,000 students, preparing them to succeed in the evolving job market.



### Performance Tier Funding

The dynamic, outcomes-based funding model established through House Bill 8 (HB 8) recognizes community colleges' contributions to state and regional economies, especially through the associate degrees, certificates, and other credentials they award. The model distributes the majority of state funding based on the following outcomes aligned with regional and state workforce needs:

- **Credentials of value** awarded by the college, with an emphasis on credentials in high-demand fields
- Number of students who earn at least 15 credit hours and **transfer to (or are co-enrolled in) a Texas four-year public university**
- Number of high school students who earn at least **15 credit hours through dual credit programs**

The outcomes-based formula also provides strong incentives to support the completion of student populations that have historically completed postsecondary credentials at significantly lower rates, including students who are **economically disadvantaged** (Pell recipients), **educationally disadvantaged** (not TSI ready), and **adult learners** (25 years or older).



### Financial Aid for Swift Transfer (FAST) Program

The FAST program provides access to **free dual credit courses for economically disadvantaged students**, allowing them to obtain college credit while in high school. In 2019 and 2020, only 76,800 low-income high school students participated in dual credit. In its first two years, FAST has provided access to dual credit to 260,000 students with financial need, helping them earn 1.46M credit hours at no cost to the students.



### Base Tier Funding

To ensure each community college has access to a **defined level of funding for instruction and operation costs**, base tier funding is allocated if the estimated costs of instruction and operations outweigh the estimated local share of tuition/fees and property tax revenues. In FY25, 22 community college districts are receiving base tier funding.

## Build On The Momentum Of HB 8 (88R) This Legislative Session

The Texas Legislature has the opportunity to invest in our workforce by **ensuring state appropriations for community college outcomes are fully funded for FY25 and the FY26-27 biennium**.

To adequately incentivize student success, the state's performance tier funding should also be amended to **include students who successfully transfer to a private or independent institution of higher education** in Texas in addition to public institutions.

# Bright Spots: Community Colleges Innovate to Meet Our State's Workforce Needs

Spurred by the outcomes-based funding approach, community colleges across the state have made strategic and innovative changes to better support their students for the Texas workforce.



**92%** of Texas voters support **increasing investment** in community colleges as **student outcomes grow**.

## Infrastructure Support

With an additional \$7.1 million in funding thanks to HB 8, **El Paso Community College** has launched new programs in data analytics, information technology, and healthcare to address high-demand workforce needs. Campus leaders expect these strategic investments to enhance student success and outcomes.

## Workforce Alignment

Setting an ambitious goal to nearly double the number of students in its workforce programs from 8,000 to 15,000 over the next five years, **Alamo Colleges** expanded commitment to workforce training through the development of over 30 new high-wage, high-demand programs and 59 new certificate and skills awards.

## Expanding Dual Credit

In the 2023-2024 school year, **Del Mar College** served nearly 3,000 students each semester through the FAST program. As a result of additional funding from FAST, Del Mar made dual credit programs free for all students.

## Industry Partnerships

Dynamic state funding is crucial for community colleges to keep pace with evolving workforce needs. HB 8 provided **Grayson College** with an additional \$1 million in annual funding, allowing the college to invest a portion of that on equipment to train semiconductor technicians for local semiconductor fabrication facilities.

## Transfer Success

With funding incentives provided through HB 8, North Texas institutions formed the Dallas Transfer Collaborative, a partnership between **Dallas College**, Texas A&M University-Commerce, Texas Woman's University, and University of North Texas at Dallas. The collaborative aims to improve transfer student outcomes by simplifying transfer pathways with associate degrees that connect to multiple bachelor's degree programs.



## Supporting Organizations



Sources: Commit Statewide Poll, Nov. 2024

