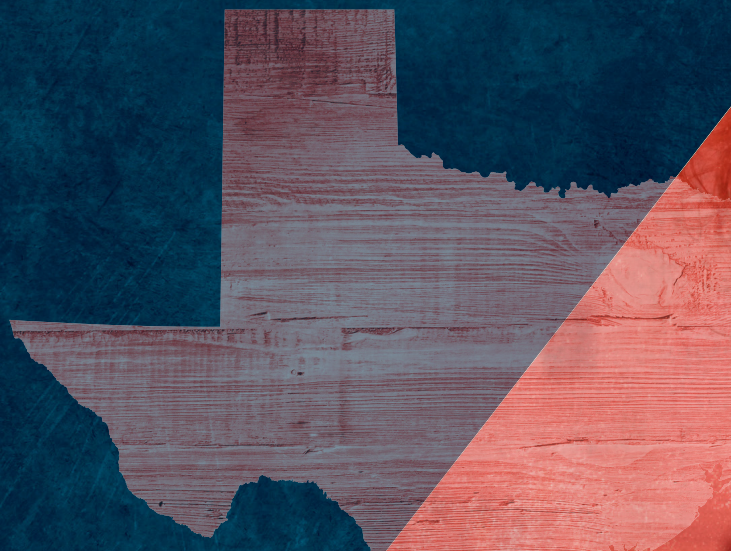
Federal Reserve Bank of Dallas

All Eyes ON TEXAS

Community Colleges Focus on Preparing the Workforce of Tomorrow



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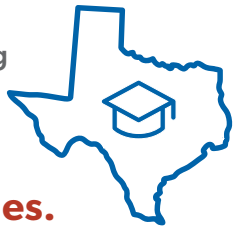


The Texas economy is changing and, with it, the state's need for education and training.

Many of the more than 4 million jobs the state expects to add in the next 15 years will require a bachelor's degree or more. But there will also be continued need for what some call "middle-tier" workers—those with more than a high school diploma but less than a four-year college degree.

A significant share of the middle tier—especially technicians and skilled service employees—will be relatively well paid, with benefits and opportunities for promotion. In Texas, as nationwide, few institutions are better positioned to provide job-focused education and training for middle-tier workers than the state's 54 community and technical colleges.

More than 40 percent of all Texans enrolled in higher education attend two-year public institutions. The state's rapidly growing Hispanic population relies heavily on two-year schools, and a community college education remains relatively affordable. Average annual tuition: $2,828.

Unlike some states, which overlook community colleges and the essential role they can play preparing the workforce of tomorrow, Texas has focused recent policy initiatives on this often-untapped potential, looking for ways to realize it for the state.

Texans driving these reforms face a variety of challenges.

The state's community colleges vary widely, from tiny schools serving remote rural areas to giant, urban institutions serving a broad range of learners, some living in well-to-do suburbs and others from disadvantaged inner cities. Some of the state's two-year institutions are flush with funding; others just manage to keep their doors open.

In Texas, as in many states, community colleges struggle to balance two disparate missions: preparing some students for the workplace and others for future higher education. Reformers seeking to enhance workforce education inherit a system skewed toward academic preparation.

In Texas, as nationwide, community college graduation and transfer rates remain disappointing. And although underrepresented minority students are catching up on many metrics, they still trail non-Hispanic white students on other important measures, including transfer rates to four-year colleges and universities.

Meanwhile, in Texas, as nationwide, the age range of the students attending community college—always broader than the range at four-year institutions—is expanding dramatically, with dual-credit high school

students and midcareer adults accounting for a growing share of the student body. Both groups bring new challenges and distinctive needs, particularly for workforce educators.

But Texas reformers seeking to elevate community college workforce education also build on an array of advantages.

The first advantage: a distinctive Texas education governance model. The state's community college system is at once highly decentralized and coordinated by a central authority—an unusual federalist balance that lends itself to innovation at the campus level yet leaves room for guidance and support from the Texas Higher Education Coordinating Board (THECB).

The second advantage is well-developed employer engagement. A significant share of most Texas community colleges' funding comes from local property taxes. Representatives of local companies often dominate individual institutions' governing boards. As a result, many schools enjoy unusually close relationships with local employers, a key ingredient of effective workforce education.

The third advantage: Today's reformers build on two decades of innovation. A handful of distinctive features, including funding mechanisms, now well-entrenched in Texas, are seen as models by educators nationwide.

At Texas State Technical College (TSTC), an outcomes-based funding formula rewards the institution on the basis of students' postgraduation wages. A statewide common-course numbering system puts credit and noncredit workforce programs on a roughly equal footing, providing funding and a measure of quality control for short, agile, nondegree courses that can respond in real time to the changing needs of employers and job seekers. Also important and a potential foundation for future innovation: a Texas Workforce Commission grant program that creates incentives for intensive partnerships between community colleges and local companies with talent shortages.

