

OVERVIEW

Formula Funding Recommendations for the 2010-2011 Biennium - Community and Technical Colleges Approved April 24, 2008

The Coordinating Board's formula funding recommendations for the 2010-2011 biennium recognize the need to shift from a focus on meeting the student participation goals of the state's higher education plan, Closing the Gaps by 2015, to more effectively meeting 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 eight years since Closing the Gaps was first adopted – and those gains must continue. However, if the goals of Closing the Gaps are to be fully realized, much more emphasis must be placed on the success of those students and the effective use of state, institutional, and student resources in retaining and graduating students.

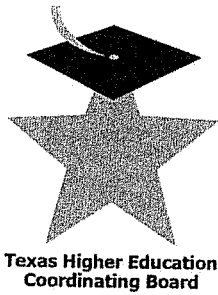
To this end, three critical changes in formula funding are recommended:

- Base funding on outcomes rather than on inputs. Currently, funding is based on attempted semester contact hours (inputs). This recommendation bases funding on completed semester contact hours (outcomes).
- Provide funding at levels that not only allow institutions to continue meeting participation goals, but enable them to put the infrastructure, policies, and programs in place necessary to retain students more effectively and improve student performance.
- Provide institutional performance funding to recognize achievement in meeting student success goals, such as increasing the number of degrees and certificates awarded as well as increasing the number of transfers from two-year institutions to universities.

Highlights of the specific funding recommendations for the Community and Technical Colleges are outlined below.

Community and Technical Colleges

- Base Funding - Increase funding to full formula minus tuition and fees while implementing a phase-in of funding (25 percent first year, 50 percent second year, 75 percent third year, and 100 percent fourth year) on completed vs. attempted contact hours. (\$667 million)
 - o The Coordinating Board expects two-year colleges to account for 70 percent of new enrollments. Since 2000 the amount of formula appropriations per contact hour has dropped from \$9.06 to \$7.00 in constant dollars.
 - o For the reasons mentioned above, the proposed change to fund on completed contact hours is only recommended if a minimum of \$400 million is added to the current base funding. That amount equates to funding 60 percent of full formula; the community colleges are currently receiving 56



- percent. The Coordinating Board does not propose making this change in allocations if community colleges will be harmed financially.
- Performance Funding - Provide \$100 million for performance funding
 - Awards would be based on the number of degrees and certificates awarded, and transfers to universities.
 - Developmental Education - Increase \$30 million in funding for developmental education.
 - Funds would be trusted to the Coordinating Board for innovative programs with positive results in developmental education. It would allow for funding of non-course based developmental education courses.
 - Provide \$4.5 million for alternative teacher certification programs.
 - The state does not currently fund Community and Technical Colleges for these programs. Funding is proposed to be allocated based on certificates awarded.
 - Provide \$4.8 million in additional small institution supplement funding.
 - Currently there is \$1.2 million in funding to assist two very small institutions. Originally designated for those institutions with fewer than 1 million contact hours. These funds would be tied to an institution's implementation of programs to increase enrollment and persistence.

All Institutions

- Increase the Nursing Shortage Reduction Program by \$10.3 million.
 - The Nursing Shortage Reduction Program is available to all institutions, including independent institutions, and is based on increases in nursing graduates.

For more information:

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