

**Commissioner's Charge to the
Community and Technical Colleges
Formula Advisory Committee (CTCFAC)
for the 2018-2019 Biennial
Appropriations**

August 2015

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Agenda

Joint Meeting of the Community and Technical Colleges Formula Advisory Committee; Health-Related Institutions Formula Advisory Committee; and General Academic Institutions Formula Advisory Committee

Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Wednesday, August 12, 2015
1:00 p.m.

Agenda for Joint Committee Meeting

- I. Call to order and welcome – Commissioner Raymund Paredes
- II. Presentation of charges to the committees – Commissioner Raymund Paredes
- III. Relocate to separate meeting rooms for each formula advisory committee meeting
 - a. Community & Technical Colleges Formula Advisory Committee –
(Lone Star Room)
 - b. Health-Related Institutions Formula Advisory Committee – (Tejas Room)
 - c. General Academic Institutions Formula Advisory Committee – (Board Room)

Agenda for Community and Technical Colleges Formula Advisory Committee

- I. Introductions – Dr. Erma Johnson Hadley, Convening Chair
- II. Consideration of the election of a Chair and Vice Chair
- III. Briefing on community and technical colleges funding formulas
- IV. Discussion of Commissioner's charges to the Committee
- V. Discussion of dates and assignments for subsequent meetings
- VI. Adjourn

Agenda for Health-Related Institutions Formula Advisory Committee

- I. Introductions – Ms. Andrea Marks, Convening Chair
- II. Consideration of the election of a Chair, Vice Chair and Secretary
- III. Briefing on health-related institutions funding formulas
- IV. Discussion of Commissioner’s charges to the Committee
- V. Discussion of dates and assignments for subsequent meetings
- VI. Adjourn

Agenda for General Academic Institutions Formula Advisory Committee

- I. Introductions – Dr. Dana G. Hoyt, Convening Chair
- II. Consideration of the election of a Chair and Vice Chair
- III. Briefing on general academic institutions funding formulas
- IV. Discussion of Commissioner’s charges to the Committee
- V. Discussion of dates and assignments for subsequent meetings
- VI. Adjourn

Commissioner’s Charges

The Community and Technical College Formula Advisory Committee (CTCFAC), conducted in an open and public forum, is charged with proposing a set of formulas that provide the appropriate funding levels and financial incentives necessary to best achieve the goals of *60x30TX*. A preliminary written report of its activities and recommendations is due to the Commissioner by December 3, 2015, and a final written report by February 3, 2016. The CTCFAC’s specific charges are to:

1. Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b)).

TEC, Section 61.059 (b)

“The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making

appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.”

2. Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System’s returned value funding formula (General Appropriations Act, HB 1, 84th Texas Legislature, Rider 11 (page III-217).

“The Texas State Technical College System shall continue to work with the Texas Higher Education Coordinating Board, the Legislative Budget Board and other relevant agencies to refine the new Returned Value Funding Formula for the TSTCs. It is the intent of the Legislature that recommended adjustments to the formula shall be ready for implementation in the 2018-19 biennium and shall further the goal of rewarding job placement and graduate earnings projections, not time in training or contact hours.”

3. Study and make recommendations on the treatment of competency-based courses in formula allocations.
4. Study and make recommendations on changes to the funding model that will enable institutions to meet the goals of *60x30TX*.

Community and Technical College Formula Advisory Committee for 2018-2019 Biennium

| Full Name | College | Accountability Group | Term Ends |
|------------------------|--------------------------------------|------------------------|-----------|
| Erma Johnson Hadley | Tarrant County College District | Very Large Institution | 2016 |
| Snyder, Diane | Alamo Colleges | Very Large Institution | 2016 |
| Mr. David Lydic | Austin Community College District | Very Large Institution | 2020 |
| Kelli D. Shomaker, CPA | Blinn College | Large Institution | 2018 |
| Ms Mary Wickland | Lamar State College - Port Arthur | | 2020 |
| Dr. Mark Escamilla | Del Mar College | Large Institution | 2016 |
| Mr. Michael Reeser | Texas State Technical College System | | 2020 |
| Eleazar Gonzalez | Laredo Community College | Large Institution | 2016 |
| Dr. Pamela Anglin | Paris Junior College | Medium Institution | 2020 |
| Dr. Bradley W. Johnson | Northeast Texas Community College | Small Institution | 2018 |
| Dr. Jeremy McMillen | Grayson Community College | Medium Institution | 2020 |
| Dr. Phil Rhodes | McLennan Community College | Medium Institution | 2020 |
| Dusty Johnston | Vernon College | Small Institution | 2016 |

Charge 1 – Study and make recommendation for the appropriate funding levels for the contact hour, core, and the student success funding.

TEC, Section 61.059 (b) The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

Community Technical College Formula Funding – Current and Previous Biennium

| Total Formula Funding By Institution | | | | |
|---|------------------------------------|------------------------------------|-----------------------|-----------------------|
| Institution | FY 2014-2015 Appropriations | FY 2016-2017 Appropriations | Difference | Percent Change |
| Community Colleges | \$1,767,864,891 | \$1,743,826,637 | (\$24,038,254) | -1% |
| Lamar Colleges | \$38,041,694 | \$33,830,514 | (\$4,211,180) | -12% |
| TSTC'S | \$102,469,880 | \$106,454,785 | \$3,984,905 | 4% |
| Total | \$1,908,376,465 | \$1,884,111,936 | (\$24,264,529) | -1% |
| Alamo | \$126,880,918 | \$119,902,355 | (\$6,978,563) | -6% |
| Alvin | 14,761,824 | 14,410,376 | (351,448) | -2% |
| Amarillo | 30,556,916 | 27,587,667 | (2,969,249) | -10% |
| Angelina | 15,221,994 | 14,770,899 | (451,095) | -3% |
| Austin | 91,657,438 | 87,583,435 | (4,074,003) | -4% |
| Blinn | 44,975,226 | 47,391,318 | 2,416,092 | 5% |
| Brazosport | 10,555,802 | 10,484,480 | (71,322) | -1% |
| Central Texas | 41,208,376 | 36,168,049 | (5,040,327) | -12% |
| Cisco | 10,528,510 | 10,359,094 | (169,416) | -2% |
| Clarendon | 4,970,186 | 5,137,598 | 167,412 | 3% |
| Coastal Bend | 12,581,436 | 12,842,896 | 261,460 | 2% |
| College of the Mainland | 12,207,078 | 11,676,408 | (530,670) | -4% |
| Collin | 66,272,150 | 67,489,735 | 1,217,585 | 2% |
| Dallas | 174,292,054 | 170,455,923 | (3,836,131) | -2% |
| Del Mar | 30,386,838 | 29,072,238 | (1,314,600) | -4% |
| El Paso | 67,516,616 | 64,226,860 | (3,289,756) | -5% |
| Frank Phillips | 4,561,064 | 4,889,201 | 328,137 | 7% |
| Galveston | 7,518,416 | 7,322,739 | (195,677) | -3% |
| Grayson | 14,903,384 | 14,456,831 | (446,553) | -3% |
| Hill | 14,511,610 | 13,050,928 | (1,460,682) | -10% |

| Total Formula Funding By Institution | | | | |
|---|------------------------------------|------------------------------------|-----------------------|-----------------------|
| Institution | FY 2014-2015 Appropriations | FY 2016-2017 Appropriations | Difference | Percent Change |
| Houston | 138,297,870 | 139,991,433 | 1,693,563 | 1% |
| Howard | 14,228,482 | 12,008,864 | (2,219,618) | -16% |
| Kilgore | 21,166,162 | 19,961,424 | (1,204,738) | -6% |
| Laredo | 21,898,800 | 20,319,933 | (1,578,867) | -7% |
| Lee | 17,360,216 | 18,192,309 | 832,093 | 5% |
| Lone Star | 144,951,400 | 148,186,904 | 3,235,504 | 2% |
| McLennan | 26,912,902 | 24,218,371 | (2,694,531) | -10% |
| Midland | 17,028,668 | 14,722,160 | (2,306,508) | -14% |
| Navarro | 32,524,626 | 30,532,868 | (1,991,758) | -6% |
| North Central | 22,638,254 | 22,433,633 | (204,621) | -1% |
| Northeast Texas | 9,724,236 | 9,156,392 | (567,844) | -6% |
| Odessa | 14,702,272 | 15,219,917 | 517,645 | 4% |
| Panola | 8,631,452 | 9,369,445 | 737,993 | 9% |
| Paris | 16,992,774 | 16,973,741 | (19,033) | 0% |
| Ranger | 6,709,330 | 7,165,741 | 456,411 | 7% |
| San Jacinto | 74,285,706 | 72,973,125 | (1,312,581) | -2% |
| South Plains | 26,797,276 | 27,894,953 | 1,097,677 | 4% |
| South Texas | 71,793,338 | 77,167,917 | 5,374,579 | 7% |
| Southwest Texas | 14,623,488 | 13,973,860 | (649,628) | -4% |
| Tarrant | 108,793,962 | 112,580,762 | 3,786,800 | 3% |
| Temple | 15,708,772 | 15,292,188 | (416,584) | -3% |
| Texarkana | 13,362,880 | 13,878,898 | 516,018 | 4% |
| Texas Southmost | 10,188,469 | 10,654,130 | (3,332,632) | -24% |
| Trinity Valley | 22,668,982 | 22,287,614 | (381,368) | -2% |
| Tyler | 33,576,074 | 33,312,049 | (264,025) | -1% |
| Vernon | 11,022,932 | 11,187,273 | 164,341 | 1% |
| Victoria | 12,490,636 | 11,572,037 | (918,599) | -7% |
| Weatherford | 16,399,380 | 17,993,241 | 1,593,861 | 10% |
| Western Texas | 7,841,984 | 7,102,205 | (739,779) | -9% |
| Wharton | 18,475,732 | 18,224,221 | (251,511) | -1% |
| TSTC-Harlingen | 31,084,712 | 30,908,258 | (176,454) | -1% |
| TSTC-West Texas | 16,513,333 | 19,838,814 | 3,325,481 | 17% |
| TSTC-Marshall | 7,746,428 | 8,045,889 | 299,461 | 4% |
| TSTC-Waco | 47,125,407 | 47,661,824 | 536,417 | 1% |
| Lamar-IOT | 12,579,558 | 12,394,889 | (184,669) | -1% |
| Lamar-Orange | 9,795,273 | 9,458,703 | (336,570) | -4% |
| Lamar-Port Arthur | 15,666,863 | 11,976,921 | (3,689,942) | -31% |
| Statewide | \$1,908,376,465 | \$1,884,111,936 | (\$28,062,822) | -1% |

