



# HOUSE BILL 8 AND SENATE BILL 2539 PROVIDE THE BEST SOLUTION FOR TEXAS' WORKFORCE NEEDS BY INVESTING IN COMMUNITY COLLEGE STUDENT PERFORMANCE OUTCOMES

## THE PROBLEM:

### Texas Workforce Needs Do Not Match the Supply

Texas boasts the second largest economy in the nation and has enjoyed the longest sustained economic expansion in American history.<sup>1</sup> This influx of new businesses has increased our need for skilled workers. However, there is not enough qualified local talent to meet employer needs. **By 2030, 62% of jobs in Texas will require at least some postsecondary education,<sup>2</sup> but only 47.9% of adults in Texas have a postsecondary credential.<sup>3</sup>**

### The Current System Threatens to Deprive a Generation of Texans of the Opportunity for a Stable Future

**Currently, only 22% of Texas students earn a postsecondary degree within 6 years of graduation.<sup>4</sup>**

Without significant, immediate action, the current system puts a generation of students at risk of becoming a "lost unskilled cohort." These lost individuals typically pursue low-skill, low-wage jobs in the industries hit hardest during the pandemic.

### Higher Educational Attainment Leads to Higher Wages

Texans who have earned some college credit—even if they haven't earned a degree—earn \$420,000 more over their lifetime<sup>5</sup> than individuals with only a high school diploma.

### Business Leaders Are Calling for Action

From East Texas to the Rio Grande Valley, corporate executives and Chambers of Commerce are sounding the alarm about our state's deficient postsecondary completion rates, which threatens their ability to secure a skilled workforce in an already tight labor market.

### Community Colleges Are Uniquely Positioned to Address These Challenges

By providing quick and affordable pathways to multiple credentials leading to a family-sustaining and self-sufficient wage, community colleges are uniquely positioned to meet the demand for re-skilling and up-skilling Texas students. Over the past 40 years, state funding of community colleges has declined from 68% to 26%, with the balance paid for by higher tuition and skyrocketing property taxes. To build the workforce that Texas employers desperately need, we must strategically and meaningfully fund our community colleges.



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<sup>1</sup> <https://www.nytimes.com/2019/07/07/business/texas-economy-jobs-cities.html>

<sup>2</sup> Carnevale, A.P., Smith N., and Strohl J. (June 2013). Recovery: Projections of Jobs and Education Requirements Through 2020. Georgetown Public Policy Institute.

<sup>3</sup> Lumina Foundation, A Stronger Nation 2021 Texas Report. Sample: U.S. residents, ages 25-64. Credentials included: graduate or professional degrees, bachelor's degrees, associate degrees, certificates, industry-recognized certifications

<sup>4</sup> THECB 8th Grade Cohort information for Class of 2012 Outcomes.

<sup>5</sup> Texas State Comptroller (Texas' Community Colleges: Statewide Overview)

## THE SOLUTION:

HB 8 and SB 2539, along with a contingency rider in the base budget, reflect many of the final recommendations of the Texas Commission on Community College Finance and will bring bold and transformative changes to community college funding to address our workforce and postsecondary completion challenges:

1

### STATE FUNDING FOR OUTCOMES

- Shifts to a **majority outcomes-based funding framework** that supports student success by incentivizing **credentials of value**, **successful transfer** to 4-year, schools, and **dual credit completion**.
- Aligns with regional and state workforce demands to **meet employer needs**.
- Accounts for the higher cost needed to support **economically disadvantaged, academically underprepared and adult learners** through weighted funding.
- Ensures **smaller and rural community colleges** have base funding to maintain instruction and operations so all students can participate in growing their regional economies.

2

### AFFORDABILITY FOR STUDENTS

- Increases **financial aid** with a goal to **support at least 70%** of qualified low-income college students pursuing credentials of value.
- Establishes a program that allows **economically disadvantaged students to pursue dual credit** courses at no cost, creating an **accessible pathway to postsecondary success**
  - Eligible dual credit includes courses that **support credential completion and transferability**, including foreign language, core curriculum, and field of study requirements.

3

### INVESTMENTS IN COLLEGE CAPACITY

- Provides one-time **seed grants** via Texas Reskilling and Upskilling through Education (TRUE) to help community colleges stand up or expand workforce credential programs that **create pathways to employment in high demand fields** in partnership with workforce stakeholders.
- Empowers THECB to create an **institutional collaboration center** to facilitate collaboration and cost-sharing among community colleges to **improve efficiency and increase student access**.

## WIDESPREAD BUSINESS AND COMMUNITY SUPPORT:



Supporting HB 8 and SB 2539 will provide colleges with better resources to expand the career and technical education programming needed to address the middle skills gap and ensure Texas maintains its competitive edge in the global economy.

