



LEGISLATIVE PRIORITIES

83rd LEGISLATIVE SESSION



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Overview

The slow recovery from the national recession has made Houston Community College's ("HCC") economic role more critical. Many jobs lost during the recession are not returning, with Texas' new job growth emerging in other fields. The resulting need for retraining and advancing the skills of our workforce continues to translate into dramatic enrollment growth, with Fall 2011 student enrollment earning semester credit hours 30% higher than in Fall 2008. Moreover, displaced workers are enrolling to re-tool their work skills for the purpose of transitioning back to work. Consequently, it is critical that HCC meet this existing demand that serves the best interests of our community, region, and state.

HCC, a state-supported provider of higher education, understands the difficult budget choices that the Texas Legislature faced last legislative session. Now that state revenues are significantly increasing over the levels of last biennium, and as Texas leads the nation in job growth, it is critically important to provide the resources that community colleges need to continue their vital role that serves the best interests of the state. Accordingly, HCC looks forward to working with the 83rd legislature and the governor to enhance educational opportunities and to help advance our collective efforts toward Closing the Gaps – ensuring an educated population and workforce for the future.

HCC has six regional college campuses and educates more than 75,000 students each semester – preparing individuals, our region and the state of Texas for long-term economic growth and opportunity. Nearly 5,000 HCC students received degrees, certificates and GED's this past academic year. HCC's dual enrollment/high school students now top 7,500 and online students exceed 14,000. Our Associates Degree graduates earn an average of \$63,000 annually, 35% more than students with a high school diploma. Among community colleges, HCC ranks #1 in: placing students in jobs upon graduation in Texas; international student enrollment among U.S. community colleges; 25 exemplary workforce programs in Texas; granting Associates Degrees in Texas (#5 in the nation). Additionally, all five of our Early College High Schools earned an "exemplary rating by the Texas Education Authority.

Past HCC students contribute \$2.2 billion annually in added regional income. For every dollar of support we receive, taxpayers see a return of \$2.60 (in the form of higher tax receipts and avoided costs). Annually, taxpayers benefit from a \$36 million return on investment attributed to increased annual tax revenues, an educated citizenry and other avoided costs to government. We are indeed an excellent present value to the community and our students. (See Economic 2012 Economic Impact Study conducted by Economic Modeling Specialists, Inc. that supports all statistical information).

HCC's vision is to be the most relevant community college in the country – the opportunity institution for every student we serve – essential to our community's success. As we pursue this vision, HCC identifies its 2013 legislative priorities for consideration by the 83rd legislature and the governor. The following identified legislative priorities are critical to the general advancement of our economy and of higher education in the state of Texas and the greater Houston community.

Appropriations – To prevent erosion of the community and technical colleges’ mission of providing quality higher education and workforce preparation for all Texans, absent being able to fund the Texas Higher Education Coordinating Board’s (“THECB”) initial appropriations recommendations, the 83rd Legislature should adopt, **excluding matters relating to employee benefits**, the funding recommendations of the *Texas Association of Community Colleges* (“TACC”). The TACC recommendations non-exclusively include: (1) \$50 million to fund core operations at each community college, (2) \$1.968 billion in general revenue funds, with 90% distributed based on contact hours and 10% distributed through the Student Success Points (outcomes-based) model (3) funding the New Mathways Project and Starlink to provide professional development for faculty to engage in the Student Success Initiative.

Outcomes-based/Student Success Points – To meet the shared objective of establishing an outcomes-based/Student Success Points funding methodology for all Texas community colleges, the Texas Legislature should not only incorporate a reasonable metric, but safeguards that acknowledge the common characteristics and circumstances of many community college students (e.g., often come from economically disadvantaged backgrounds and considered non-traditional students).

Financial Aid – To achieve the state’s desired goal of increasing student enrollment by 2015, the Texas Legislature should expand grant funding rather than loan programs for community college students. The current Texas financial aid policy provides less than 10% of all grant aid to community college students, the largest segment of students enrolled in Texas higher education institutions and a group commonly characterized as being economically disadvantaged.

Employee Benefits – To provide an excellent educational experience for all students, community colleges must hire and retain talented and dedicated faculty and staff. Restoration of quality employee benefits is critically important to accomplishing this goal. Accordingly, the 83rd legislature should return to its historical commitment to Texas community colleges of fully funding employee benefits, removing that cost from local property taxpayers and students onto whom it was shifted in 2011.

