

**Agenda Materials
Community and Technical Colleges
Formula Advisory Committee (CTCFAC)
for the 2020-2021 Biennial
Appropriations**

December 2017

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Agenda

Meeting of the Community and Technical Colleges Formula Advisory Committee

Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin

Thursday, December 7, 2017

1:00 p.m.

Agenda

- I. Call to Order
- II. Consideration and approval of the minutes from November 9, 2017, meeting
- III. Discussion, review, and consideration of the Commissioner's 2020-2021 Biennium charges
- IV. Planning for subsequent meetings
- V. Adjournment

Texas Penal Code Section 46.035(c) states: "A license holder commits an offense if the license holder intentionally, knowingly, or recklessly carries a handgun under the authority of Subchapter H, Chapter 411, Government Code, regardless of whether the handgun is concealed or carried in a shoulder or belt holster, in the room or rooms where a meeting of a governmental entity is held and if the meeting is an open meeting subject to Chapter 551, Government Code, and the entity provided notice as required by that chapter." Thus, no person can carry a handgun and enter the room or rooms where a meeting of the THECB is held if the meeting is an open meeting subject to Chapter 551, Government Code.

Please Note that this governmental meeting is, in the opinion of counsel representing THECB, an open meeting subject to Chapter 551, Government Code and THECB is providing notice of this meeting as required by Chapter 551. In addition, **please note** that the written communication required by Texas Penal Code Sections 30.06 and 30.07, prohibiting both concealed and open carry of handguns by Government Code Chapter 411 licensees, will be posted at the entrances to this governmental meeting.

Prior Meeting's Draft Minutes

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Thursday, November 9, 2017
1:00 p.m.**

Minutes

Attendees: Ms. Teri Crawford, Dr. Van Miller, Mr. Patrick Lee, Mr. Richard Cervantes, Ms. Mary Wickland, Mr. Jim Yeonopolus, Dr. Robert Riza, Dr. Pam Anglin, Dr. Ron Clinton, Dr. Jeremy McMillen, and Dr. Phil Rhodes

Absent: Mr. Michael Reeser, Dr. Cesar Maldonado

THECB Staff: Dr. Julie Eklund, Mr. David Young, Mr. Thomas Keaton, Dr. Chelsea Moore, Mr. Roland Gilmore, Ms. Jennifer Gonzales

Legislative Budget Board: Ms. Emily Schmidt

1. The meeting was called to order at 1:00 p.m.
2. The chair asked if there were any corrections to the minutes of the October 12, 2017, meeting. Dr. Jeremy McMillen motioned for approval of the minutes. The motion was seconded by Dr. Van Miller and unanimously approved.
3. Discussion of Charge 1 – Study and make recommendations for the appropriate funding levels for the core, contact hour and student success funding.
 - I. Ms. Wickland said the work group recommended funding State Colleges at \$47 million, which is a 6.5 percent increase over the 2018-2019 biennium. The recommendation included 4.06 percent growth in contact hours.
 - II. Dr. McMillen said the work group recommended funding Community Colleges at \$1,912.2 million, which is an 8.2 percent increase over the 2018-2019 biennium. The recommendation included 3.68 percent growth in contact hours and funding success points at \$215 per point.
 - III. Dr. McMillen said the workgroup also recommends further study of the current success point categories and their relevancy in meeting the *60x30TX* plan.
4. Discussion of 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.
 1. In Mr. Reeser's absence, Mr. Gilmore said the workgroup had agreed on a funding level for the Texas State Technical College System's funding level.

5. Discussion of Charge 3 – Study and make recommendations on the treatment of competency-based courses in formula allocations.
 1. Mr. Yeonopolus said the work group recommends continuing the current (fall 2017) course based methodology for funding Competency Base Education (CBE).
6. Discussion of Charge 4 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and success point funding.
 - I. Dr. McMillen said the work group recommends no changes to critical fields in contact hour or success point funding.
 - II. Dr. Eklund mentioned the need for language in the recommendation outlining the potential composition of a suggested workgroup to review changes in critical fields and success point formulas.
7. Discussion of Charge 5 – Study and make recommendations on a new formula to fund dual credit programs based upon the number of semester credit hours offered in dual credit by Texas State Technical College. (General Appropriations Act, SB 1, 85th Texas Legislature, Rider 12 (page III-232))
 - I. Dr. McMillen said the work group recommends aligning the addition of the Technical colleges’ dual credit funding in alignment with the Community and State colleges through contact hours.
8. Discussion of Charge 6 – Review existing Coordinating Board data on dual credit program funding, including preliminary data available from the 2017-2018 dual credit study being conducted by contracted research organizations, and share insight on current dual credit funding mechanisms.
 1. Dr. McMillen said the work group recommends no changes to dual credit funding for the Community and State colleges.
9. The chair recommended the work groups finalize their recommendations for final approval by the full committee.