Among the reform initiatives launched in recent years:

- Texas was one of the few states in the nation to use federal pandemic stimulus funding to provide support for out-of-work adults attending short, job-focused community college programs—a down payment on what may become a permanent, state-funded grant initiative.
- In fall 2021, the THECB amended the state's higher education strategic plan to put new emphasis on racial and ethnic diversity, midcareer adults and nondegree credentials valued in the labor market.
- A community college finance commission appointed by the Legislature proposed in November 2022 a dramatic overhaul of the state's college funding formula.
- In coming months, the THECB will unveil new public data dashboards to help educators, employers and students track attainment of credentials that pay off in the labor market.

The results of these changes may not be known for months or years to come, and much work remains. But together these initiatives put Texas on the front lines of a nationwide push to realize the potential of community colleges as the country's premier provider of job-focused education and training. This winter and beyond, all eyes will be on Texas—a laboratory for the nation.

Introduction

The Texas economy is changing and, with it, the state's need for education and training.

Texas added 2.4 million jobs from 2011 to 2019, according to the Bureau of Labor Statistics, and at this pace, the state can expect to add another 4 million jobs between 2021 and 2036. Many of these new positions will require bachelor's degrees or more. But there will also be continued need for what some call "middle-skill" workers—those with more than a high school diploma but less than a four-year college degree. A significant share of the middle tier, especially technicians and skilled service employees, will be relatively well paid, with benefits and opportunities for promotion.

The Georgetown University Center on Education and the Workforce defines good jobs as those that pay a minimum of $35,000 and a median of $57,000 per year for workers ages 25 to 35.[1] In a 2017 report, the center estimated that Texas' good jobs were evenly split between what it called "BA workers" and "non-BA workers"—those with and without bachelor's degrees.[2]

Only 36 percent of Texas non-BA workers held "good jobs" in 2015. But those who did, generally a mix of blue-collar and skilled service workers, saw median earnings of $57,000 a year.[3] Among the industries that paid top dollar were manufacturing, construction, transportation, information technology and health care.

The challenge for the state: Unlike yesterday's blue-collar and service-sector jobs, most of these positions require some postsecondary education. Workers need technical, communication and critical-thinking skills, and they must be capable of problem solving.

Few institutions in Texas are better positioned to provide this job-focused education and training than the state's 54 community and technical colleges.

More than 40 percent of all Texans enrolled in higher education attend two-year public colleges.[4] Some students are focused largely on academic courses and aim to transfer to four-year colleges and universities; many others are preparing to go straight into the world of work.

More than
40%
of all Texans enrolled in higher education attend two-year public colleges.

$2,828
is the average annual tuition of community college in Texas.

The state's large and rapidly growing Hispanic population relies heavily on community colleges. While 40 percent of the state population is Hispanic, 50 percent of degree-seeking community college students and 39 percent of those enrolled in nondegree-granting continuing education programs are Hispanic.[5] Also important, Texas community colleges are affordable. Average annual tuition is $2,828, and learners are half as likely as their peers at four-year schools to graduate with student loan debt (**Table 1**).[6]

Unlike some states, which overlook the essential role community colleges can play in preparing the workforce of tomorrow, several recent Texas policy initiatives have focused on this potential, looking for ways to realize it.[7]

Rank	State	Cost
1	California	$1,285
2	New Mexico	$1,765
3	Arizona	$2,160
4	North Carolina	$2,474
5	Florida	$2,506
6	Texas	$2,828
-	National Average	$3,501
47	South Dakota	$7,326

TABLE 1. TEXAS COMMUNITY COLLEGE TUITION AMONG THE MOST AFFORDABLE IN U.S.

NOTE: Average tuition and fees for full-time students in public two-year colleges in 2020-21.
SOURCE: National Center for Education Statistics.

Spurred in part by the pandemic and by the fast-growing state economy, business leaders, legislators, the governor and public policy groups, including Aim Hire Texas and Texas 2036, have turned their attention to two-year institutions and their often-untapped capabilities. The Texas Higher Education Coordinating Board has provided guidance on community college reform, with an emphasis on short, job-focused programs and the alternative, nondegree credentials of increasing interest to employers. With postpandemic demand driving economic expansion, many business leaders are urging that community college workforce education be at the top of the agenda for the 2023 legislative session.[8]

This ad hoc reform movement faces a variety of challenges. The state's community colleges vary widely, from tiny schools in remote rural areas to giant, urban institutions serving a range of learners, some from well-to-do suburbs, others from disadvantaged inner cities.[9] The largest, Dallas College, has 64,000 degree-seeking students and another estimated 25,000 in nondegree continuing education programs.[10] The smallest, Frank Phillips College in Borger, north of Amarillo, has 1,400 students.[11]

Some of the state's two-year public institutions are flush with funding; others struggle to keep their doors open. And workforce needs vary hugely across the state; there is no one-size-fits-all model.

Adding to the challenge, in Texas, as nationwide, community college enrollments dropped during the pandemic—10.6 percent in Texas and 13.2 percent nationwide from fall 2019 to fall 2021.[12] There has been much speculation about the reasons, including fear of COVID-19, lack of child care or perhaps dislike for online or virtual instruction.[13] But among other reasons, many potential students appear to be opting for the labor market instead.