Contact Hours – Current and Previous Base Year

| Name | 2013 Base Year | 2015 Base Year | Difference | Percent Change |
|-------------------------|--------------------|--------------------|--------------------|----------------|
| Community Colleges | 292,351,289 | 282,919,371 | (9,431,918) | -3% |
| Lamar's | 4,411,695 | 3,701,749 | (709,946) | -16% |
| TSTC'S | 7,318,300 | 7,523,956 | 205,656 | 3% |
| Total | 304,081,284 | 294,145,076 | (9,936,208) | -3% |
| Alamo | 21,401,611 | 19,914,819 | (1,486,792) | -7% |
| Alvin | 2,276,004 | 2,191,992 | (84,012) | -4% |
| Amarillo | 4,813,973 | 4,255,534 | (558,439) | -12% |
| Angelina | 2,321,839 | 2,203,979 | (117,860) | -5% |
| Austin | 15,297,910 | 14,457,219 | (840,691) | -5% |
| Blinn | 7,725,463 | 7,964,123 | 238,660 | 3% |
| Brazosport | 1,605,892 | 1,530,863 | (75,029) | -5% |
| Central Texas | 6,891,265 | 5,871,955 | (1,019,310) | -15% |
| Cisco | 1,620,726 | 1,526,894 | (93,832) | -6% |
| Clarendon | 660,932 | 667,122 | 6,190 | 1% |
| Coastal Bend | 1,887,327 | 1,903,416 | 16,089 | 1% |
| College of the Mainland | 1,909,533 | 1,779,207 | (130,326) | -7% |
| Collin | 11,348,951 | 11,393,363 | 44,412 | 0% |
| Dallas | 30,055,499 | 29,033,166 | (1,022,333) | -3% |
| Del Mar | 4,837,467 | 4,588,257 | (249,210) | -5% |
| El Paso | 11,215,309 | 10,371,750 | (843,559) | -8% |
| Frank Phillips | 609,647 | 669,634 | 59,987 | 10% |
| Galveston | 1,051,330 | 988,420 | (62,910) | -6% |
| Grayson | 2,283,359 | 2,150,092 | (133,267) | -6% |
| Hill | 2,312,886 | 2,012,996 | (299,890) | -13% |
| Houston | 24,009,975 | 23,946,366 | (63,609) | 0% |
| Howard | 2,212,352 | 1,789,528 | (422,824) | -19% |
| Kilgore | 3,355,199 | 3,086,251 | (268,948) | -8% |
| Laredo | 3,489,198 | 3,148,115 | (341,083) | -10% |
| Lee | 2,703,939 | 2,878,989 | 175,050 | 6% |
| Lone Star | 24,731,339 | 25,178,499 | 447,160 | 2% |
| Mclennan | 4,344,287 | 3,790,198 | (554,089) | -13% |
| Midland | 2,707,199 | 2,302,170 | (405,029) | -15% |
| Navarro | 5,408,468 | 4,872,998 | (535,470) | -10% |
| North Central | 3,697,145 | 3,541,147 | (155,998) | -4% |
| Northeast Texas | 1,425,667 | 1,323,939 | (101,728) | -7% |
| Odessa | 2,264,402 | 2,372,528 | 108,126 | 5% |
| Panola | 1,246,249 | 1,338,265 | 92,016 | 7% |
| Paris | 2,694,306 | 2,619,222 | (75,084) | -3% |
| Ranger | 973,183 | 1,026,821 | 53,638 | 6% |
| San Jacinto | 12,301,986 | 11,905,556 | (396,430) | -3% |
| South Plains | 4,446,580 | 4,503,294 | 56,714 | 1% |
| South Texas | 11,802,555 | 12,389,139 | 586,584 | 5% |
| Southwest Texas | 2,330,417 | 2,162,248 | (168,169) | -7% |
| Tarrant | 18,644,911 | 18,887,174 | 242,263 | 1% |
| Temple | 2,416,735 | 2,306,493 | (110,242) | -5% |
| Texarkana | 2,051,326 | 2,122,093 | 70,767 | 3% |

| Name | 2013 Base Year | 2015 Base Year | Difference | Percent Change |
|-------------------|-----------------------|-----------------------|--------------------|-----------------------|
| Texas Southmost | 1,882,508 | 1,467,758 | (414,750) | -22% |
| Trinity Valley | 3,650,539 | 3,470,927 | (179,612) | -5% |
| Tyler | 5,324,663 | 5,203,292 | (121,371) | -2% |
| Vernon | 1,616,146 | 1,583,667 | (32,479) | -2% |
| Victoria | 1,853,066 | 1,666,469 | (186,597) | -10% |
| Weatherford | 2,537,300 | 2,727,621 | 190,321 | 8% |
| Western Texas | 1,191,472 | 1,028,546 | (162,926) | -14% |
| Wharton | 2,911,254 | 2,805,257 | (105,997) | -4% |
| TSTC-Harlingen | 2,926,734 | 2,869,386 | (57,348) | -2% |
| TSTC-West Texas | 231,864 | 833,881 | 602,017 | 260% |
| TSTC-Marshall | 499,972 | 504,793 | 4,821 | 1% |
| TSTC-Waco | 3,659,730 | 3,315,896 | (343,834) | -9% |
| Lamar-IOT | 1,458,916 | 1,430,079 | (28,837) | -2% |
| Lamar-Orange | 1,140,523 | 1,005,745 | (134,778) | -12% |
| Lamar-Port Arthur | 1,812,256 | 1,265,925 | (546,331) | -30% |
| | | | | |
| Total | 304,081,284 | 294,145,076 | (9,936,208) | -3% |

3-Year Average Success Points – 2014 2015 Biennium and FY 2016 Biennium

| Total 3-Year Average Success Points By Institution | | | | |
|--|--------------------------------------|--------------------------------------|---------------|----------------|
| Name | FY 2014-2015 Biennium Success Points | FY 2016-2017 Biennium Success Points | Difference | Percent Change |
| Community Colleges | 929,188 | 980,204 | 51,017 | 5% |
| Total | 929,188 | 980,204 | 51,017 | 5% |
| Alamo | 73,621 | 77,101 | 3,480 | 5% |
| Alvin | 7,033 | 7,624 | 591 | 8% |
| Amarillo | 12,836 | 14,527 | 1,691 | 13% |
| Angelina | 6,785 | 6,830 | 45 | 1% |
| Austin | 59,848 | 56,968 | (2,881) | -5% |
| Blinn | 23,172 | 28,800 | 5,628 | 24% |
| Brazosport | 5,185 | 5,484 | 299 | 6% |
| Central Texas | 20,865 | 20,664 | (201) | -1% |
| Cisco | 5,888 | 6,015 | 127 | 2% |
| Clarendon | 2,504 | 2,548 | 45 | 2% |
| Coastal Bend | 6,035 | 6,374 | 340 | 6% |
| College of the Mainland | 5,383 | 5,837 | 455 | 8% |
| Collin | 36,557 | 38,485 | 1,929 | 5% |
| Dallas | 85,271 | 85,981 | 710 | 1% |
| Del Mar | 14,420 | 13,812 | (608) | -4% |
| El Paso | 43,312 | 47,772 | 4,460 | 10% |
| Frank Phillips | 1,797 | 1,987 | 190 | 11% |
| Galveston | 3,096 | 3,519 | 423 | 14% |
| Grayson | 6,467 | 7,432 | 966 | 15% |
| Hill | 6,869 | 7,086 | 217 | 3% |
| Houston | 69,775 | 75,145 | 5,371 | 8% |
| Howard | 6,427 | 6,250 | (177) | -3% |
| Kilgore | 9,936 | 9,835 | (101) | -1% |
| Laredo | 12,574 | 12,673 | 98 | 1% |
| Lee | 8,510 | 8,861 | 351 | 4% |
| Lone Star | 78,843 | 80,237 | 1,394 | 2% |
| Mclennan | 12,360 | 12,936 | 576 | 5% |
| Midland | 7,352 | 7,202 | (150) | -2% |
| Navarro | 14,430 | 16,524 | 2,094 | 15% |
| North Central | 12,311 | 14,599 | 2,288 | 19% |
| Northeast Texas | 5,001 | 5,039 | 38 | 1% |

