

EDUCATION CODE

TITLE 3. HIGHER EDUCATION

SUBTITLE G. NON-BACCALAUREATE SYSTEM

CHAPTER 130A. PUBLIC JUNIOR COLLEGE STATE FINANCE PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 130A.001. LEGISLATIVE INTENT. It is the intent of the legislature that, as public junior colleges are locally governed institutions, providing foundational funding for instruction and operations of public junior colleges should be primarily a local responsibility, supported through a combination of tuition, fees, and local property taxes, with state funding focused primarily on rewarding outcomes aligned with regional and state education and workforce needs.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.002. PURPOSE. The purpose of the public junior college state finance program established under this chapter is to provide a modern and dynamic finance system that ensures that each public junior college has access to adequate state appropriations and local resources to support the education and training of the workforce of the future.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.003. DEFINITIONS. In this chapter:

(1) "Commissioner" means the commissioner of higher education.

(2) "Coordinating board" means the Texas Higher Education Coordinating Board.

(3) "Program" means the public junior college state finance program established under this chapter.

(4) "Public junior college" has the meaning assigned by Section 61.003.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff.

September 1, 2023.

Sec. 130A.004. PROGRAM COMPONENTS. The program consists of:

(1) a base tier of state and local funding determined in accordance with Subchapter B that ensures each public junior college has access to a defined level of base funding for instruction and operations; and

(2) a performance tier of state funding determined in accordance with Subchapter C that constitutes the majority of state funding and is distributed based on measurable outcomes aligned with:

(A) regional and state workforce needs; and

(B) state goals aligned to the state's long-range master plan for higher education developed under Section 61.051.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.005. ADMINISTRATION OF PROGRAM. (a) The coordinating board may adopt rules, require reporting, and take other actions consistent with Chapter 61, Chapter 130, and this chapter as necessary to implement and administer the program.

(b) In adopting rules under this section, the coordinating board shall consult with the advisory committee established under Section 130.001(b)(5).

(c) Notwithstanding Section 61.033, the coordinating board is not required to use negotiated rulemaking procedures under Chapter 2008, Government Code, for the adoption of rules under this section.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.006. REQUIRED REPORTING. The coordinating board by rule shall require each junior college district to report to the coordinating board through the Education Data System, Community College Annual Reporting and Analysis Tool, Report of Fundable Operating Expenses, or any successor program, data necessary to:

- (1) calculate funding under this chapter;
- (2) provide timely data and analyses to inform management decisions by the governing body of each junior college district;
- (3) administer or evaluate the effectiveness of the program; or
- (4) audit the program.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.007. COMMISSIONER AUTHORITY TO RESOLVE DATA REPORTING ERRORS AND UNINTENDED CONSEQUENCES FROM FUNDING FORMULAS. (a) The commissioner may review the accuracy of data reported to the coordinating board by junior college districts.

(b) The commissioner may adjust:

(1) the distribution of funding under this chapter for a state fiscal year as necessary to correct errors in data reporting identified through the commissioner's review under Subsection (a); and

(2) a junior college district's funding under this chapter if the funding formulas used to determine the district's entitlement would result in an unanticipated loss or gain for the district that would have a substantial negative impact on the district's operations.

(c) Before making an adjustment under this section, the commissioner must request and receive written approval from the Legislative Budget Board and the office of the governor. A request to make an adjustment is considered approved unless the Legislative Budget Board or the office of the governor issues a written disapproval within 60 business days after the date on which the request is received.

(d) If the commissioner makes an adjustment under Subsection (b), the commissioner shall provide to the legislature an explanation regarding the changes necessary to resolve the data reporting errors or the unintended consequences, as applicable.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.008. CENSUS DATE ELIGIBILITY. A junior college district may report a student in attendance on the district's approved course census date for the purpose of funding under this chapter.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.009. RECOVERY OF OVERALLOCATED FUNDS. (a) If a junior college district has received an overallocation of state funds, the coordinating board shall recover from the district an amount equal to the overallocation by withholding from subsequent allocations of state funds for the current or subsequent academic year or by requesting and obtaining a refund from the district.

(b) Notwithstanding Subsection (a), the coordinating board may recover an overallocation of state funds over a period not to exceed the subsequent five academic years if the commissioner determines that the overallocation was the result of exceptional circumstances reasonably caused by statutory changes to Chapter 130 or this chapter and related reporting requirements.

(c) If a junior college district fails to comply with a request for a refund under Subsection (a), the coordinating board shall report to the comptroller that the amount constitutes a debt for purposes of Section 403.055, Government Code. The coordinating board shall provide to the comptroller the amount of the overallocation and any other information required by the comptroller. The comptroller may certify the amount of the debt to the attorney general for collection. The junior college district's governmental immunity is waived to the extent necessary to collect the debt owed under this section.

(d) Subject to Subsection (e), the coordinating board may review a junior college district as necessary to determine if the district qualifies for each amount received by the district under this chapter. If the coordinating board determines that a junior college district received an amount to which the district was not entitled, the coordinating board may establish a corrective action plan or withhold the applicable amount of funding from the

district.