The Legislature and the higher education coordinating board are aware of these challenges and moving to address them as they strive to elevate and integrate workforce education. "We have a Texas-size laboratory," says Texas higher education commissioner Harrison Keller. "We're experimenting and innovating for the benefit of Texans but also, I hope, for other states."[14]

These initiatives have put Texas on the front lines of a nationwide push to realize the potential of community colleges.

The last two years have seen a burst of changes:

- **Emergency pandemic funding.**
- **A new strategic plan for higher education.**
- **A commission created by the Legislature** to revamp community college financing.
- **A new definition of "credentials of value"** that looks beyond academic degrees and certificates, and a new data infrastructure to keep track of them.

The initiatives have spilled out one after the other, putting Texas on the front lines of national efforts to realize the potential of community colleges.[15] Many of these ideas are just getting off the ground, and much work lies ahead.

I. A Unique Balance of College Autonomy and Statewide Coordination

The state's two-year institutions are at once highly decentralized and coordinated by a central authority.

Oversight of higher education varies from state to state, and the Texas community college system is unique. The state's two-year institutions are at once highly decentralized and coordinated by a central authority, an unusual federalist balance that has consequences for funding, quality control and how colleges engage with business and industry to shape workforce education.

This distinctive mix of local autonomy and statewide coordination has roots in the diversity of the state economy. Texas community colleges are funded largely by local property taxes and have wide discretion to chart their own course, offering programs and building local relationships to meet the needs of their communities (**see map**). But the statewide higher education agency also wields considerable influence, providing support and making recommendations to the Legislature, including about funding.

Like all federalist power sharing, this balance comes with challenges and opportunities for leadership seeking to encourage colleges to rethink priorities.

MAP: TEXAS COMMUNITY COLLEGE LOCATIONS

SOURCES: Texas' Community Colleges: Statewide Overview; Google Maps.

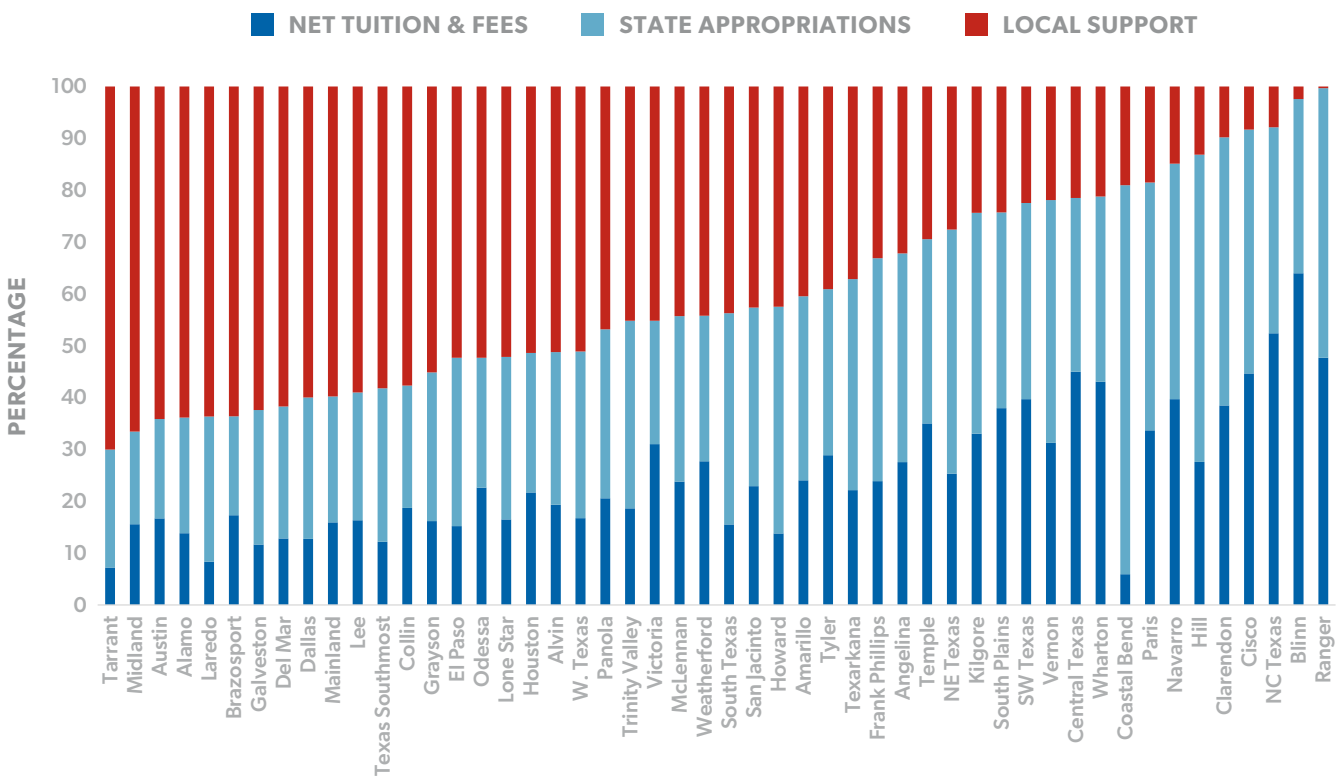


FIGURE 1: TEXAS COMMUNITY COLLEGE FUNDING SOURCES VARY BY SCHOOL

NOTES: Data from fiscal year 2021; excludes dedicated funding such as federal grants.
SOURCE: Texas Higher Education Coordinating Board.

