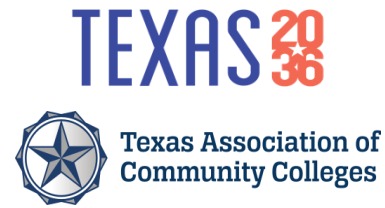


Building on HB 8 to Enhance Community College Funding and Workforce Readiness

Summary of Committee Substitute of SB 1786



The provisions build on the outcomes-based funding model established by House Bill 8 (88R) to ensure community colleges have the resources to prepare students for high-demand careers.

KEY PROVISIONS OF C.S.S.B. 1786:

1. Expanding Transfer Outcomes to All Texas Institutions

Currently, community colleges receive state funding when students complete 15 semester credit hours (SCH) and transfer to a public four-year university in Texas—but not if they transfer to a private or independent institution. CSSB 1786 fixes this by:

- **Expanding funding eligibility** – Community colleges will receive an outcome for students who transfer to an independent college or university in Texas, preventing community colleges from being penalized when students choose private institutions.

2. Strengthening Workforce Data Collection and Regional Labor Market Insights

To help community colleges better align programs with workforce needs, proposed language introduces major improvements in data collection:

- **Enhanced Workforce Data from the Texas Workforce Commission (TWC)** – The Texas Workforce Commission will collect more detailed employment data through unemployment insurance reports. This ensures that employment outcomes are accurately linked to local labor markets, allowing for better and more actionable workforce data.
- **Regional Workforce Analysis by the Tri-Agencies** – The TWC, with support from the Texas Higher Education Coordinating Board (THECB) and the Texas Education Agency, will conduct and publish regional workforce assessments to help community colleges and school districts align their programs with local labor market demands.

3. Refining the Credentials of Value (COV) Framework

The proposed language codifies Texas' existing approach to defining and measuring Credentials of Value – programs that lead to good-paying, high-demand jobs – while also refining the criteria as follows:

- **More Tailored Return on Investment (ROI) Time Frames:** Instead of a one-size-fits-all 10-year ROI requirement for all credentials, program evaluations will be adjusted via rulemaking to incorporate shorter timelines based on the time it takes to earn a specific credential and student cost (including opportunity cost).
- **Establish An Earnings Threshold for COV Designation:** To qualify as a Credential of Value, graduates must earn enough to cover their cost of attendance within a reasonable timeframe and meet an earnings threshold. The THECB will set the threshold based on a minimum income threshold set by rule relative to the state's individual self-sustaining wage standard (approximately \$30,000 per year).
- **Flexible Designation for Certain Economically-Necessary Workforce Credentials:** Critical workforce credentials in health care and education fields will be statutorily designated to allow THECB to classify them as Credentials of Value—even if they fall below standard earnings thresholds.
- **Transitional Language for Short-Term Credentials:** While Associate's degrees will immediately fall under the updated COV methodology, all other credentials will fall under a comparable methodology beginning September 1, 2027. This timeline is necessary to ensure data collection and quality for the ROI analysis.