| Total 3-Year Average Success Points By Institution | | | | |
|---|---|---|-------------------|---------------------------|
| Name | FY 2014-2015 Biennium Success Points | FY 2016-2017 Biennium Success Points | Difference | Percent Change |
| Odessa | 6,561 | 6,622 | 61 | 1% |
| Panola | 3,316 | 3,639 | 323 | 10% |
| Paris | 8,286 | 9,559 | 1,273 | 15% |
| Ranger | 2,197 | 3,072 | 876 | 40% |
| San Jacinto | 39,028 | 40,304 | 1,276 | 3% |
| South Plains | 12,401 | 13,951 | 1,550 | 13% |
| South Texas | 36,678 | 42,538 | 5,861 | 16% |
| Southwest Texas | 7,998 | 8,423 | 425 | 5% |
| Tarrant | 61,413 | 67,793 | 6,380 | 10% |
| Temple | 7,521 | 7,975 | 454 | 6% |
| Texarkana | 5,626 | 6,114 | 488 | 9% |
| Texas Southmost | 13,865 | 8,735 | (5,130) | -37% |
| Trinity Valley | 10,026 | 12,497 | 2,471 | 25% |
| Tyler | 16,861 | 18,510 | 1,649 | 10% |
| Vernon | 4,252 | 5,082 | 830 | 20% |
| Victoria | 5,790 | 6,000 | 210 | 4% |
| Weatherford | 7,852 | 8,785 | 933 | 12% |
| Western Texas | 3,907 | 4,217 | 311 | 8% |
| Wharton | 11,150 | 12,243 | 1,092 | 10% |
| | | | | |
| Total | 929,188 | 980,204 | 51,017 | 5% |

Success Point Metrics – 2016-2017 Biennium

| Success Point Metric | Points |
|---|--------|
| Student successfully completes developmental education in mathematics. | 1.0 |
| Student successfully completes developmental education in reading. | 0.5 |
| Student successfully completes developmental education in writing. | 0.5 |
| Student completes first college-level mathematics course with a grade of "C" or better. | 1.0 |
| Student completes first college-level course designated as reading intensive with a grade of "C" or better. | 0.5 |
| Student completes first college-level course designated as writing intensive with a grade of "C" or better. | 0.5 |
| Student successfully completes first 15 semester credit hours at the institution. | 1.0 |
| Student successfully completes first 30 semester credit hours at the institution. | 1.0 |
| Student transfers to a General Academic Institution after successfully completing at least 15 semester credit hours at the institution. | 2.0 |

Report of Fundable Operating Expenses Rate History – Year-Over-Year Change

| Fund | Expense per Contact Hour by Discipline | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------|--|-------------|-------------|-------------|-------------|-------------|
| 1 | Agriculture | 2.7% | 7.0% | 4.6% | 3.6% | -6.6% |
| 2 | Architecture and Precision Production Trades | 2.4% | 4.3% | 2.3% | 0.4% | -7.5% |
| 3 | Biology, Physical Sciences, and Science Technology | 4.5% | 10.2% | 4.2% | 0.9% | -4.7% |
| 4 | Business Management, Marketing, and Administrative Services | 4.8% | 10.0% | 4.2% | -1.2% | -5.1% |
| 5 | Career Pilot | 14.8% | 4.9% | -11.2% | 3.9% | -9.5% |
| 6 | Communications | 3.2% | 6.6% | 0.5% | 3.3% | -4.2% |
| 7 | Computer and Information Sciences | 4.2% | 8.7% | 2.9% | 2.3% | -8.8% |
| 8 | Construction Trades | 3.6% | 13.7% | 0.6% | 3.0% | -14.3% |
| 9 | Consumer and Homemaking Education | 4.8% | 9.9% | 10.6% | -0.2% | -3.1% |
| 10 | Engineering | 22.4% | -25.9% | 4.4% | 41.8% | -6.3% |
| 11 | Engineering Related | 3.6% | 7.8% | 6.4% | 1.5% | -3.2% |
| 12 | English Language, Lit, Philosophy, Humanities, & Interdisciplinary | 3.6% | 8.6% | 3.9% | 4.3% | -5.2% |
| 13 | Foreign Languages | 4.4% | 10.8% | 4.3% | 2.3% | -5.4% |
| 14 | Health Occupations - Dental Assistants, Medical Lab, and Assoc. Degree Nursing | 7.2% | 4.0% | 5.1% | 0.5% | -0.8% |
| 15 | Health Occupations - Dental Hygiene | -3.9% | 8.0% | 2.4% | 6.8% | -0.6% |
| 16 | Health Occupations - Other | 4.4% | 10.2% | 6.6% | -1.0% | -3.6% |
| 17 | Health Occupations - Respiratory Therapy | 5.6% | 8.3% | 1.2% | 5.7% | 4.6% |
| 18 | Health Occupations - Vocational Nursing | 4.2% | 13.8% | 4.5% | 1.8% | -1.3% |
| 19 | Mathematics | 2.7% | 9.7% | 6.6% | 1.3% | -4.9% |
| 20 | Mechanics and Repairers - Automotive | 2.6% | 11.4% | 2.4% | -0.1% | -5.9% |
| 21 | Mechanics and Repairers - Diesel, Aviation Mechanics, and Transportation Workers | 2.9% | 5.0% | 8.0% | -2.6% | -2.7% |
| 22 | Mechanics and Repairers - Electronics | 0.5% | 14.1% | 1.0% | -2.0% | -5.3% |
| 23 | Physical Education and Fitness | 6.2% | 13.9% | 5.6% | 0.2% | -4.6% |
| 24 | Protective Services and Public Administration | 5.2% | 8.4% | 5.5% | 1.5% | -5.7% |
| 25 | Psychology, Social Sciences, and History | 5.0% | 10.2% | 4.7% | 1.4% | -4.6% |
| 26 | Visual and Performing Arts | 3.9% | 11.8% | 2.6% | 1.8% | -5.7% |
| 28 | Developmental Education - Math | 11.0% | 10.4% | 3.0% | | |
| 29 | Developmental Education - Reading/Writing | 9.6% | 10.7% | 7.1% | | |
| | Average | 5.6% | 7.0% | 2.3% | 9.0% | -5.0% |
| | Median | 1.5% | 7.1% | 3.9% | 0.1% | -5.0% |
| | Standard Deviation | 13.6% | 1.2% | -12.0% | -4.8% | -7.9% |

