



LEGISLATIVE BUDGET BOARD

Texas Public Higher Education

Public Community/Junior Colleges Funding Overview

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON ARTICLE III and HOUSE COMMITTEE ON HIGHER EDUCATION

LEGISLATIVE BUDGET BOARD STAFF

MARCH 24, 2016

Overview of Community College Funding

- Community college funding comes from three primary sources
 - 1) State Appropriations
 - 2) Tuition and Fee Revenue
 - 3) Local Property Tax Revenue

- Unlike other institutions of higher education, tuition and fee revenue is not included in state appropriations for community colleges.

- Appropriations are made up of formula funding, Special Items, and Bachelor of Applied Technology programs.

Formula Funding

- Formulas are a distribution method for higher education funding. Higher Education formulas do not create a statutory or constitutional entitlement.
- Unlike other institutions, formula funding for community colleges is funded entirely with General Revenue and does not include tuition and fee revenue as part of the method of finance.
- Community colleges report contact hour and success points data to the Texas Higher Education Coordinating Board (THECB). THECB compiles the data and provides success points and weighted contact hour data to the Legislative Budget Board.

Formula Funding

- Beginning in the 2014-15 biennium, the Legislature implemented a new outcomes-based model for the Instructional and Administrative formula that includes three funding components:
 - **Core Operations** (\$1.0 million per institution)
 - **Success Points** (10 percent of remaining formula funding)
 - **Contact Hours** (90 percent of remaining formula funding)

Formula Funding – Core Operations

- Each community/junior college district receives \$1.0 million per biennium to help cover basic operating costs, regardless of size or geographic location.
- Core Operations replaced the community college small institution supplement.

Formula Funding – Success Points

- After Core Operations is funded, 10 percent of the remaining funds are distributed based on Success Points.
- Success Points are funded based on a three year average of success points earned by students at each community college.
- Students are able to earn success points through eleven different metrics.

Formula Funding – Success Points

<u>Metric</u>	<u>Points</u>
▪ 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
▪ Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate recognized for this purpose by the Coordinating Board in a field other than a critical field, such as Science, Technology, Engineering and Mathematics (STEM), or Allied Health.	2.0
▪ Student receives from the institution an associate's degree, a Bachelor's degree, or a certificate recognized for this purpose by the Coordinating Board in a critical field, including the fields of Science, Technology, Engineering or Mathematics (STEM), or Allied Health.	2.25

Formula Funding – Contact Hours

- The remaining 90 percent of funds are distributed based on the number of contact hours for each community college.
- A contact hour is a time unit of measure that represents an hour of scheduled academic or technical class time, 50 minutes of which must be instructional.
- Contact hour funding is based on each community college's share of total weighted base year contact hours.

Formula Appropriations

Formula	2014-15 Appropriations		2016-17 Appropriations	
	Formula General Revenue (in millions)	Annual All Funds Rate	Formula General Revenue (in millions)	Annual All Funds Rate
Contact Hour	\$1,547.8	\$2.65	\$1,522.5	\$2.69
Success Points	\$172.0	\$185.12	\$169.2	\$172.58
Core Funding	\$50.0	\$0.5 million per district	\$50.0	\$0.5 million per district
Total	\$1,769.8		\$1,741.7	

Note: 2016-17 amounts do not include hold harmless funding. 2016-17 appropriations included \$4.0 million for a 90 percent hold harmless.

Other Funding

- Special Items
 - \$30.8 million for the 2016-17 biennium
 - Range from \$331,140 at Laredo Community College for the Regional Import/Export Training Center, to \$8,900,000 at Alamo Community College for the Veteran's Assistance Centers

- Bachelor of Applied Technology Programs
 - Brazosport College
 - Midland College
 - South Texas College
 - Calculated by multiplying the weighted semester credit hours by the same General Revenue I&O rate used by the General Academic Institutions



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

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