New Campus Funding – To meet the increasing demand for higher education and to enhance the economic vitality of our region and state, HCC will construct new and expand existing facilities during the fiscal biennium 2014 – 2015. With the opening of these facilities, there is an anticipated increase in our student enrollment and correspondingly the need for timely contact hour reimbursement. Accordingly, HCC urges the 83rd legislature to fully fund the anticipated additional student contact hours, as presented in the HCC Legislative Appropriations Requests (“LAR”).

Professional Nursing Shortage Reduction – To meet expected demand for nurses over the next decade, HCC urges the 83rd legislature to adequately address the nursing shortage by continuing to fund this initiative at least at current levels. Additionally, HCC asks for modification of existing guidelines to give more community colleges access to the previously expanded funding and to provide timely access to funding for expansion of nursing programs.

Adult Basic Education – HCC supports the TACC request for more adequate funding of Adult Basic Education (ABE). Texas currently serves only about 100,000 of the estimated 3 million adults in need of ABE programming. HCC also support the call to move oversight of ABE from the Texas Education Agency to the Texas Higher Education Coordinating Board.

Removing Barriers to Community College Student Transfers – Much testimony has been given about the numerous barriers faced by community college students seeking to transfer to 4-year degree programs. These include non-transferability or non-applicability of courses to degree plans, financial aid that unfairly discriminates against transferring students and lack of funding for sufficient counseling assistance to enable students to adequately prepare for transfer.

HCC supports establishment of a statewide articulation agreement and curriculum structure that will assure the transfer of community college credits and reduce the unnecessary expenses incurred by students and the state when courses have to be re-taken upon transfer to 4-year institutions. Adoption of the TACC Student Success Points initiative will also provide incentives for successful transfers and a similar incentive structure could be used to encourage universities to enroll students who have completed an associate degree.

Improved Financial Aid for Students Transferring from Community Colleges – To further assist in the transfer process, HCC supports the Sunset recommendation to shift financial aid funding for community college students from the B-On-Time loan program to the Texas Educational Opportunity Grant, which is better suited for students who attend community colleges. HCC also supports TACC’s recommendation to modify the proposed priority system for Texas Grants to provide scholarships for associate degree completers. HCC further request that community college financial aid officials be granted greater flexibility to transfer funds between state aid programs so they may be directed where they will do the most good.

Workforce and Skills Alignment – HCC supports the TACC recommendations for reforming the Skills Development Fund and for defining clear pathways between high school career and technical education and community college career and technical programs.

Hire Local First – To maximize its contributions to the local economy, HCC seeks authority to include some level of preferential scoring for local businesses as a factor in determining “best value” to the college in purchasing goods and services.

Counselor Certification – Counselor Licensure – HCC recognizes the need for professional counseling services for community college students. College students are confronted with emotional and mental health challenges that often require the services of a professional. Furthermore, students with disabilities have unique needs in the college setting and benefit greatly from the support of a professional. Accordingly, the policy desire is to require licensure of counselors who provide services such as personal, crisis, and disability counseling to ensure that the necessary skill and training has been acquired and maintained to best serve the interests of students.

Issue

Recent past state legislative sessions resulted in Texas community colleges losing substantial state funding despite experiencing dramatic student enrollment growth. Effectively, HCC is responsible for educating almost 30% more semester contact hour students in fall 2011 than in 2008, with state aid that was 7.5% less, after factoring the state funding reduction of employee benefits. This critical concern not only adversely impacts the ability and capacity of community colleges to meet existing student needs and local workforce demands, it arguably fails to serve the best interests of the state, as we all collectively work to close the educational gaps.

Background

In the past 12 years, state support for community colleges continued to decrease as a percentage of total revenue. In 1998-1999, 46% of HCC's revenue came from state formula funding. By 2003-2004, state revenue to HCC declined to less than 30%. As of 2012-2013, state aid represents only about 25% of HCC's revenue.