Report of Fundable Operating Expenses Rate History

| Fund | Expense per Contact Hour by Discipline | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------|--|-------------|-------------|-------------|-------------|-------------|
| 1 | Agriculture | \$ 9.95 | \$ 9.69 | \$ 9.06 | \$ 8.66 | \$ 8.35 |
| 2 | Architecture and Precision Production Trades | 10.04 | 9.80 | 9.40 | 9.18 | 9.15 |
| 3 | Biology, Physical Sciences, and Science Technology | 8.99 | 8.60 | 7.81 | 7.49 | 7.42 |
| 4 | Business Management, Marketing, and Administrative Services | 8.96 | 8.55 | 7.77 | 7.46 | 7.55 |
| 5 | Career Pilot | 35.26 | 30.71 | 29.27 | 32.97 | 31.73 |
| 6 | Communications | 9.76 | 9.45 | 8.86 | 8.82 | 8.54 |
| 7 | Computer and Information Sciences | 10.74 | 10.31 | 9.48 | 9.21 | 9.01 |
| 8 | Construction Trades | 11.16 | 10.78 | 9.48 | 9.43 | 9.15 |
| 9 | Consumer and Homemaking Education | 9.58 | 9.14 | 8.32 | 7.52 | 7.53 |
| 10 | Engineering | 14.20 | 11.60 | 15.65 | 14.99 | 10.57 |
| 11 | Engineering Related | 9.83 | 9.49 | 8.80 | 8.28 | 8.15 |
| 12 | English Language, Lit, Philosophy, Humanities, & Interdisciplinary | 9.55 | 9.22 | 8.49 | 8.17 | 7.83 |
| 13 | Foreign Languages | 8.80 | 8.43 | 7.60 | 7.29 | 7.13 |
| 14 | Health Occupations - Dental Assistants, Medical Lab, and Assoc. Degree Nursing | 14.26 | 13.31 | 12.79 | 12.18 | 12.11 |
| 15 | Health Occupations - Dental Hygiene | 20.04 | 20.85 | 19.30 | 18.84 | 17.63 |
| 16 | Health Occupations - Other | 11.66 | 11.17 | 10.13 | 9.50 | 9.59 |
| 17 | Health Occupations - Respiratory Therapy | 16.00 | 15.15 | 13.99 | 13.82 | 13.08 |
| 18 | Health Occupations - Vocational Nursing | 12.04 | 11.56 | 10.16 | 9.73 | 9.55 |
| 19 | Mathematics | 8.79 | 8.56 | 7.80 | 7.31 | 7.22 |
| 20 | Mechanics and Repairers - Automotive | 11.08 | 10.80 | 9.69 | 9.47 | 9.48 |
| 21 | Mechanics and Repairers - Diesel, Aviation Mechanics, and Transportation Workers | 11.30 | 10.98 | 10.46 | 9.68 | 9.94 |
| 22 | Mechanics and Repairers - Electronics | 10.01 | 9.96 | 8.73 | 8.65 | 8.82 |
| 23 | Physical Education and Fitness | 11.41 | 10.75 | 9.43 | 8.93 | 8.91 |
| 24 | Protective Services and Public Administration | 9.90 | 9.41 | 8.68 | 8.23 | 8.11 |
| 25 | Psychology, Social Sciences, and History | 8.29 | 7.89 | 7.16 | 6.84 | 6.75 |
| 26 | Visual and Performing Arts | 11.10 | 10.69 | 9.56 | 9.31 | 9.15 |
| 28 | Developmental Education - Math | 9.10 | 8.20 | 7.43 | 7.21 | - |
| 29 | Developmental Education - Reading/Writing | 9.13 | 8.33 | 7.53 | 7.03 | - |

Average \$11.82 \$11.19 \$10.46 \$10.22 \$ 9.37
 Median \$10.03 \$ 9.88 \$ 9.23 \$ 8.88 \$ 8.87
 Standard Deviation \$ 5.25 \$ 4.62 \$ 4.56 \$ 5.19 \$ 5.45

Charge 2 – Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System’s returned value funding formula (General Appropriations Act, HB 1, 84th Texas Legislature, Rider 11 (page III-217)).

“The Texas State Technical College System shall continue to work with the Texas Higher Education Coordinating Board, the Legislative Budget Board and other relevant agencies to refine the new Returned Value Funding Formula for the TSTCs. It is the intent of the Legislature that recommended adjustments to the formula shall be ready for implementation in the 2018-19 biennium and shall further the goal of rewarding job placement and graduate earnings projections, not time in training or contact hours.”

Charge 3 – Study and make recommendations on the treatment of competency-based courses in formula allocations.

Charge 4 – Study and make recommendations on changes to the funding model that will enable institutions to meet the goals of *60x30TX*.

Appendix A: Tentative Schedule of Future Meetings

| Meeting Date | Meeting Location |
|--|------------------------------|
| Thursday, September 10, 2015 1:00 p.m. | THECB Board Room, Austin, TX |
| Thursday, October 8, 2015 1:00 p.m. | THECB Board Room, Austin, TX |
| Thursday, November 5, 2015 1:00 p.m. | THECB Board Room, Austin, TX |
| Thursday, December 1, 2015 1:00 p.m. | THECB Board Room, Austin, TX |
| Thursday, December 3, 2015 1:00 p.m. | THECB Board Room, Austin, TX |
| Thursday, January 7, 2016 1:00 p.m. | THECB Board Room, Austin, TX |

Community and Technical Colleges Formula Advisory Committee - Board Room

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|-------------------|--------|------------------------|-----------|----------|---------------|----------|
| August | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |
| September | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | | | |
| October | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| November | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |
| December | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |
| January | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |
| Tentative Meeting | | Board Room Unavailable | | | State Holiday | |

College for all Texans



**FORMULA FUNDING
RECOMMENDATIONS
2014**

April 2014

Division of Planning and Accountability
Finance and Resource Planning



Texas Higher Education Coordinating Board

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Austin
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Houston
Weatherford
San Antonio
Beaumont

Raymund A. Paredes, COMMISSIONER OF HIGHER EDUCATION

Mission of the Coordinating Board

The Texas Higher Education Coordinating Board's mission is to work with the Legislature, Governor, governing boards, higher education institutions and other entities to help Texas meet the goals of the state's higher education plan, *Closing the Gaps by 2015*, and thereby provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.

Philosophy of the Coordinating Board

The Texas Higher Education Coordinating Board will promote access to quality higher education across the state with the conviction that access without quality is mediocrity and that quality without access is unacceptable. The Board will be open, ethical, responsive, and committed to public service. The Board will approach its work with a sense of purpose and responsibility to the people of Texas and is committed to the best use of public monies. The Coordinating Board will engage in actions that add value to Texas and to higher education. The agency will avoid efforts that do not add value or that are duplicated by other entities.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

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Executive Summary

The Coordinating Board’s formula funding recommendations for the 2016-2017 biennium recognize the need for a more balanced focus to achieve the student participation goals of the state’s higher education plan, *Closing the Gaps by 2015*, and meet the state’s student success goals. Texas higher education and the leadership of the state deserve recognition for significant gains in student enrollments over the past twelve years since *Closing the Gaps* was first adopted – and those gains must continue. However, to realize fully the goals of *Closing the Gaps*, more emphasis must be placed on student success and the effective use of state, institutional, and student resources in retaining and graduating students. This emphasis includes the following:

- Continue the Student Success funding for community colleges in which institutions compete against themselves.
- Continue the Returned-Value Model funding for the Texas State Technical College System with a modification to include dual credit students. This change addresses the interest expressed in House Bill 5, 83rd Texas Legislative Session, to prepare more high school students for a skilled workforce.
- Work to develop a consensus among the General Academic Institutions that will provide incentives for improved outcomes.

The funding levels recommended by the formula advisory committees recognize the needs of the institutions to pay for increased costs and growth in student enrollments.

The following report contains the formula recommendations of the formula advisory committees appointed by the Coordinating Board, along with the THECB’s recommendations.

| Sector | 2014-15 Biennium Appropriations (millions) | 2016-17 Biennium Appropriations (millions) | Change Amount (millions) | Percent Change |
|---|---|---|--------------------------------|-------------------|
| Texas Public Community Colleges | \$1,767.9 | \$2,011.0 | \$243.1 | 13.8% |
| Texas Public State Colleges | 39.3 | 44.5 | 5.2 | 13.2% |
| Texas State Technical Colleges | 105.7 | 119.9 | 14.2 | 13.4% |
| Texas Public General Academic Institutions | 4,368.0 | 4,884.0 | 516.0 | 11.8% |
| Texas Public Health Related Institutions | 1,756.9 | 2,076.5 | 319.6 | 18.2% |
| Total | \$8,037.8 | \$9,135.9 | \$1,098.1 | 13.7% |

Authority for Funding Formula Development

Texas Education Code, Section 61.002

In the exercise of its leadership role, The Texas Higher Education Coordinating Board shall be an advocate for the provision of adequate resources to institutions of higher education, to the end that the State of Texas may achieve excellence for college education of its youth.

Texas Education Code, Section 61.059(b)

The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the Legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

Summary of Recommendations

Community and Technical Colleges Formula Advisory Committee (CTCFAC) Recommendations

- Provide \$1,824 million in formula funding for instruction and administration.
 - Provide an average contact hour multiplier of \$6.12 for Public Community Colleges, which is equivalent to the 2008-09 biennium
 - Provide an average contact-hour multiplier of \$7.97 for the Lamar State Colleges because they do not participate in either Core Funding or Student Success Funding.
- Provide \$50 million in Core Funding allocated at \$1 million per community college district.
- Provide \$172.2 million in Student Success Funding at a rate no less than what was funded for the 2014-15 biennium. Use a three-year rolling average to determine the number of success points earned for the 2016-17 biennium.
- Fund Lamar State Colleges \$9.3 million to the Infrastructure (including Small Institution Supplement) formula for the biennium (\$0.4 million, or 4.2 percent more than the \$8.9 million appropriated for the 2014-15 biennium). This funding level assumes a rate of \$5.78 per square foot (\$0.22, or 4.0 percent more than the \$5.56 funded for the 2014-15 biennium) and 1.6 percent increase in square feet between fall 2012 and fall 2014. This is an aggregate amount of funding for infrastructure, which has historically been funded with a combination of General Revenue (GR) and General Revenue – Dedicated (GR-D); the actual amounts that will be attributed to each of these sources are yet to be determined by the Legislative Budget Board (LBB).
 - Split the recommended Infrastructure rate between "utilities" and "operations and maintenance" components using FY 2014 utility rates, update the utility rate adjustment factors using the FY 2014 utilities expenditures, and allocate the Infrastructure formula using the fall 2014 space model predicted square feet; and
 - Fund the Small Institution Supplement using the same methodology and rate as the 2014-15 biennium.
- Continue funding Developmental Education contact hours using the existing methodology of the same rate as lower division hours until a developmental education appropriation can be secured, in addition to the current appropriation. Additionally, clarification of expectations and standards for reporting the "other operating expenses" should be established to ensure consistency in reporting to reduce the wide variations in reported costs.
- An exception should be developed that allows physical education courses that are taught in Early College High School Programs to be counted in the contact hour funding.
- No change is recommended to calculations using competency-based instruction until data from the South Texas College (STC) program have been evaluated.
- Recommend no change to current methodology for funding critical-needs fields. The THECB is encouraged to conduct reviews of critical needs, considering regional as well as statewide workforce requirements.