What makes each college different starts, but does not end, with size. A tiny school with 1,400 students is not just a smaller version of a vast, multicampus college serving nearly 100,000 learners. It is a different type of institution, with different ambitions and needs.

Adding to this diversity is the huge variation in the taxing districts that support Texas community colleges. The economy is expanding much faster in some parts of the state than in others. The population is growing rapidly in some places and shrinking in others: Even as the state population skyrocketed between 2010 and 2020, more than half of Texas counties lost people.[16]

Unlike with K–12 education, where Texas law compensates for the discrepant property values that drive school funding, there have been few efforts to level the playing field for community colleges, leaving some schools amply endowed and others struggling to balance their budgets by raising the prices they charge students (**Figure 1**).[17] Adding to the problem, one-third of Texans live outside a community college taxing district—they don't pay taxes to support the school expected to serve them—putting these colleges even further behind.[18]

Locally elected boards that govern Texas community colleges also vary widely, exercising considerable discretion, including, at most schools, over the hiring and firing of faculty and administrators. "Each of these institutions is truly a creature of its region," explains Sheri Ranis, THECB director of workforce education. "The towns or counties they're serving, the political leadership that drives them, the predominant industries in their part of the state and, most important, labor market trends—all of that is different in every service area."[19]

The payoff for colleges that make this decentralization work is unusually close relationships with regional employers. Employers play a critical role in workforce education, partnering with colleges to ensure students are learning skills in demand in the workplace. But

Texas community colleges stand out for the depth and strength of their employer partnerships.

many community colleges nationwide struggle to form relationships with local firms, or they maintain only casual, perfunctory ties, often by means of an advisory committee that meets just once or twice a year.

Texas colleges stand out for the depth and strength of their employer partnerships, and educators across the system attribute this success to local control.[20] "It's in the DNA," says Jacob Fraire, former president of the Texas Association of Community Colleges. "Most of the members of the local governing boards are either employers or workplace managers or leaders of a local employer group. That's who selects and appoints the presidents who run the colleges."[21]

But in this realm too, many Texas schools lag behind. Colleges with more ample resources are better positioned to build relationships with local companies. They can hire staff for that purpose and devote funds to outreach. As a result, a handful of Texas community colleges lead the nation in high-touch collaboration with employers, while others struggle to keep up.[22]

On the other side of Texas' unique federalist balance is the Texas Higher Education Coordinating Board—a group appointed by the governor that sits atop a large, relatively well-staffed state agency. The board provides guidance on higher education strategy, community college academic standards and higher education data collection. It also makes recommendations to the Legislature about higher education funding—both institutional funding and student financial aid.

Staff emphasize that the agency's role is "coordination," not governance. Campus-level administrators sometimes grumble about the relationship, with some arguing that the board is too controlling and others noting that they don't get enough support. THECB leadership says it sees its role as supporting the colleges, and the board makes every effort to ensure its recommendations are consensual.

Some of the tools at the board's disposal deliver more leverage than others. State formula funding has shrunk in recent years and now accounts for just one-quarter of college revenue, diminishing the state's influence at the local level.[23]

But the coordinating board strives to support colleges in other ways, including with data and data sharing. Among its goals, according to board leadership, is leveraging the state's higher education data collection and analysis to help individual schools make better decisions, including about workforce issues. Educators can ask and answer questions about which jobs are in high demand in which regions, and which college programs are most effective in best preparing students for the labor market.

"Our aim is to get behind the innovators and help move the others along," higher education commissioner Keller explains, "and one of the best ways to do this is with data—helping colleges track and improve the outcomes of their programs."[24]

Yet another influential tool is a common course numbering system—a statewide course catalog standardizing the programs offered across all 54 community colleges. Courses fall into one of two buckets, academic courses and technical courses, each with a separate online catalog, or "manual." Each of the 3,651 listings in the Workforce Education Course Manual (WECM) includes a course description, a prescribed set of learning outcomes, guidance on how many hours instruction should take and a funding code. Only courses listed in the manual receive state funding.

This allows the board to set guidelines for content and quality without imposing a straitjacket. Schools are free to offer programs not included in the manual, but those courses receive no state funding. A dedicated statewide advisory committee regularly scrubs the list to ensure job-focused programs are aligned with local labor needs. Importantly for colleges that rely heavily on nondegree programs—generally shorter and more flexible than traditional courses—to prepare students for the workforce, the WECM opens the door to recognition and funding for job-focused noncredit learning.

II. How Texas Colleges Compare with Those in Other States

As different as the state context may be, in many ways, Texas community colleges resemble community colleges everywhere—with the same potential to emerge as a premier provider of job-focused education, but also the same challenges, internal and external.