Despite dramatic increases in enrollment – nearly 25% for semester credit hour students – HCC was required to reduce its expenditures by 5% during the FY2010-2011 biennium. The 82nd legislature continued state general revenue formula funding at the reduced level, leaving HCC unreimbursed for the expenses associated with previous biennium's growth. Additionally, HCC had to replace more than \$9 million in reduced support for its employees' insurance benefits and another \$9 million in reduced state contribution for employees' retirement. With the remaining money, HCC still had to educate and train 4% more students during fall 2011, for a cumulative growth of almost 30%, as compared to fall 2008.

In the summer semester after the mandated 5% cuts, reduced class offerings led to an enrollment drop of 4%, with an additional decline to 5% below the pre-cut level this past summer. The impact has been far worse on HCC's fourth quarter second summer semester, where the declines were 9%, followed by an additional 11% enrollment drop.

State Legislative Action Sought

HCC generally supports the initial funding recommendations of the THECB, which included a \$255 million increase in formula funding for community colleges that acknowledged tremendous enrollment growth; and, \$233.5 million in outcome-based funding (characterized as student success funding by TACC). Absent being able to fund the THECB's initial appropriations recommendations, HCC supports the TACC appropriations requests (*i.e.*, \$1.72 billion for contact hours; \$196.8 million for student success; and, \$50 million core operations funding).

Impact

The requested state appropriations are necessary for HCC and other community colleges to meet the state's economic development needs and the policy goals identified in Closing the Gaps by 2015 and to prevent reductions in services, and increases in tuition and property taxes that would be particularly damaging as we rebound from a slow growth economy.

Issue

During the 81st and 82nd legislative sessions the THECB proposed to allocate 10% of formula funding for community colleges based on metrics that measure student success. Community colleges acknowledged the value and need to incorporate such an allocation methodology. However, the metrics used to award points and ultimately funding is an important consideration deserving focused attention, particularly if the final model fails to incorporate safeguards that factor the student population that community colleges commonly serve (e.g., economically disadvantaged and non-traditional students).

Background

During the 82nd legislative session the THECB recommended shifting some funding of higher education from cost-based formulas to an outcomes-based system called “Momentum Points Funding” (“MPF”). MPF represented a significant expansion beyond previously-suggested “outcomes-based-funding” plans. The commissioner proposed withholding 10% from community college formula funding, adjusted for contact hour growth – about 62% of the estimated total cost of that growth in the 82nd legislative session.

Recently, the Formula Advisory Committee (“FAC”) devised an outcomes-based funding methodology for community colleges that were adopted by the THECB with two modifications: (1) FAC recommended including completion of Adult Basic Education and English as a Second Language as student success metric (not approved due to insufficient data to certify institutional performance on these measures); and (2) FAC recommended that \$35 million (about 2% of formula funding) be allocated based on student success, but the Board instead approved 10%.

TACC endorsed the outcomes-based formula model opting to call it the “Student Success” points system that recognizes student achievement along a continuum from successful completion of college readiness courses to intermediate success measures to successful outcome measures. The TACC model pinpoints areas where the metrics need improvement and includes the measurements of student success.

While the THECB and TACC agree in principle with the need to adopt an outcomes-based formula model, there are some key differences. The THECB and TACC are working to resolve the key differences in anticipation that a final plan will go forward before the 83rd legislative session begins.

HCC contends that important to devising a final outcomes-based plan is the need to acknowledge the common student demographic served by community colleges (*i.e.*, economically disadvantaged and non-traditional students). These students often face challenges that the metrics should fairly acknowledge and reasonably accommodate.

State Legislative Action Sought

HCC urges the Texas Legislature to support an outcomes-based methodology for community colleges that importantly acknowledges and reasonably accommodates the challenges often faced by our common student demographic (*i.e.*, economically disadvantaged and non-traditional students).

Impact

It serves the best interest of the state in matters relating to ***Closing the Gaps by 2015*** by measuring student success along a continuum.

Issue

Affordability is critical to achieving the state's desired goal of increasing student enrollment by 2015. However, current Texas financial aid policy provides less than ten percent of all grant aid to community college students. Consequently, many students who enroll at Texas community colleges are saddled with substantial student loan debt due to the absence of adequate financial aid.

Background

State aid makes up less than 10% of grant funding to community college students. Of the approximately 290 thousand students who are eligible for the Texas Educational Opportunity Grant ("TEOG") – the financial aid program aimed directly at students attending two-year institutions – only about 11 thousand received state funding. The THECB made increased funding for TEOG and Texas Grants its primary exceptional item request last biennium to prevent these reductions.