The funding formulas allocated \$1,579 million in general revenue to community and technical colleges for the 2014-15 biennium. If the CTCFAC recommendations are adopted and fully

funded by the Legislature for the 2016-17 biennium, the estimated formula appropriation would be \$1,824 million, an increase of \$246 million (15.6 percent). The committee recommends no increases to non-formula items.

THECB's Recommendations

The THECB supports the CTCFAC recommendations for funding and the method for funding Student Success Points. The requested exception for funding physical education at Early College High School Programs will require legislative action and will be discussed in more detail when the Board's legislative agenda is discussed. The result is a total increase in funding to \$1,824 million, which is a 15.6 percent increase over current biennial funding.

The CTCFAC's recommendations addressing the committee charges begin on page 9.

Texas State Technical College System (TSTCS)

The TSTCS, Legislative Budget Board staff, and Coordinating Board staff have been reviewing the Returned-Value funding model implemented for the 2014-15 biennium and recommend the Legislature continue to fund on the Returned-Value model and discontinue setting funding levels using contact hours. This recommendation allows TSTC to better fulfill its mission of ensuring students are provided the best possible technical education in the fewest possible contact hours.

- Fund \$119.9 million to the formulas for the biennium (\$14.2 million, or 13.4 percent more than the previous biennium).
- Fund \$103.3 million to Returned-Value formula for the 2016-17 biennium (\$13.5 million), or 15 percent more than the \$89.8 million appropriated for the 2014-15 biennium. The recommendation funds an increase in the funding rate from 66 percent to 73.9 percent of the State's portion of the increased value added to the state from TSTC graduates. With full funding as a goal, this increase moves the funding rate a quarter of the way to that end. It also includes modifications to the previous Returned-Value formula to account for dual-credit and continuing education and a 2.95 percent increase for inflation.
- Fund \$16.6 million to the Infrastructure (includes Small Institution Supplement) formula for the biennium (\$0.7 million, or 4.5 percent more than the \$15.9 million appropriated for the 2014-15 biennium). This funding level assumes a rate of \$5.78 per square foot (\$0.22, or 4.0 percent more than the \$5.56 funded for the 2014-15 biennium) and 1.6 percent increase in square feet between fall 2012 and fall 2014.
- Split the recommended Infrastructure rate between "utilities" and "operations and maintenance" components using FY 2014 utility rates, update the utility rate adjustment factors using the FY 2014 utilities expenditures, and allocate the Infrastructure formula using the fall 2014 predicted square feet.
- Fund the Small Institution Supplement using the same methodology and rate as the 2014-15 biennium.

The formula allocated \$105.7 million in formula funding for the 2014-15 biennium. If the TSTCS recommendations are adopted and fully funded by the Legislature for the 2016-17 biennium, the estimated formula appropriation would be \$119.9 million (13.4 percent increase).

Community/Technical Colleges Formula Advisory Committee (CTCFAC) Recommendation Report for the FY 2016-2017 Biennium

In accordance with the biennial Formula Advisory Committee process, the Community/Technical Colleges (CTCs) submitted their report for consideration by the Commissioner of the Texas Higher Education Coordinating Board (THECB).

Committee Background

The Commissioner of the THECB delivered his charge to the CTCFAC at its first meeting on August 14, 2013. The committee elected Dr. Erma Johnson Hadley, Chancellor, Tarrant County Community College District, as the chair and Diane Snyder, Vice Chancellor Administration and Finance, Alamo Community College District, as vice chair.

The CTCFAC held three additional meetings between September 2013 and November 2013. A list of CTCFAC members is provided in Appendix C. The minutes of the meetings are provided in Appendix D.

Executive Summary

The CTCs of Texas are the primary producers of the state's health care workers and technicians in the fields of engineering, computer information, and education. The population of Texas, according to the 2010 U.S. Census, experienced the fifth largest growth rate among states over the last decade at nearly 21 percent. This population growth will likely continue to stress our state's capacity to meet the workforce needs and demands of our citizens. Texas is already facing substantial workforce shortages of technicians in the fields of petroleum, construction, and medical technologies. These shortages are only expected to become more severe.

Training a workforce in this environment of continuing growth and increasing need will put even more pressure on Texas' CTCs. Unfortunately, these pressures are occurring at the same time that critical funding for instruction and operations is declining.

Here are some key Texas facts and figures to consider when assessing the state's workforce shortages and needs:

- Based on the projections of the Texas Workforce Commission¹ (TWC), the Texas workforce will need approximately 790,000 additional workers with a post-secondary credential by 2020 when compared to 2010.
- The average annual openings for jobs requiring a post-secondary credential is projected to be 146,000. TWC estimates that an additional 246,000 jobs will require a post-secondary certificate or associate's degree.
- An additional 440,000 jobs that currently require a bachelor degree are projected to be added to the workforce.

¹ TEXAS Long-Term Occupation Projections
(<http://www.tracer2.com/publication.asp?PUBLICATIONID=826>)

- Thirty-five percent of graduates with a baccalaureate degree in 2012 earned greater than 30 semester credit hours at a two-year college.

In the past eleven years, state budgets forced the state to underfund community colleges. State funds per full-time student equivalent (FTSE) dropped 29 percent from FY 2000 to FY 2012. Meanwhile, tuition and fees increased significantly (a 139 percent increase from fall 2000 to fall 2012). Community colleges have, in turn, reported many negative changes caused by underfunding from the state:

- Fewer support materials and copies of information being available to students
- Fuller classes, resulting in less interaction and support from professors
- Hiring delays, making it harder to get help from counselors, librarians, and tutors
- Inflexible class schedules and increasing costs, causing students to delay or prolong their college educations because they cannot get into classes that fit their family/work schedules or budgets

Although state funding per contact hour has eroded in the last 11 years, the number of community college students has risen dramatically. Fall headcount enrollment increased 65 percent from fall 2000 to fall 2012. The cost of equipping colleges with the latest technologies to ensure up-to-date instruction has also risen dramatically. Colleges have proactively taken measures to control costs through efficient operations, but FTSE expenditures per student have increased only 15 percent from FY 2000 to FY 2012. With inflation, this is a decrease of 13 percent.

Increased student population combined with decreases in funding endangers the community college systems of Texas, which are already operating on smaller budgets than universities. The Legislature should work with community colleges to provide funding that will ensure the success of all our students. The Legislature's investment in community college education will create opportunities, spur business growth, and expand the state's tax base. Funding for Texas community colleges is essential to the economic health of our state.

The major source of state funding for community and state colleges is the Instruction and Operations formula, which is based on contact hours taught in academic and vocational/technical areas. The committee recommends that the Legislature fund contact-hour enrollment at \$6.12 per contact hour for the community colleges and \$7.97 per contact hour for the Lamar State Colleges (general revenue funds). The committee recommends basing the allocation of the enrollment funding on the expenditure-based formula rates established by the Coordinating Board.

The 83rd Session of the Texas Legislature created two additional funding strategies for public community colleges: core operations and student success points.

The committee recommends that the core operations funding for community colleges be set at \$500,000 per year.

The committee recommends student success points be funded at a rate no less than the rate of student success points' funding for the 2014-15 biennium (\$185 per student success point). The committee also recommends that the student success funding be allocated based on a college's performance by comparing the three-year average of FY 2012, FY 2013, and FY 2014 to the

base period of FY 2010, FY 2011, and FY 2012.

The details of these recommendations and the recommendations made in response to other charges are included in this report.

Commissioner Charges and Committee Recommendations

Charge

Study and make recommendation for the appropriate funding levels for the contact hour, core, and the student success funding.

Recommendation

We recommend continuation of the new funding strategy implemented during the 83rd legislative session, which provides a systematic and strategic basis for formula funding levels. With this new funding model, we will realize maximum efficiency and effectiveness by enrolling the rapidly growing college-age population and help students earn the educational credentials that will benefit the state's economy.