A recent survey of community colleges by the nonprofit Opportunity America provides a body of evidence to draw upon when comparing Texas community colleges with those in other states, assessing the strengths and challenges Texas faces as it attempts to elevate career education.[25]

THE MANY MISSIONS OF COMMUNITY COLLEGES

Community colleges are many things to many kinds of learners; there is no such thing as a typical two-year college student.

A first, important divide separates students focused on workforce skills from those seeking a traditional academic education. Many students, particularly conventional college-age students, see community college as a stepping stone to a bachelor's degree, a relatively accessible, low-cost way to acquire the first half of a four-year education. Other learners, sometimes but not always older, are looking to learn new skills that will enhance their position in the labor market.

This isn't always a bright line. Some academic credentials are technical—degrees in health care or IT, for example—and they may lead directly to a job or to additional higher education. Clouding the picture further are students with no interest in academic credentials who enroll in nondegree-granting noncredit or continuing education programs, some of them job-focused.

Financed and administered separately from the rest of the college, noncredit programs are often shorter than a semester and come with no additional academic requirements—no English, math or electives. Learners don't enroll in the college, only in the courses that interest them. Programs are often offered on a compressed schedule designed for older learners and those seeking to return quickly to the labor market.

Both the credit and noncredit sides of the college generally offer workforce education. What's different in many states is the length and depth of courses. In Texas, the WECM helps ensure parity. Credit and noncredit educators seeking to align with the manual aim to produce the same learning outcomes—the content specified in WECM course descriptions. The manual also ensures equal funding for comparable credit and noncredit offerings, something rarely seen in other states.

Noncredit programs hold a distinct advantage when providing workforce education. Unlike slow-moving academic departments, which often need up to two years to obtain approval for a new course, noncredit departments can launch programs without consulting

accreditors or academic faculty committees. This more relaxed oversight leaves room for variation in program quality. But it also allows noncredit educators to respond in real time to the changing needs of employers and job seekers, a unique flexibility that makes continuing education ideally suited to deliver fast, job-focused upskilling and reskilling.[26]

Not all noncredit programs are job centered. Some focus on remedial education, adult literacy, English as second language and learners' personal interests, such as French cooking and photography. But the changing economy is driving a new emphasis nationwide on noncredit workforce education—short, streamlined, skills-centered programs intended for students in a hurry to switch jobs or land a quick promotion.

Noncredit education is sometimes called the "hidden college," and with good reason. As a practical matter, the federal government provides no funding for noncredit education and collects no data on noncredit programs or students. And even states such as Texas that make a priority of data collection rarely track noncredit courses as thoroughly as credit offerings.

Yet according to Opportunity America's national scan of community college workforce education, noncredit programs generate roughly one-third of the nation's 10.5 million two-year enrollments, some 3.7 million learners who attend college under the national radar.

WHAT'S THE MIX OF MISSIONS AT TEXAS COMMUNITY COLLEGES?

In Texas, as in many states, community colleges struggle to balance their two principal missions, preparing students for the workplace and for future higher education.

Change-minded Texans seeking to enhance workforce education inherit a system slightly tilted toward academic preparation. At community colleges nationwide, according to the Opportunity America survey, the mix of programs skews in favor of job-focused instruction. Students in career-oriented programs account for 54 percent of enrollments; those studying traditional academic subjects account for 46 percent. In Texas, in contrast, the ratio favors academic programs, 52 percent to 48 percent in vocational programs (**Figure 2**).

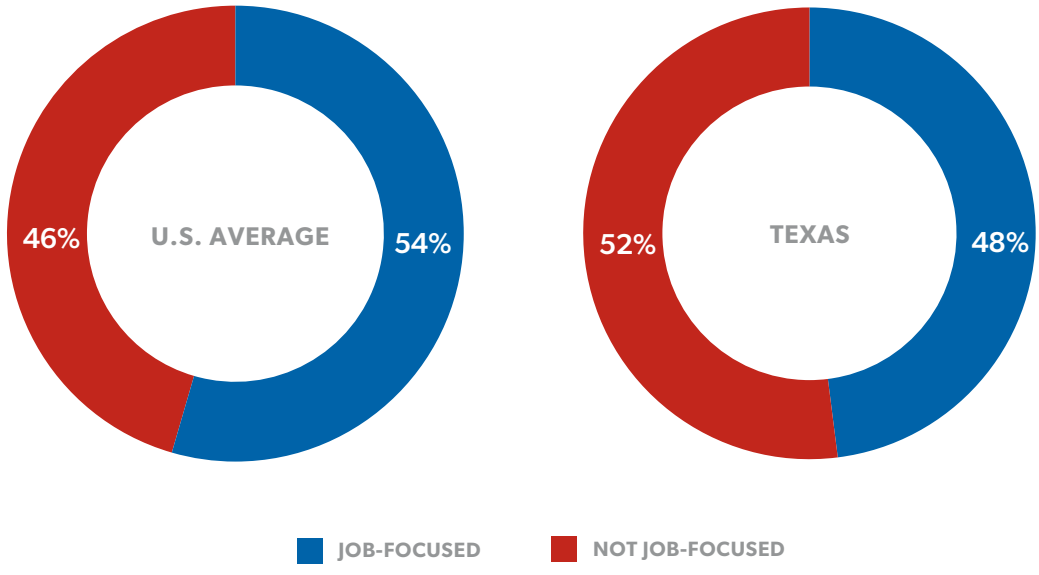


FIGURE 2. TEXAS COMMUNITY COLLEGES HAVE HIGHER SHARE ACADEMIC ENROLLMENT

Community College Enrollment in Job-Focused vs. Non-Job-Focused Programs

SOURCE: Opportunity America community college survey 2020-21.