(e) The coordinating board may not review junior college district expenditures that occurred seven or more years before the review.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.010. GIFTS, GRANTS, AND DONATIONS. Except as provided by other law, an affiliated nonprofit organization described by Section 61.051(b) may solicit and accept gifts, grants, or donations of personal property from any public or private source to implement or administer this chapter.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

SUBCHAPTER B. STATE FUNDING: BASE TIER

Sec. 130A.051. BASE TIER FORMULA. The amount of base tier state funding to which a junior college district is entitled for instruction and operations under this subchapter for a state fiscal year is an amount equal to the amount, if any, by which the district's guaranteed instruction and operations funding, as determined under Section 130A.052, exceeds the district's local share of base tier funding, as determined under Section 130A.056.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.052. GUARANTEED INSTRUCTION AND OPERATIONS FUNDING FORMULA. The amount of a junior college district's guaranteed instruction and operations funding for a state fiscal year is equal to the sum of:

(1) the product of:

(A) the district's basic allotment under Section 130A.053; and

(B) the number of weighted full-time equivalent students enrolled at the district determined in accordance with Section 130A.054; and

(2) the district's contact hour funding under Section [130A.055](#).

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. [8](#)), Sec. 46, eff. September 1, 2023.

Sec. 130A.053. BASIC ALLOTMENT. The basic allotment for a junior college district for a state fiscal year is an amount per weighted full-time equivalent student set by the General Appropriations Act or other legislative appropriation.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. [8](#)), Sec. 46, eff. September 1, 2023.

Sec. 130A.054. WEIGHTED FULL-TIME EQUIVALENT STUDENT; SCALE ADJUSTMENT. (a) The coordinating board by rule shall establish student weights for purposes of this chapter that reflect the higher cost of educating certain students.

(b) The student weights must be established in a manner that results in appropriate funding to a junior college district for the education of a student enrolled in an eligible credit or non-credit program who is:

(1) 25 years of age or older;

(2) economically disadvantaged, as defined by coordinating board rule; or

(3) academically disadvantaged, as defined by coordinating board rule.

(c) Subject to Subsection (d), the number of weighted full-time equivalent students enrolled at a junior college district for purposes of this subchapter is equal to the sum of:

(1) the number of full-time equivalent students enrolled in the district; and

(2) the sum of the weights assigned to students enrolled in the district.

(d) The coordinating board by rule shall establish an equitable adjustment to the number of weighted full-time equivalent students determined under this section for each junior college district with a total enrollment of fewer than 5,000 full-time equivalent students.

(e) Not later than November 1 of each even-numbered year, a junior college district that receives an adjustment under Subsection (d) shall submit to the commissioner a report on the district's participation in institutional partnerships and shared services available under Section 61.0571 or other partnerships to reduce costs and improve operational efficiency.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.055. CONTACT HOUR FUNDING. (a) The legislature shall set by appropriation the amount of funding to be provided to a junior college district under this subchapter per contact hour.

(b) The amount of funding per contact hour must be weighted by discipline to reflect the cost of providing the applicable course.

(c) The coordinating board shall determine the total amount of contact hour funding to which each junior college district is entitled under this section.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

Sec. 130A.056. LOCAL SHARE. A junior college district's local share of base tier funding is an amount equal to the sum of the amounts of revenue estimated to be generated by:

(1) imposing a maintenance and operations ad valorem tax in the district at a rate of \$0.05; and

(2) assessing an amount of tuition and fees to each full-time equivalent student enrolled in the district equal to the statewide average amount of tuition and fees assessed by junior college districts to a full-time equivalent student, determined as provided by coordinating board rule.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.

SUBCHAPTER C. STATE FUNDING: PERFORMANCE TIER

Sec. 130A.101. PERFORMANCE TIER. (a) A junior college

district is entitled to performance tier funding for a state fiscal biennium in an amount equal to the sum of the amounts determined under Subsection (b) for each measurable outcome described by Subsection (c).

(b) The amount of performance tier funding for each measurable outcome described by Subsection (c) is equal to the product of:

(1) the sum of:

(A) the number of times that outcome was achieved by the junior college district, determined as provided by coordinating board rule; and

(B) for an outcome described by Subsection (c)(1) or (2), the sum of the applicable student weights established by coordinating board rule for the students who achieved the outcome at the junior college district as determined under Paragraph (A) of this subdivision; and

(2) the amount set by the General Appropriations Act or other legislative appropriation for the outcome.

(c) The measurable outcomes considered for purposes of performance tier funding are:

(1) the number of credentials of value awarded, as determined by the coordinating board based on analyses of wages and costs associated with the credential, including degrees, certificates, and other credentials from credit and non-credit programs that equip students for continued learning and greater earnings in the state economy, with an additional weight for placement of students who earn that credential in a high-demand occupation, as defined by coordinating board rule, or an appropriate proxy determined by the coordinating board based on available data;

(2) the number of students who earn at least 15 semester credit hours or the equivalent at the junior college district and:

(A) subsequently transfer to a general academic teaching institution, as that term is defined by Section [61.003](#); or

(B) are enrolled in a structured co-enrollment program, as authorized by coordinating board rule; and

(3) the number of students who complete a sequence of at least 15 semester credit hours or the equivalent for dual credit or dual enrollment courses, as defined by coordinating board rule, that apply toward academic or workforce program requirements at the postsecondary level.

Added by Acts 2023, 88th Leg., R.S., Ch. 378 (H.B. 8), Sec. 46, eff. September 1, 2023.