The total amount for instructional funds appropriated for the next biennium (FY 2016 and FY 2017) should be based on

- core college operations – \$50 million for the 2016-17 biennium, \$1 million per community college district;
- student success points – To incent improvements in student success, stable or increased funding is required. For the 2016-17 biennium, student success points should be funded at a multiplier no less than the rate of student success points funding for the 2014-15 biennium (\$185.00 per student success point) based on the methodology recommended by Subcommittee #2; and
- contact hour – To provide stable contact-hour funding necessary to keep student tuition low and support enrollment growth, the multiplier applied to the number of instructional contact hours each public community college and Lamar State College generates should be a minimum of \$6.12 and \$7.97 per contact hour, respectfully (see Appendix A). This state funding level provides adequate funding to cover inflation (nine percent² since 2008) and relieve increases in institutional reliance upon tuition and fees, which have increased 29 percent³ during the same period.

Charge

Study and make recommendations for an allocation system for student success points for the 2016-17 biennium. The allocation system should allocate funds to college districts for improvement in student achievement. The allocation system shall be developed in a manner that compares the performance of the college district to itself using the allocation for student success points in the 2014-15 biennium as the baseline for comparison.

² Source: www.bls.gov/data/inflation_calculator.htm

³ Source: Calculated from the spring 2009 to spring 2013 TACC Tuition & Fee Surveys, Average Tuition & Fees for 12 credit hours for the 50 Texas Community Colleges

Recommendation

For the 2016-17 biennium, student success points should be funded at a rate no less than the rate of student success points' funding for the 2014-15 biennium (\$185 per student success point). A three-year average of Success Points (FY12-FY13-FY14) should be the basis for determining how many points each college district has earned for the 2016-17 biennium. Since FY 2014 certified data will not be available at the beginning of the 84th Legislature, a preliminary three-year average of success points (FY11-FY12-FY13) should be used in the introduced versions of the General Appropriations Act.

Charge

Study and make recommendations on changes to the funding model of developmental education that will increase the effectiveness of the programs delivered, including the development of funding formula recommendations on a weighted contact hour basis, under Sec. 61.059, Education Code, for semester-length and non-semester-length developmental education interventions (including course-based, non-course based, alternative-entry/exit, modules, paired courses, and competency-based courses, and other intensive developmental education activities) based on existing developmental education cost studies, ongoing research studies, and survey data.

Background

Through various discussions, including input from Jenny Goerdle (staff for Representative Patrick), the charge is narrowed to a possibility of funding developmental education, regardless of delivery format, on a weighted contact-hour basis. The following Coordinating Board report was analyzed:

- Background: Educational and General Expenditures Summarized by Elements of Institutional Costs
 - Part A, Fundable Operating Expenses
 - Section 1, Instructional Programs
 - This part of the report produces the instructional portion of contact-hour value for the various disciplines collecting the following for each discipline:
 - Contact hours
 - Faculty salaries
 - Other salaries and wages
 - Staff benefits
 - Other operating expenses
 - Section 2, Other Fundable Staff Benefits: This part of the report produces a portion of the contact hour value.
 - Section 3, Other Allocated Administration Expenses:
 - This part of the report produces a portion of the contact-hour value, collecting cost information on the following:
 - Institutional Support
 - Student services
 - Academic support
 - Research
 - Scholarships and fellowships
 - Equipment depreciation

- Comments: Given that the current contact-hour formula is truly an allocation model and not a formula that produces funding, any particular cost component that is given a weighted value will take funding from one, some, or all of the other components unless specific funding for developmental education is added to the final appropriation. One solution is to distribute funds identified specifically for developmental education and then distribute all other funds for all other instructional programs. This solution was not deemed practical in the current legislative process of appropriation.
- Comments: Costs associated with developmental programs that are not reported in Section 1 as instructional costs are reported in some component of Section 3. The concern that the contact-hour values do not reflect tutoring, mentoring, computer labs, etc., is offset by the fact that those costs are captured in Section 3 and computed as a portion of the contact-hour value for each discipline.
- Comments: There is great variance in the instructional cost per contact hour among the institutions for developmental education. In the most recent cost study, the average for developmental math is \$7.85, while the range was \$4.27 to \$14.81. The average for developmental English/reading was \$8.17, while the range was \$3.77 to \$14.82. If one assumes that the reporting of faculty salaries, other salaries and wages, and staff benefits is consistent among the institutions, then another assumption is that the reporting of "other operating expenses" is inconsistent. Again, any costs not reported as "other operating expenses" are being reported in a component of Section 3.

Recommendation

The current contact-hour funding methodology for disciplines should continue until a developmental education appropriation is secured, in addition to the current appropriation. There should be clarification of expectations and National Association of College and University Business Officers (NACUBO) standards on reporting for the "other operating expenses" for Section 1 to ensure consistency among the institutions and to reduce the wide variance in reported instructional costs for developmental math and developmental English/reading.

Charge

Study and make recommendations on a funding methodology that excludes semester credit hours related to physical education courses for students who are registered to receive both high school and college credit.

Recommendation

Recommend that contact-hour funding not be allowed for physical education activity courses for students who are registered to receive both high school and college credit. An exception to this recommendation shall be students enrolled in early college high school programs. Regardless of the program of study (recommended program or advanced/distinguished program), early college high school students must earn one credit (two courses) of physical education to receive a high school diploma. We recommend that colleges be allowed to submit the required physical education courses for early college high school students for contact-hour funding.

Charge

Study and make recommendations on the treatment of competency-based courses in formula allocations.

Recommendation

The committee has recommended that the treatment of competency-based courses in formula allocations be evaluated after the pilot program at South Texas College (STC) has yielded sufficient data. Upon this initial evaluation, recommendations for funding this type of instruction, including is the instruction being utilized in the pilot, shall be considered. Significant amounts of work and resources have been dedicated to this project at STC, and this committee will remain in contact with the STC officials to monitor progress of the project.

Charge

Study and make recommendations on changes to the funding model that will improve the success of colleges to meet the goals of *Closing the Gaps* in areas of critical need to the state.

Recommendation

We recommend the Coordinating Board continue to request that the Legislature fund identified critical fields, contact hours with a premium of 10 percent over and above the full formula funding rate determined by the Report of Fundable Operating Expenses (RFOE) cost study. The critical fields shall include computer science, engineering, mathematics, physical science, nursing, allied health, and life sciences. In addition, funding for non-college credit, workforce development contact hours should include provisions for funding "local identified needs," as established by the area workforce boards and local colleges for specific regions of the state.

Appendix A

Public Community Colleges

To provide stable contact-hour funding necessary to keep student tuition low and support enrollment growth, the multiplier applied to the number of instructional contact hours that each college generates should be a minimum of \$6.12 per contact hour (the sum of the rate that contact hours were funded for the 2014-15 biennium of \$5.29 per contact hour plus \$0.83 per contact hour to fully restore instructional funding to the 2008-09 biennium levels prior to the economic downturn). The amounts funded in 2008-09 biennium, as restated to be comparable to the current funding methodology of base, student Success Points, and contact-hour funding are shown below.

| | <u>General Revenue</u> |
|-------------------------------|------------------------|
| 2008-2009 CH Funding | \$ 1,693,177,164 |
| 2008-2009 Base CH | <u>241,839,512</u> |
| Average rate per CH | \$ 7.00 |
| | |
| 2014-2015 CH Funding | \$ 1,548,137,545 |
| 2014-2015 Base CH | <u>292,410,192</u> |
| Average rate per CH | \$ 5.29 |
| | |
| 2008-2009 CH Funding | \$ 1,693,177,164 |
| Plus: Small School Supplement | <u>\$ 1,201,558</u> |
| Equivalent 2008-2009 Funding | \$ 1,694,378,722 |
| Less: Core Funding | <u>\$ 50,000,000</u> |
| Remainder | \$ 1,644,378,722 |
| 90 percent for CH Funding | \$ 1,479,940,850 |
| 2008-2009 Base CH | <u>241,839,512</u> |
| Average rate per CH | \$ 6.12 |

Lamar State Colleges

To provide stable contact-hour funding necessary to keep student tuition low and support enrollment growth, the multiplier applied to the number of instructional contact hours that each college generates should be a minimum of \$7.97 per contact hour (the sum of the rate that contact hours were funded for the 2014-15 biennium of \$6.89 per contact hour, plus \$1.08 per contact hour, to fully restore instructional funding to the 2008-09 biennium levels prior to the economic downturn).

| | <u>General Revenue</u> |
|----------------------|------------------------|
| 2008-2009 CH Funding | \$ 29,730,526 |
| 2008-2009 Base CH | 3,730,710 |
| Average rate per CH | <u>\$ 7.97</u> |
| | |
| 2014-2015 CH Funding | \$ 30,384,122 |
| 2014-2015 Base CH | 4,411,695 |
| Average rate per CH | <u>\$ 6.89</u> |

Appendix B

Student Success Points Funding: 2016-17 Biennium Recommendation of the Metrics Task Force

The 83rd Texas Legislature provided three revenue strategies for funding instructional programs at public community colleges (\$1.77 billion for the 2014-15 biennium):

1. Core Operations – (\$500,000 each fiscal year per district, \$50 million total for the 2014-15 biennium)
2. Student Success – (\$172 million for the 2014-15 biennium, 10 percent of instructional funds appropriated after first deducting the core amount)
3. Contact-Hour Funding – (\$1.548 billion for the 2014-15 biennium, 90 percent of instructional funds appropriated after first deducting the core amount)

Student success points funding is based on a student achievement points system. Success Points are earned as students progress along a continuum from successful completion of college readiness courses to intermediate success measures (e.g., pass first college math course) to successful outcome metrics (e.g., degree awarded, transfer to university). For the 2014-15 biennium, the student success points appropriation was distributed to the 50 college districts by the following method:

- Determine the amount appropriated for student success points(\$172 million),
- Determine the number of student success points earned by the 50 public community/junior college districts (three-year average of student success points(929,188) based on FY10-FY11-FY12),
- Divide the appropriated amount (\$172 million) by the total number of points (929,188) to determine the dollar amount per point (\$185), and
- Fund each district \$185 per point for the 2014-15 biennium.