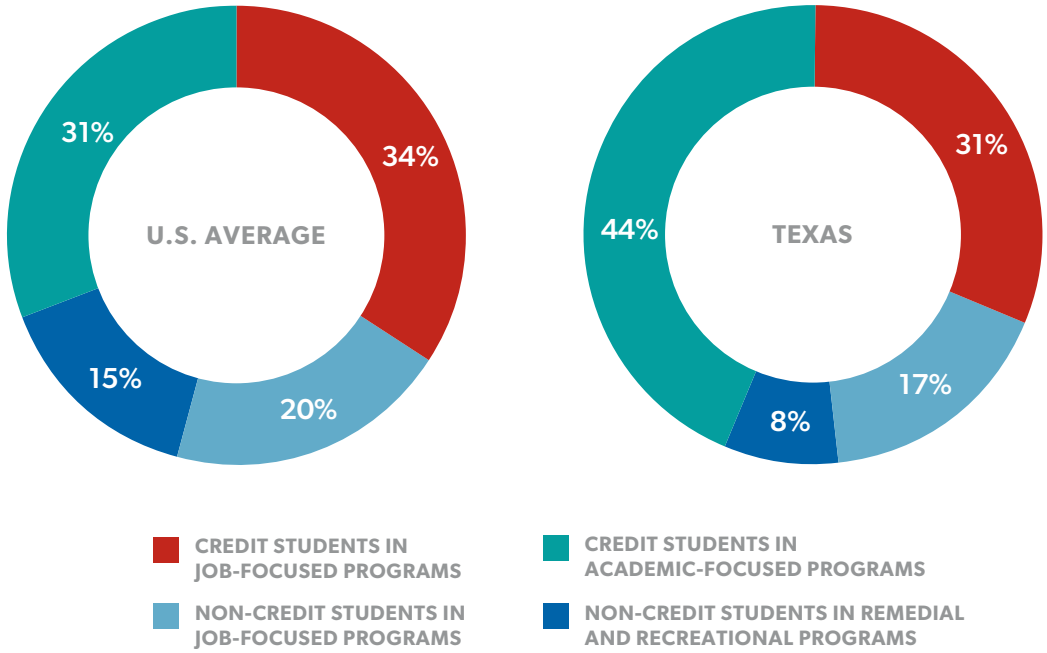


FIGURE 3. TEXAS COMMUNITY COLLEGES HAVE HIGHER ENROLLMENT IN CREDIT PROGRAMS

Enrollment by Credit and Job-Focused Programs

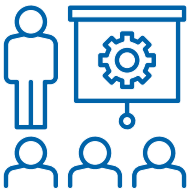
SOURCE: Opportunity America community college survey 2020-21.

But this simple accounting of job-focused and non-job-focused instruction belies a more complicated story that includes the divide between credit and noncredit programming. The Opportunity America community college survey rounded out its findings on noncredit education with data on credit programs from the National Student Clearinghouse to paint a holistic picture of job-focused and non-job-focused offerings at Texas community colleges (**Figure 3**).

What the combined findings show: Texas' allocation stands out for three reasons.

First, consistent with the system's overall skew toward academic education, Texas community colleges serve more credit-seeking academic students than many other schools nationwide. At the Texas colleges that participated in the survey, 44 percent of students are focused on traditional academic college credentials, compared with a national average of 31 percent.[27]

Texas community colleges are taking advantage of the noncredit division's signature strength: its unique ability to provide just-in-time job training.



Second, noncredit education accounts for a smaller share of Texas enrollments, 25 percent in Texas compared with 35 percent nationwide. And yet, a third discrepancy, the mix of noncredit programming, is notably different in Texas than nationwide. Among Texas' noncredit programs, a significantly larger share is devoted to workforce education (Figure 4).

Nationally, on average, 57 percent of noncredit enrollments are job-focused, with the rest split almost evenly between remedial and recreational courses. In Texas, according to the Opportunity America survey, 68 percent of noncredit education is job-focused, while 15 percent is remedial and just 15 percent recreational.

This suggests that Texas community colleges are taking advantage of the noncredit division's signature strength: its unique ability to provide just-in-time job training aligned with local labor market demand.

Wide discrepancies among Texas community colleges and the sample size—32 of the state's two-year institutions responded to the survey—make it difficult to generalize from these data. But the numbers suggest that unlike some states that prioritize one mission—either academic learning or workforce education—most Texas schools strive to do both.