In response to the reductions, the commissioner recommended the possibility of limiting Texas Grant eligibility based on test scores, class rank and high school curriculum, in addition to the current need-based restrictions. Data indicates that this would have a negative impact on disadvantaged and non-traditional students who make up a substantial portion of HCC's student population. Recognizing the significant cost savings to the state when students utilize community college education for lower division work, the THECB followed the Sunset recommendation and requested shifting \$31 million from the B-On Time loan program to TEOGs in their LAR and shifted an additional \$10 million into TEOGs from the Top 10% Scholarship program, plus an additional \$21 million from the Top 10% funding into Texas Grants for new awards.

Financial aid that students receive at a community college does not always follow students when they transfer to four-year institutions (e.g., TEOG). Also, transferring community college students who receive financial aid face additional barriers because some aid programs are available only to "first-time" students following graduation from high school.

State Legislative Action Sought

Expand grant funding rather than loan programs to help community college students mitigate and/or avoid the burdens of post-graduation debt. Specifically:

- 1 Increase TEOG funding from \$24 million to \$65.35 million, as the THECB recommends;
- 2 Increase Texas Grant funding by at least the \$21 million, as the THECB recommends;
- 3 Adopt a grant aid policy position that does not adversely impact disadvantaged and non-traditional students; and
- 4 Make grant aid follow students by removing barriers that transferring community college students face when seeking financial aid at four-year institutions.

Impact

Expanded financial aid will help the state achieve its Closing the Gaps goals by providing access and affordability to students who desire higher education opportunities. Increased TEOG and Texas Grant funding will also lessen financial burdens that often restrict higher education access for certain students, particularly at a time when many laid-off workers require retraining and higher educational attainment to regain employment.

Issue

The 80th and 81st legislatures rejected the proposed expanded definition of proportionality that would ultimately shift the cost of funding a portion of employee group health insurance to tuition and local property taxes in proportion to their increasing share of operating costs. The state's commitment level to funding employee benefits remains uncertain. Unfortunately, this uncertainty adversely works against not only community colleges, but students and tax payers who often bear the burden of higher tuition and fees and property taxes resulting from funding shortfalls related to this issue.

Background

Historically, there has been a shared costs arrangement between the state of Texas and local communities regarding the financing of local community colleges. Under law, the state funded the salaries and benefits of the educational and administrative employees, while local community colleges assessed and collected property taxes to fund physical facilities.

All physical plant employee benefits are paid from local funds based on community colleges' traditional responsibility to pay for physical plant expenses and a Texas Performance Review recommendation. The 1985 General Appropriations Act included a rider instructing institutions to apply for and use federal funds for group insurance premiums for salaries paid from federal funds to prevent outside funding sources from increasing the burden on state taxpayers. In each case, tuition and property tax revenues used to pay instructional expenses were considered state funds in assigning proportionality.

The proposed expanded definition of proportionality sought to assign the cost of employee benefits to each revenue source in proportion to the relative share each pays for general operating expenses, including instruction. Effectively, that would shift a portion of those costs from state appropriations to tuition and local property taxes. The adoption of this definition abandons the historical arrangement between the state and local community colleges that provides for fully funding insurance coverage for all eligible employees (*i.e.*, those employees not funded by federal or private grants).

Community colleges contend that the reduced state support for employee benefits forces them to pay a disproportionate share of employee benefits and restricts their ability to attract and retain quality faculty. Consequently, TACC recommended that the 83rd legislature restore employee health insurance funding to help shift the burden from students and tax payers and position community colleges to attract top level faculty and staff.

State Legislative Action Sought

Remove the burden shifted to tuition and local taxpayers by passing a statute confirming the historical commitment to fully funding benefits for all eligible community college employees.

Impact

Provides assurances that allow community colleges to attract and retain talented and dedicated faculty and staff to provide an excellent educational experience for all students. The commitment also signals to local property tax payers and students that the state will not permanently shift a tax burden or related fees to the local community and students, particularly at a time when they can least afford it.