The chair asked for a motion to adjourn. Dr. Robert Riza made the motion, the motion was seconded by Mr. Yeonopolus. The committee adjourned at 1:20 p.m. and will next convene December 7th, 2017, at 1:00 p. m.

Prepared by Roland Gilmore

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 7, 2017, and a final written report by February 2, 2018. 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)).

"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, SB 1, 85th Texas Legislature, Rider 11 (page III-232)).

"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 2020-21 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 the efficacy of critical need fields as they relate to contact hour and success point funding.
5. Study and make recommendations on a new formula to fund dual credit programs based upon the number of semester credit hours offered in dual credit by Texas State Technical College. (General Appropriations Act, SB 1, 85th Texas Legislature, Rider 12 (page III-232)).
6. Review existing Coordinating Board data on dual credit program funding, including preliminary data available from the 2017-2018 dual credit study being conducted by contracted research organizations, and share insight on current dual credit funding mechanisms.

Below is a link to the Rand Report on Dual Credit

[Dual Credit: Interim Report from THECB-RAND Study Posted for Public Comment](#)

Community and Technical College Formula Advisory Committee for 2020-2021 Biennium

Dr. Pamela Anglin, Chair

Name/Title	Institution/Address	Email/Phone
<u>Institution Representatives:</u>		
Ms. Teri Crawford (2022) Vice Chancellor of Public Relations, Marketing, and Governmental Affairs	San Jacinto College District 4624 Fairmont Parkway Suite 200 Pasadena, TX 77504	teri.crawford@sjcd.edu (281) 998-6151
Dr. Cesar Maldonado, Ph.D., P.E. (2022) Chancellor	Houston Community College 3100 main Houston, Texas 77002	cesar.maldonado@hccs.edu (713) 718-5059
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Mr. Patrick Lee (2022) Department Chair and Professor of Mathematics	Alamo Colleges 1400 West Villaret Boulevard San Antonio, Texas 78224	plee18@alamo.edu (210) 486-3282
Mr. Richard Cervantes (2022) Vice President for Business and Finance	Blinn College 902 College Avenue Brenham, Texas 77833	Richard.Cervantes@blinn.edu (979) 830-4123
Ms. Mary Wickland (2020) Vice President for Finance	Lamar State College - Port Arthur PO Box 310 Port Arthur, TX 77641	wicklandma@lamarpa.edu (409) 984-6125
Mr. Jim Yeonopolus (2022) Chancellor	Central Texas College PO Box 1800 Killeen, TX 76540	JYeonopolus@ctcd.edu (254) 526-1214
Mr. Michael Reeser (2020) Chancellor	Texas State Technical College System 3801 Campus Drive Waco, Texas 76705	mike.reeser@tstc.edu (254) 867-4891
Dr. Robert K. Riza (2022) President	Clarendon College 1122 College Drive Clarendon, TX 79226	robert.riza@clarendoncollege.edu (806) 874-4808
Dr. Pamela Anglin (2020) President	Paris Junior College 2400 Clarksville Street Paris, TX 75460	panglin@parisjc.edu (903) 782-0330
Dr. Ron Clinton (2018) Interim President	Northeast Texas Community College PO Box 1307 Mount Pleasant, TX 75456	rclinton@ntcc.edu (903) 434-8101
Dr. Jeremy McMillen (2020) President	Grayson College 6101 Grayson Drive Denison, TX 75020	mcmillenj@grayson.edu (903) 463-8600
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Charge 1 – Study and make recommendation for the appropriate funding levels for the contact hour, core, and the student success funding.

Committee Recommendation for Community Colleges.

Sector	2018-2019 Appropriations (millions)	2020-2021 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public Community Colleges	1,767.4	1,912.2	144.8	8.2%

- The committee recommends the funding for community colleges be increased by \$144.8 million to \$1,912.2 million for the biennium; this will enable institutions to meet the goals of *60x30TX*. The committee further recommends funding with the following priorities:
 1. Fund the community colleges with an increase based on projected contact hour and success point growth and adjusted for inflation.
 2. Fund community college success points at \$215 per point. This adds \$49 million to the funding level.
 3. Maintain the core funding level at \$68 million.
 4. Maintain the current level of Bachelor of Applied Technology (BAT) funding for the four institutions eligible for upper-level funding, adjusted for projected growth.
 5. Distribute the balance based on the Community College Contact Hour Formula.

The committee also recommends maintaining the current critical needs fields for this biennium. Further, the committee recommends additional study of the existing success point metrics jointly with the Metrics Task Force of the Texas Association of Community Colleges (TACC) to evaluate the continued relevancy of each success point given various state-level policy changes, the addition of fields of study and the implementation of the co-requisite model in developmental education. This review should keep in mind the relevance to *60X30TX* goals and strengthening student success throughout the state.