Texas community and technical colleges serve as stepping stones to higher education for less-advantaged, often minority students with limited access to four-year colleges and universities. But they also maintain a robust capacity for workforce education and training. What's unclear from these data: how Texas colleges balance what are often felt to be competing aims and how well they fulfill both missions.

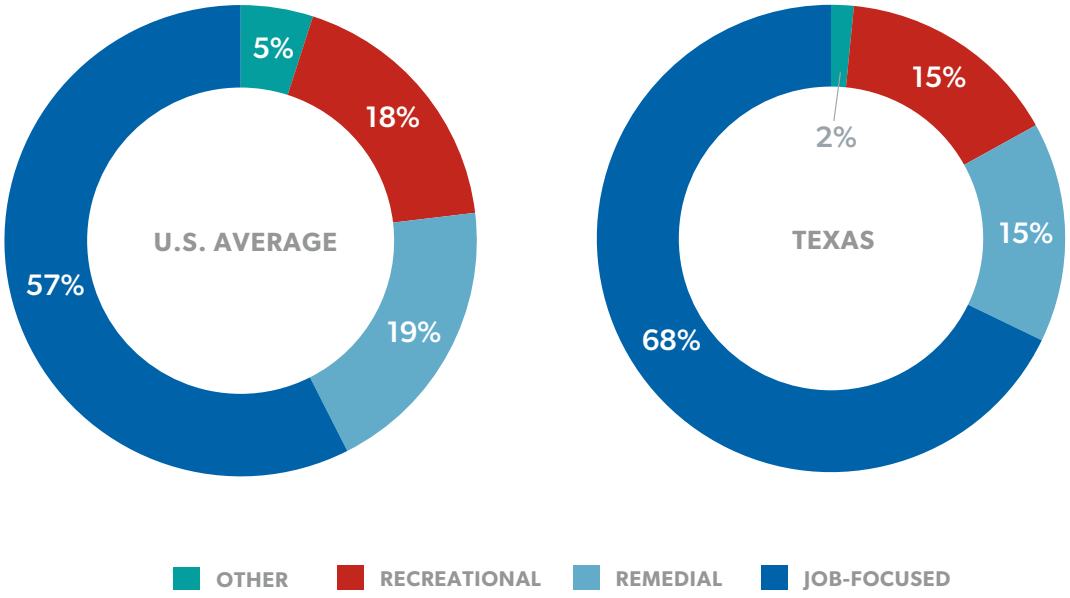


FIGURE 4. AMONG NONCREDIT STUDENTS, ENROLLMENT SHARES IN JOB-FOCUSED PROGRAMS ARE HIGHER IN TEXAS

Community College Noncredit Enrollment by Type of Program

SOURCE: Opportunity America community college survey 2020-21.

CREDIT AND NONCREDIT STUDENT OUTCOMES

In Texas, as nationwide, despite years of attention to improving student outcomes, community college graduation and transfer rates remain stubbornly disappointing. According to state higher education data, only 34 percent of full-time Texas community college students graduate within four years of enrolling in a two-year program, and just 25 percent transfer to a four-year college or university.[28]

Both numbers are on a par with national outcomes.[29] Nationwide, 74 percent of traditional college-age students arrive at community college expecting to transfer to a four-year institution and earn a bachelor's degree, but only 13 percent ultimately succeed.[30]

In Texas, as elsewhere, career-focused credit programs appear to do a somewhat better job of producing the results they aim for. According to Texas data, 90 percent of students who complete what the state calls "technical" community college programs are either employed or enrolled in further education and training the year following graduation.[31] What isn't known: Do graduates find jobs in their fields of study, and do they earn more than they would have earned if they had not attended college?

"We need to dramatically expand what we do around workforce education."

— Harrison Keller, Texas Higher Education Commissioner

Even less is known about employment outcomes on the noncredit side of the house. Texas collects more complete data on noncredit workforce education than many other states. The higher education coordinating board is moving to produce and publish more ample information about graduates' jobs and wages for credit and noncredit students. And a 2022 University of Michigan analysis of noncredit programs in Texas and four other states suggests modest wage gains for Texas noncredit workforce students.[32] But we know much more about credit students than noncredit students and more about academic attainment than workforce outcomes—jobs and wages.

In Texas, as nationwide, what information we have—regarding academic, workforce, credit and noncredit outcomes—underscores the urgency of the questions today's reformers are posing to the state. How do Texas community colleges define their mission, and do they have the balance right?

The choice is not either/or. Texas educators and policymakers, like educators and policymakers everywhere, agree that community colleges must continue to pursue both missions—academic attainment and workforce education. The difficult question: Given these mixed results and the changing economic needs of the state, just what should the balance be?

"We need to dramatically expand what we do around workforce education," says higher education commissioner Keller. "This means fundamentally changing the financial incentives around workforce programs and breaking down the barriers between credit and noncredit education."[33]

Blurring the Line Between Credit and Noncredit to Respond to Employers

It was a great opportunity but also a challenge for **Austin Community College (ACC)**. The economy was booming. The IT companies ramping up in the region were in dire need of technical workers. But many firms had eliminated the internal training programs they once relied on to onboard employees. ACC was ideally positioned to step in as a contract training provider, and it initiated a conversation with executives at Samsung.