General Appropriations Act, SB 1, 83rd Texas Legislature, page III-205, Rider 23 in the Public Community/Junior College section of the General Appropriations Act passed by 83rd Texas Legislature states:

"The Public Community/Junior Colleges and the Texas Higher Education Coordinating Board shall jointly develop recommendations for an allocation system for student success points for the 2016-17 biennium. The allocation system should allocate funds to college districts for improvement in student achievement. The allocation system shall be developed in a manner that compares the performance of the college district to itself using the allocation for student success points in the 2014-15 biennium as the baseline for comparison. The Texas Higher Education Coordinating Board shall report these recommendations to the Legislative Budget Board and the Governor no later than August 1, 2014" (p. III-200).

General Appropriations Act, SB 1, 83rd Texas Legislature, page III-205, Rider 23 requires a new methodology for student success point distribution for the 2016-17 biennium. As stated in the rider, student success points for the 2014-15 should be the baseline for the 2016-17

distribution. A description of a new distribution methodology for use in the 2016-17 biennium is provided below. This methodology was developed by the Metrics Task Force of the Texas Association of Community Colleges with funding provided by the Texas Success Center. The task force is chaired by Dr. Brenda Hellyer, Chancellor, San Jacinto College. The task force is comprised of community college leaders (CEOs, Business Officers, Registrars, Institutional Researchers) and Coordinating Board staff. A complete list of task force members is provided on page 12.

Proposed Student Success Points Methodology for the 2016-17 Biennium

For the 2016-17 biennium, student success points should be funded at a rate no less than the rate of student success points' funding for the 2014-15 biennium (\$185 per student success point). A three-year average of success points (FY12-FY13-FY14) should be the basis for determining how many points each college district has earned for the 2016-17. Since FY 2014 certified data will not be available at the beginning of the 84th Legislature, a preliminary three-year average of success points (FY11-FY12-FY13) should be used in the introduced versions of the General Appropriations Act.

As shown below, the proposed methodology compares the student success performance of each college district to itself.

Notes

- This recommendation is for the 2016-17 biennium only. A similar method may be appropriate for future biennia. Issues such as whether the baseline for success points should be reset and what the baseline time period should be, are issues that will need to be resolved in the future.
- This recommendation assumes the use of identical metrics for the comparison between 2014-15 and 2016-17. Adjustments should be made for any changes in the metrics for 2016-17.

Illustration of 2016-17 Biennium Methodology (Hypothetical Example)

The second column in Table 1 shows the number of student success points earned by the six hypothetical colleges for the 2014-15 biennium. The third column shows the student success amount appropriated for each college (\$185 multiplied by the number of points). The points earned during the 2014-15 biennium will be used as a baseline for the 2016-17 student success appropriation.

Table 1
2014-15 Biennium Points and Dollars Appropriated

| College | 2014-15 Points | 2014-15 Dollars |
|---------|----------------|-----------------|
| A | 20,000 | \$3,700,000 |
| B | 5,000 | \$925,000 |
| C | 40,000 | \$7,400,000 |
| D | 12,000 | \$2,220,000 |
| E | 7,000 | \$1,295,000 |
| F | 30,000 | \$5,550,000 |

In Table 2, the second column provides the student success points earned by each of the six hypothetical colleges for the 2016-17 biennium. The student success points for 2014-15 are provided in the third column, and the last two columns show the increase/decrease in student success points for the 2016-17 biennium. College A had an increase of 1,000 student success points (+5 percent). By contrast, College B had a decrease of 50 student success points (-1 percent). The net increase for these six hypothetical colleges is 1,000 points (+1 percent). Overall, there is a 1,000-point increase (+1 percent) for the six hypothetical colleges.

Table 2
Comparing Student Success Points in 2016-17 Biennium with Baseline 2014-15 Points

| College | 2016-17 Points | 2014-15 Points | Difference from 2014-15 | |
|--------------|----------------|----------------|-------------------------|------------|
| A | 21,000 | 20,000 | +1,000 | +5% |
| B | 4,950 | 5,000 | -50 | -1% |
| C | 41,000 | 40,000 | +1,000 | +3% |
| D | 11,800 | 12,000 | -200 | -2% |
| E | 7,250 | 7,000 | +250 | +4% |
| F | 29,000 | 30,000 | -1,000 | -3% |
| Total | 115,000 | 114,000 | +1,000 | +1% |

Table 3 shows the application of the \$185-per-student success point recommendation.

Table 3
 2016-17 Biennium Points and
 Dollars Appropriated

| College | 2016-17 Points | \$ Per Point | 2016-17 Dollars |
|--------------|----------------|--------------|---------------------|
| A | 21,000 | \$185 | \$3,885,000 |
| B | 4,950 | \$185 | \$915,750 |
| C | 41,000 | \$185 | \$7,585,000 |
| D | 11,800 | \$185 | \$2,183,000 |
| E | 7,250 | \$185 | \$1,341,250 |
| F | 29,000 | \$185 | \$5,365,000 |
| Total | 115,000 | | \$21,275,000 |

Table 4 compares the appropriated dollars between the two biennia. The pattern for increase/decrease is identical to the percentages in Table 2. Using this methodology, each college is compared to itself. If the college's student success points increase in 2016-17 from 2014-15, then the student success appropriation also increases. If there is a decline in the student success points in 2016-17, then the student success appropriation will be lower in 2016-17 than in 2014-15.

Table 4
 Comparing Student Success Appropriation in 2016-17 Biennium with
 2014-15 Appropriation

| College | 2016-17 Dollars | 2014-15 Dollars | Difference from 2014-15 | |
|--------------|---------------------|---------------------|-------------------------|------------|
| A | \$3,885,000 | \$3,700,000 | +\$185,000 | +5% |
| B | \$915,750 | \$925,000 | -\$9,250 | -1% |
| C | \$7,585,000 | \$7,400,000 | +\$185,000 | +3% |
| D | \$2,183,000 | \$2,220,000 | -\$37,000 | -2% |
| E | \$1,341,250 | \$1,295,000 | +\$46,250 | +4% |
| F | \$5,365,000 | \$5,550,000 | -\$185,000 | -3% |
| Total | \$21,275,000 | \$21,090,000 | +\$185,000 | +1% |

Appendix C

Community/Technical College Formula Advisory Committee for the 2016-2017 Biennium

| Name/Title | Institution | Accountability Group | Term |
|---|--|------------------------|------|
| Institutional Representatives: | | | |
| Ms. Wendy Gunderson Professor, History | Collin College - Preston Ridge Campus | Faculty Representative | 2016 |
| Dr. Paul J. Szuch President | Lamar Institute of Technology | Lamar | 2014 |
| Dr. Greg Powell President | Panola College | Small | 2014 |
| Dr. Dusty R. Johnston President | Vernon College | Small | 2016 |
| Dr. Gregory Williams President | Odessa College | Medium | 2014 |
| Dr. Paul Illich Director Institutional Research | McLennan College | Medium | 2016 |
| Dr. Mark Escamilla President | Del Mar College | Large | 2016 |
| Mr. Eleazer Gonzalez Chief Administrative and Financial Officer | Laredo Community College | Large | 2016 |
| Dr. Richard Rhodes President | Austin Community College District | Very Large | 2014 |
| Dr. Erma Johnson Hadley Chancellor | Tarrant County College District | Very Large | 2016 |
| Ms. Diane Snyder Vice Chancellor Administration and Finance | Alamo Community College District | Very Large | 2016 |
| Ms. Kelli Shomaker Chief Financial Officer and Senior Vice President of Finance and Administrative Services | Blinn College | Large | 2018 |
| Dr. Brad Johnson President | Northeast Texas Community College | Small | 2018 |

OVERVIEW OF COMMUNITY AND TECHNICAL COLLEGE FUNDING FORMULA

Roland Gilmore
Program Director



TEXAS HIGHER EDUCATION
COORDINATING BOARD

Presentation to Community and
Technical College Formula Advisory
Committee, August 12, 2015

FORMULAS ALLOCATE FUNDS APPROPRIATED

- Formulas equitably allocate available funds among institutions
- Funding formulas reflect how state funds are “earned”, not how they must be spent.
- Appropriations are made on a “lump-sum” basis, rather than by line item
- Institutions may spend their appropriated formula funds for any legal purpose without regard to the method by which the amount of funding was generated.