State Colleges Draft Recommendation

Sector	2019-2018 Appropriations (millions)	2020-21 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public State Colleges	44.1	47.0	2.9	6.5%

- The committee recommends increasing the funding to the State College formulas for the 2020-2021 biennium to \$47.0 million, which is an increase of \$2.9 million, or 6.5% as compared to the 2018-2019 biennium.
- Fund \$38.5 million to the State College Instruction and Administration formula for the 2020-21 biennium, which would be an increase of \$3.0 million, or 8.3 percent, compared to the \$35.6 million appropriated for the 2018-19 biennium.
 - ❖ This funding level assumes a rate of \$7.51 per contact hour. An increase of \$0.46 or 6.5 percent compared to the \$7.05 funded for the 2018-19 biennium.
 - ❖ This funding level assumes a contact hour growth rate of 4 percent for the following reasons: :
 - Three Early High School Campuses have opened since the fall 2016 semester. By year four of the programs over 1,000 students per year will graduate with an associate degree or certificate coupled with a high school diploma.
 - Prison credit offerings have expanded through a pilot PELL program.
 - Co-Enrollment to local high schools and charter schools has increased 256%.
 - Workforce Development Programs have expanded through collaboration with local industry.
 - The Continued partnership with Community in Schools of Southeast Texas (CISSET) provides a Site Coordinator to offer college and career services to high school students on all CISSET contracted campuses.
 - Focus on enrollment and retention has been strengthened by establishing an Enrollment Management Plan, which expands the role of advisors and strategies to increase faculty/staff engagement with students.

- A program for students at risk who are reported by faculty to advisors has been developed; these advisors then reach out to the students to gain an understanding of the issues and design a plan for retention.
- ❖ The recommendation includes an estimated \$8.4 million in statutory tuition and \$30.1 million in general revenue.

The increase will provide support for the *60X30TX* plan by:

- Allowing the continued collaborative efforts between the colleges and high school campuses for dual enrollment and promotion of college attainment.
- Continuing the development and implementation of programs based on the desirable skill needs of the local employer workforce.
- Continuing efforts to set an early path to a college education by reaching out to high school students and parents, providing financial aid information, advising and career path counseling.
- Fund \$8.6 million to the Space Support formula and Small Institution supplement for the 2020-2021 biennium, which would be the same as appropriated for the 2018-19 biennium.
 - ❖ This funding level assumes a rate of \$5.36 per adjusted predicted square foot, representing an increase of \$0.09 or 1.7 percent compared to the \$5.27 funded for the 2018-19 biennium. The funding level assumes a 2.8 percent decrease for growth in adjusted predicted square feet between fall 2016 and fall 2018 and a 1.7 percent increase for inflation.
- Split the recommended Space Support rate between “utilities” and “operations and maintenance” components using FY 2018 utility rates, update the utility rate adjustment factors using the FY 2018 utilities expenditures, and allocate the Space Support formula using the fall 2018 predicted square feet.

Fund the Small Institution Supplement using the same methodology and rate as the 2018-19 biennium.

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, SB 1, 85th Texas Legislature, Rider 11 (page III-232)).

Committee Recommendation for Technical Colleges.

Sector	2018-2019 Appropriations (millions)	2020-2021 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public Technical Colleges	143.5	179.1	35.6	24.8%

Administration and Instruction (A&I) and Space Support	2018-2019 Appropriations (millions)	2020-2021 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	106.7	142.7	36.0	33.7%
General Revenue-Dedicated	32.4	32.0	-.4	-1.2%
All Funds	139.1	174.7	35.6	24.8%

Small Institution Supplement	2018-2019 Appropriations (millions)	2020-2021 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	4.4	4.4	0.0	0%

Fund \$147.1 million in General Revenue and \$179.1 million in all funds for the 2020-2021 biennium, an increase of \$35.6 million, or 24.8 percent, which includes \$32.0 million of General Revenue-Dedicated.

- Fund \$129.5 million in General Revenue and \$161.5 million in all funds to the Texas State Technical College System (TSTCS) return value formula for the 2020-2021 biennium, an increase of \$35.6 million, or 24.8 percent, compared to the all funds appropriation of \$143.5 million for the 2018-2019 biennium.
 - ❖ The \$179.1 million All Funds recommendation includes an estimated \$32.0 million in General Revenue-Dedicated (statutory tuition and fees) equal to the amount appropriated in the Administration and Instruction and Space Support formulas for the 2018-2019 biennium.

- ❖ The \$129.5 million General Revenue recommendation funds 35 percent of the \$370 million estimated 2011-2012 cohort Return Value, which is the same percentage of return value that would have been funded by the 2016-2017 biennium general revenue appropriation.
- Fund \$4.4 million to the Small Institution Supplement using the same methodology and rate as the 2018-2019 biennium.