Issue

HCC recognizes the need to update and expand its facilities to meet the educational needs of the community it serves. The “Enrollment Growth” rider may be sufficient to cover the needs of smaller institutions, where few additional students trigger the funding provided for that purpose. However, at large community colleges like HCC, it would take thousands of new students, for whom HCC would receive no funding for two years, before HCC would receive a single dollar of aid under the enrollment growth provision. The traditional “New Campus” rider approach recognizes that a new campus facility serves students who are not there in the base year and accordingly provides funding.

Background

HCC is continuing upon an aggressive new campus building and expansion campaign to meet the educational needs of the community. These new facilities and expansion relate to the following: HCC Southeast Expansion, the new HCC Northwest/UT Tyler engineering partnership and the new HCC Northwest Film Making campus.

The continued growth of the Port of Houston, Hobby Airport, and the greater Houston petro-chemical industry create several areas of vital need. Specifically, there is a significant shortage of trained mechanics, engineers and techs to service the refrigerated containers which pass through the Port of Houston and of trained professionals to address the immediate and future corrosion needs of the Port, Hobby and the petro-chemical industry. HCC Southeast College is committing \$2 million for new campus facilities to house labs and classrooms for training students to meet these needs. The new campus facilities will also include a small business development center to assist the growing number of small businesses providing services to these and other industries in the area.

HCC is also partnering with the University of Texas at Tyler to establish an articulated engineering program that will enable students who graduate with an Associate Degree in Engineering to complete a Bachelor of Science degree in Engineering at the HCC Alief Hayes Road Campus. HCC will build out a new campus facility at a total cost of \$15 million to accommodate the anticipated growth in the number of students obtaining the associate degree. Additionally, HCC-Northwest will expand its filmmaking program by building a new 25,000 foot square campus facility in Alief. The local cost of renovation and equipping this facility will total \$10 million. Because of this program offering and re-development, HCC Northwest anticipates increased enrollment growth that will significantly exceed the existing facility located at Spring Branch.

Anticipated enrollment resulting from building and/or expanding these facilities is approximately 490 new students in FY2012, growing to over 510 in FY2013. These students will add almost 1.2 million additional contact hours over the biennium. Each of the aforementioned facilities will help deliver educational services based on an identified need.

State Legislative Action Sought

Provide full formula funding, estimated at a biennial cost of just over \$4 million, for the estimated 1.2 million new contact hours resulting from the building and/or expansion of HCC facilities.

Impact

Desired funding will address inadequate space to accommodate existing needs, make dual credit opportunities available, prepare people for high-skills jobs in the knowledge-based economy and make higher education more accessible to the community, particularly to persons from historically underserved communities, furthering the state supported goal of ***Closing the Gap by 2015***.

Issue

The Texas Center for Nursing Workforce Studies estimates that the state's nursing programs need to increase the number of graduates to 25,000 by 2020 to meet the expected demand for nurses. This is especially needed in the Houston region, home to the largest medical complex in the country.

Background

The basic appropriations structure provides no formula funding for expansion of a nursing program since an increase in the number of students will not be reflected in the "base year" contact hours used for formula funding. As a result, the Texas Legislature appropriated funds over the last several legislative sessions to help expand nursing programs and increase graduation rates.

The 81st Legislature increased funding for the biennium 2010-2011 to almost \$50 million, but the rider dedicated most of the increased funding to a few designated two-year and four-year programs selected solely on their 2008 graduation percentages. HCC was not on that selected list. That funding was then reduced to \$30 million last biennium and the basis was shifted to their 2010 graduation percentage. The current rider language reserves less than half the amount of revenue for the non-select institutions that it provides for the much smaller group on the select list.

To help address the nursing shortage, HCC will expand its capacity to train more nursing students. Such expansions require timelier funding to meet existing and future needs that address the nursing shortage.

State Legislative Action Sought

Fund the nursing shortage by restoring it to \$49.7 million for the 2014-15 biennium. Additionally, include a rider change that provides timelier funding for expansion of nursing programs and provide greater funding to the non-select programs.

Impact

Increased funding will help reduce the nursing shortage, increase the number and percentage of students graduating from professional nursing programs, and help increase nursing faculty positions that are critical to increasing the number of RN graduates in Texas.



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Our Vision

Houston Community College will be the most relevant community college in the country. We will be the opportunity institution for every student we serve - essential to our community's success.