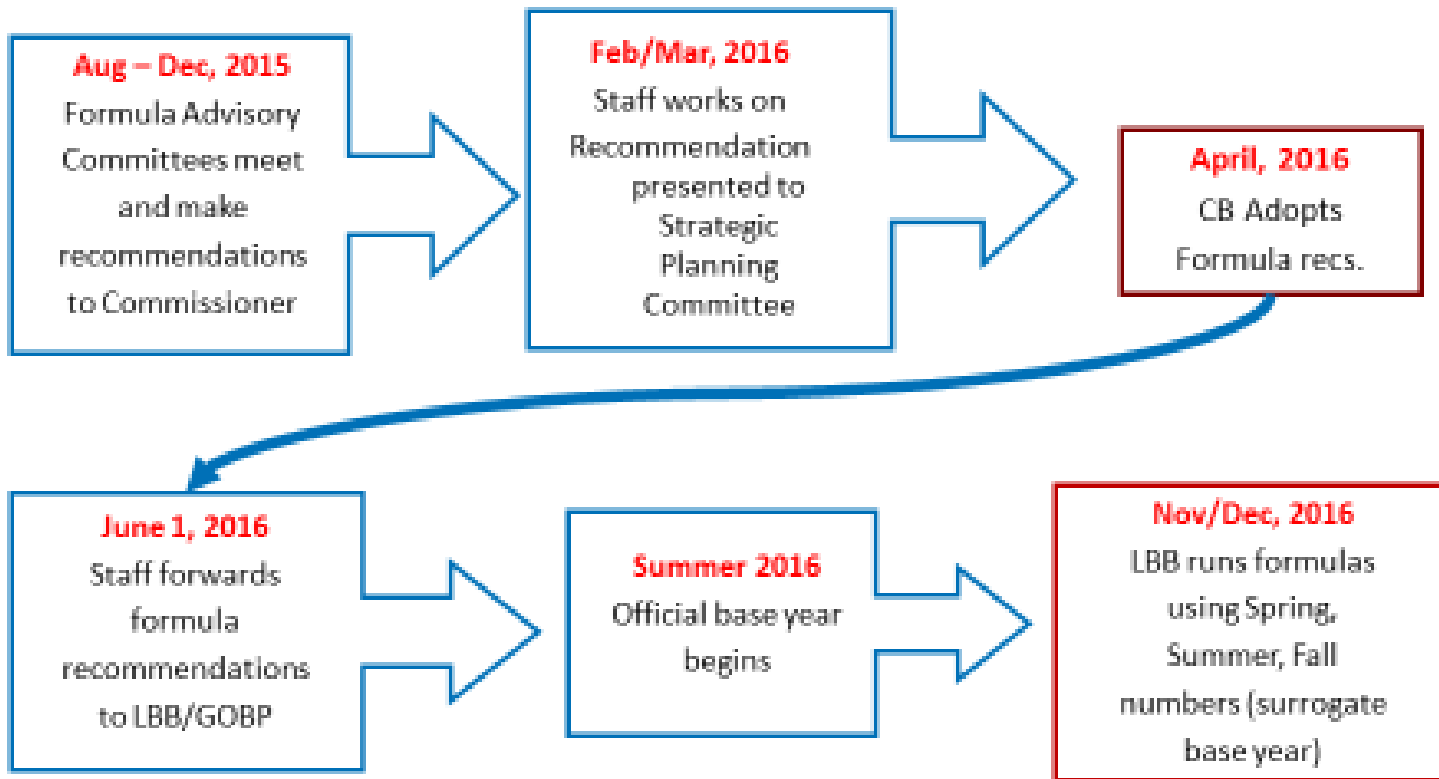
A FORMULA SHOULD ...

- be fair and equitable
- provide adequate funding to support institutional missions
- provide incentives for institutions to engage in desirable behaviors
- be simple and understandable
- be stable and predictable

WHAT ARE FORMULAS INTENDED TO COVER?

- Instruction
- Department operating expense
- Academic Support (includes library)
- Student services
- Institutional support

TIMELINE FOR FORMULA/APPROPRIATIONS PROCESS



COMMUNITY COLLEGE FUNDING MODEL

\$1 Million in Base Funding

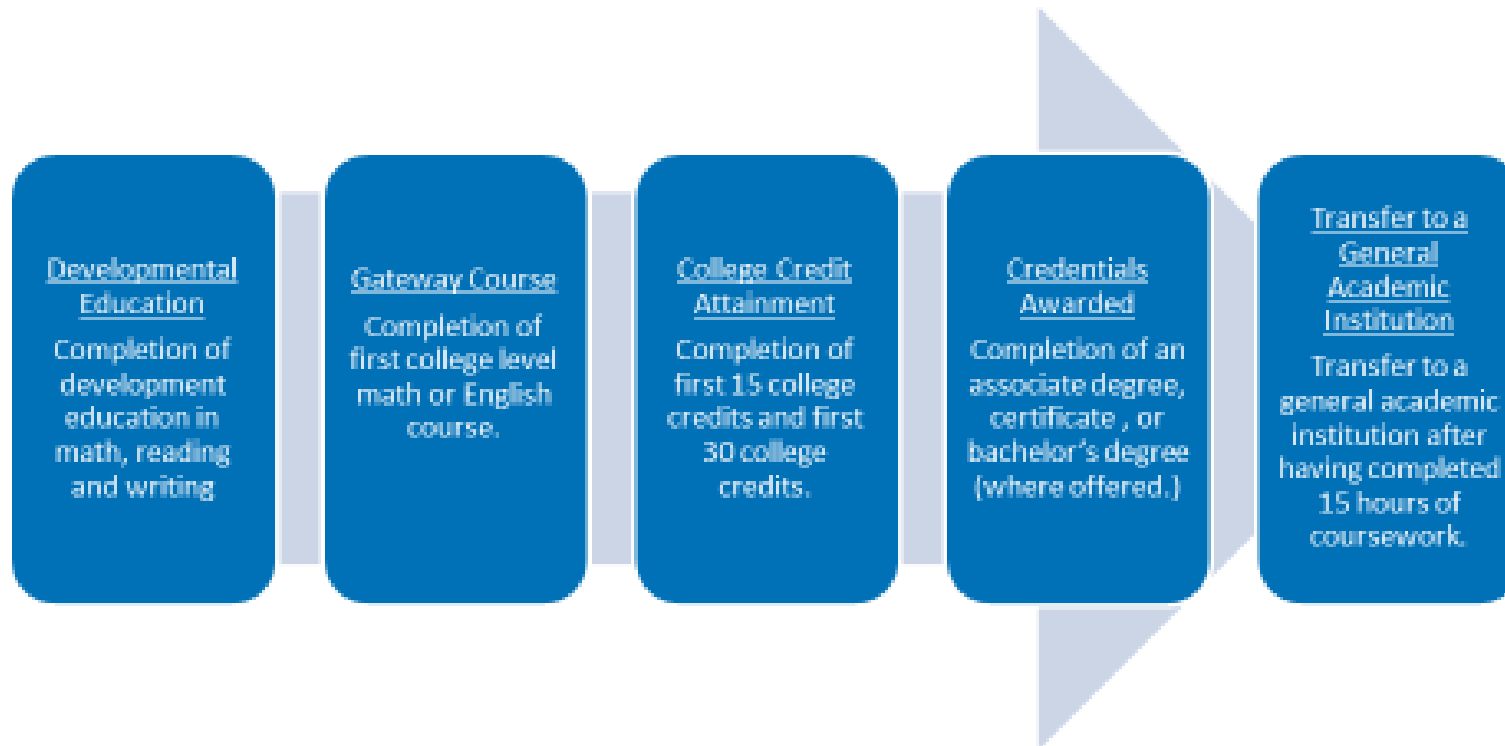
90% Enrollment Based Funding

Contact hour funding using cost-based weights

10% Outcomes Based Funding

Using the Student Success Points

COMMUNITY COLLEGE FUNDING MODEL



COMMUNITY COLLEGES FORMULA

- Contact Hour Enrollment Formula
 - Covers Academic and Technical programs
 - Critical fields “bonus” of 10%
 - Based on cost study of 26 disciplines using per contact hour \$ rates; formula is 100% general revenue

This document is available on the Texas Higher Education Coordinating Board
Website: <http://www.thecb.state.tx.us/formulafunding>

For more information contact:

Roland Gilmore

Program Director

Strategic Planning and Funding

Texas Higher Education Coordinating Board

P.O. Box 12788

Austin, TX 78711

(512) 427-6243

roland.gilmore@thecb.state.tx.us