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

Committee Draft Recommendation

The CTCFAC recommends Competency Based Education (CBE) courses (not modules) be funded using the existing formula calculation and updated expenditure-based weights for the 2020-2021 biennium.

- Institutions offering competency-based courses should report hours to the Coordinating Board once the institution has an indication that the student has begun engaging with the course materials;

Competency-based education courses may only be reported for funding if they are linked to coursework in the Academic Course Guide Manual (ACGM) or Workforce Education Course Manual (WECM).

Charge 4 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and success point funding.

Committee Draft Recommendation

The CTCFAC recommends that the Metrics Task Force of the Texas Association of Community Colleges be reconvened to provide feedback to the CTCFAC on Success Point metrics. It is recommended that at least two members of the CTCFAC whose appointments continue into 2019 be invited to join the Metrics Task Force for the Success Point discussions, which will include, but not be limited to, Success Point funding for critical fields and awards such as Field of Study. A staff member of the Coordinating Board with expertise in the calculation of Success Points should continue as a participant.

Charge 5 – Study and make recommendations on a new formula to fund dual credit programs based upon the number of semester credit hours offered in dual credit by Texas State Technical College. (General Appropriations Act, SB 1, 85th Texas Legislature, Rider 12 (page III-232))

Committee Recommendation for Funding Texas State Technical Colleges Dual Credit

Sector	2018-2019 Appropriations (millions)	2020-2021 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public Technical Colleges	0.0	3.7	3.7	NA

The CTCFAC found that TSTC favors the use of the Contact Hour method because of the System’s familiarity with the approach. TSTC reports that the processes needed for collecting the requisite data for the Contact Hour approach and reporting of the data to the THECB, the LBB staff, and any other agencies is well known to TSTC and could be easily accomplished. The Contact Hour method is used by the community colleges, and therefore, provides an opportunity to provide consistency.

The Committee recommends using the Contact Hour method for funding Dual Credit for Texas State Technical College System. Accordingly, the CTCFAC recommends funding TSTC Dual Credit programs at \$3.7 million in General Revenue.

Charge 6 – Review existing Coordinating Board data on dual credit program funding, including preliminary data available from the 2017-2018 dual credit study being conducted by contracted research organizations, and share insight on current dual credit funding mechanisms.

Committee Recommendation for Funding Community and State Colleges Dual Credit

Funding for community college courses awarded via dual credit (by secondary schools) should be based upon the current contact hour and success point formulas.

The CTC Workgroup of the Formula Advisory Committee studied the manner in which Dual Credit courses are funded at community colleges. This study was challenging without clearly articulated state-wide goals. Further, many research studies are active, focusing on quality, equity, funding and policy questions to help the state ensure dual credit programs fulfill their promise and position students for success.

The 85th Legislature charged the Commissioners of the Texas Higher Education Coordinating Board and Texas Education Agency with setting state-wide goals for dual credit. That work is ongoing, and the CTCFAC hopes that it will include an opportunity for input from community colleges, workforce (perhaps even the Commissioner of the Texas Workforce Commission), employers, universities, and our broader public.

The Committee reviewed an early draft report of the RAND Study for recommendations on funding; however, there were no clear funding recommendations at this time. The CTCFAC is aware of additional study being conducted by American Institutes for Research (AIR); however, its final report was not available at the time the committee made recommendations. Additionally, the statewide Dual Credit Task Force, led by The University of Texas System Administration and the Texas Association of Community Colleges, with representation across educational sectors statewide is focused on quality, equity, funding and policy questions to help the state ensure dual credit programs fulfill their promise and position students for success. Their work has yet to conclude, and no recommendations on funding have emerged at this date.

Community Colleges provide 93% of classes offered as dual credit, with the number of students taking classes for dual credit increasing. Members of the CTCFAC view dual credit as a key to making the state's strategic plan, *60X30TX*, a reality, as the reports from the above (as well as national) studies indicate dual credit students are very successful within classes offered as dual credit, post-high school collegiate entry, and baccalaureate degree completion.

The CTCFAC believes that a funding recommendation should be built upon established state-wide goals for dual credit, and which reflect the role of dual credit in achieving the attainment and completion goals of the *60X30TX* plan, as well as research on what works (RAND Study, UT Study, AIR Study, and national studies on dual credit). Identifying alternative funding methods for dual credit is a difficult task due to the diverse range of business models used at community colleges and some universities, and will require further study and discussions with all dual credit stakeholders. Further expansion of dual credit may require additional investments in order to continue to see the same outcomes. For example, the expansion of the Early College High School model is a substantial investment of resources that may require further study going forward.

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

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