

**Resolution of the Board of Directors in Support of
Incentive-Based Momentum Points Funding for Community College Institutions**

The Greater Houston Partnership recognizes that an educated workforce is key to the economic growth of our state, both now and in the future. Moreover, GHP recognizes that community colleges, which enroll three out of four college freshmen in Texas, are a vital part of the equation. We also recognize that our colleges and universities must become even more committed to student success.

The Greater Houston Partnership's Board of Directors supports a system of *momentum points* to fund student progression toward success in community colleges, where community colleges are funded at 100 percent of the formula with the opportunity to earn additional incentive points for meeting established criteria.

The current legislation proposes a model that results in across the board budget cuts of up to 10 percent for community colleges in addition to the funding reductions in the legislative budget proposal. The *momentum points* model, as presented, does not reward student success, rather it is a punitive model that further reduces funding that community colleges are unable to recoup.

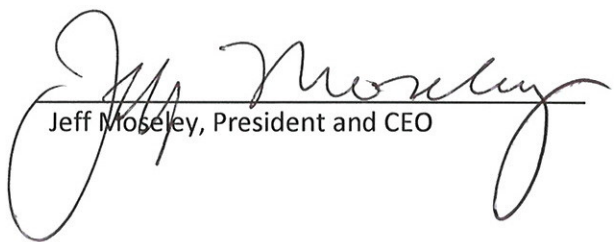
The Greater Houston Partnership supports adopting a model more in line with the original Washington State model, which awards community colleges with additional funding in addition to funding the colleges at 100 percent of formula funding. Community colleges must first be fully funded and then provided with additional funding as community colleges increase student success rates.



Larry Kellner, Chairman



Tony Chase, Secretary



Jeff Moseley, President and CEO

BACKGROUND MEMORANDUM

DATE: May 11, 2011

TO: Greater Houston Partnership Board of Directors

FROM: Anne Taylor, Chair, Education Policy Advisory Committee

SUBJECT: Resolution of the Board of Directors in Support of Incentive-Based Momentum Points Funding for Community College Institutions

BACKGROUND

The Greater Houston Partnership recognizes that an educated workforce is key to the economic growth of our state, both now and in the future. Moreover, GHP recognizes that community colleges, which enroll three out of four college freshmen in Texas, are a vital part of the equation. We also recognize that our colleges and universities must become even more committed to student success.

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The Texas Higher Education Coordinating Board (THECB) is promoting in this legislative session a system of *momentum points* to fund student progression toward success in community colleges. This concept is derived primarily from a model in Washington State, which awards community colleges with additional funding (up to 10 points per student meeting eligible criteria) in addition to funding the colleges at 100 percent of formula funding. The Washington State model first fully funds community colleges and then provides additional funding as community colleges increase student success rates.

The *momentum points* model advanced by the THECB is strikingly different from the Washington State model -- which rewards student success, in that it would fund Texas colleges at only 90 percent of the current state formula funding with the remaining 10 percent being fully funded only if students earned all of the *momentum points*. This model is a decidedly punitive one in that it further reduces funding to community colleges; none of which would be able to recoup the total *momentum points* funding. Keep in mind that community college funding is already being slashed to unprecedented levels. State support for Texas community colleges has eroded from 66 percent in 1990 to less than 20 percent in 2011. The

THECB proposal would further erode community college funding even as Houston area colleges are experiencing historical levels of growth – almost all of which will be unfunded.

The proposed THECB *momentum points* are as follows:

- **Complete Developmental Education in Math and /or English—Up to two points**
Nearly half of all community college students in Texas do not require developmental education in math and/or English. We applaud that THECB wants students prepared to succeed in college level math and English; however, under this scenario, colleges would be penalized for accepting well-prepared students.
- **Complete First Year College Level Math and/or English—Up to two points**
We support this recommendation.
- **Complete 30 Semester Credit Hours—Up to two points**
Many students start at the community college to take some core courses before transferring to a four-year institution. This is particularly evident with the Lone Star College System as it houses multiple university partners on its University Park and Montgomery Campuses.
- **Earn a Degree or Certificate—two points**
Unlike the states of California and Florida, where community college students are incentivized to earn an associate's degree before transferring to a four-year institution, Texas does not. Texas universities award a large number of Bachelor's Degrees each year to community college transfer students who had not earned an Associates Degree.
- **Transfer to a Public Four-Year University in Texas—two points**
Although the majority of community college transfer students in Texas will attend in-state universities, a significant number transfer to private institutions in Texas or public and private institutions out of state. For instance, each year Lone Star College System students successfully transfer to institutions like Harvard, Yale, Princeton, Columbia, Duke, USC, UCLA and many other prestigious universities. The THECB proposal would actually penalize the community college by withholding funding for these students.

Recommendations:

As proposed, the THECB model for *momentum points* results in a budget cut of up to another 10 percent across the board for community colleges. Alternatively we recommend that:

- community colleges be funded at 100 percent of the formula with the opportunity to earn additional incentive points for meeting the criteria;
- the state consider incentivizing community college student graduation prior to transferring to a state funded four-year institution;
- *momentum points* be awarded for all students who transfer to a four-year institution, whether in state or out, public or private.

LEGISLATION PROPOSED

HB 9 (Branch), relating to student success-based funding for public institutions of higher education, proposes implementing a change to the formulas that determine funding for each college and

university. Currently, public funding for institutions is allocated according to the number of students that enroll at the beginning of a semester. The bill would allow the state to tie a portion of that funding to outcomes such as graduation rates.

KNOWN OPPOSITION

The Texas Higher Education Coordinating Board is proposing a methodology known as *outcomes-based funding*, which for community and technical colleges would fund 10 percent of base funding on student achievement of specific milestones (*momentum points*); and continue to fund 90 percent of base funding on enrollment data. The proposal would be implemented in the second year of the biennium (FY13).

RESOURCES REQUIRED

This recommendation can be implemented with available Greater Houston Partnership staff and within current operating budget resources.