Samsung wanted a program up and running fast. But launching a course on the degree-granting credit side of the college could take months or even years. The school would need approval from faculty and a regional accreditor.

The answer was to incubate the program on the college's noncredit side, which does not need faculty or accreditor approval for new offerings. But that division wasn't prepared to partner with a world-class corporation. It lacked equipment, had no capacity to track students and offered mostly personal-interest courses, with no option for learners seeking more education to make a transition to a degree-granting program.

ACC's first step was to secure a Skills Development Fund grant from the Texas Workforce Commission. Designed to help Texas firms upgrade their workers' skills, but payable only to a partnering community college, the grant could fund needed capacity building in the ACC noncredit division.

The new Samsung training program launched in late 2014. The college used grant funding to purchase equipment and worked with Samsung to develop a curriculum. Instruction was offered at the company for full-time employees only—some long-tenured incumbents and others just hired and in need of entry-level training. Classes were scheduled around workers' shifts. Samsung committed to paying trainees a living wage and keeping them on its payroll for at least a month after the training ended.

Both company and college were pleased with the results, but both also saw that this was just the start of what they could do together. In addition to internal training for incumbents, Samsung needed a regional talent pipeline—a ready supply of manufacturing workers at all skill levels, including some who had completed sophisticated technical training on the credit side of the college. For ACC, this was an opportunity to build out an array of other manufacturing programs, credit and noncredit, open to any student enrolled in the college, not just Samsung's hand-picked incumbents.

The growing partnership with Samsung also drove a critical organizational change at the college, combining short, noncredit manufacturing training and for-credit manufacturing degree programs under one division and one department chair.

No more than a dozen colleges nationwide have blurred the line between credit and noncredit in this way. It is an unthinkable step for many faculty who see an unbridgeable divide between what they view as credit-bearing "education" and noncredit "training." But it took off in Austin.

"Employers loved it," recalls the new department chair, Laura Marmolejo.[34] "Whatever they needed, on the credit or noncredit side, they could come to me and I spoke for the college—one voice." Even more important, the consolidation made it possible for ACC to design pathways for students that led from entry-level noncredit training up through an associate degree.

"Very few colleges build for crossover between credit and noncredit education," explains Garrett Groves, ACC vice chancellor of strategic initiatives.[35] "Credit and noncredit instructors think they're teaching different student bodies and that programs don't have to align. We see it differently, and we build for it. It's baked into the way we design our noncredit programs."

The key is overlapping course content. The training provided to Samsung incumbents is a module of a longer, credit-bearing manufacturing course. Students who want to transition from noncredit to credit education accumulate modules they can leverage for college credit if they later enroll at ACC, saving time and money as they work toward a degree.

After years of partnering with Samsung, ACC now offers many kinds of manufacturing instruction. Programs run the gamut from noncredit incumbent training at the company, entry-level noncredit courses at the college, a bridge program to help learners making the transition from noncredit to credit, credit-bearing certificate and degree programs, and a credit-bearing earn-and-learn apprenticeship program. The next step: a bachelor's degree program in manufacturing and applied technology.

Samsung partners with the college on virtually all these initiatives, including the apprenticeship program. It's a model of educator–employer collaboration that ACC is now replicating with other firms in the region, including the college's newest partner, Tesla.

But the most important payoff is for learners. "We're finally at the point," Marmolejo says, "where we can say to students, 'We have an option for you, no matter your situation or your interest or your comfort zone.'"

AUSTIN COMMUNITY COLLEGE (ACC)

WHO ATTENDS COMMUNITY COLLEGE?

Another important set of questions about Texas community colleges centers on students. Does the face of the student body mirror the population in the region? Does the student profile skew older or younger than the national average? And if it skews one way or other, what, if any, action is needed to ensure that all potential students have access to the education they seek?

Gender. Roughly 60 percent of credit-eligible Texas community college students are women, mirroring the national average.[36]

The gender mix among noncredit workforce students is more evenly balanced: In Texas and nationwide, among those who report their gender, about half are men and half women.

Age. One of the most significant differences between community colleges and four-year schools is the wide spectrum of ages served by two-year institutions. Unlike four-year colleges, where 90 percent of students are traditional college age, community colleges touch a much broader swath of the population, older and younger.[37]

At the younger end of the spectrum, in Texas, as nationwide, the last decade or so has seen a push to blur the line between high school and college, particularly community college. Educators seeking to enhance the high school experience and increase the chances that high school students will enroll in college are finding ways to bridge what for many students is a perilous gap. Many are allowing high school students to enroll in college-level courses or providing college-level instruction at the high school.

This innovation varies somewhat from state to state and goes by a variety of names: dual credit, dual enrollment and early college high school, among others. Texas has been at the forefront of the experiment. According to the coordinating board, over the last decade, almost all the net growth at Texas community colleges was driven by dual enrollment.[38] In 2020, 25 percent of credit-seeking students were in dual enrollment programs, and the credit-seeking student age profile skewed predictably young.[39] Nearly one-quarter of credit enrollments were less than 18 years old.[40]

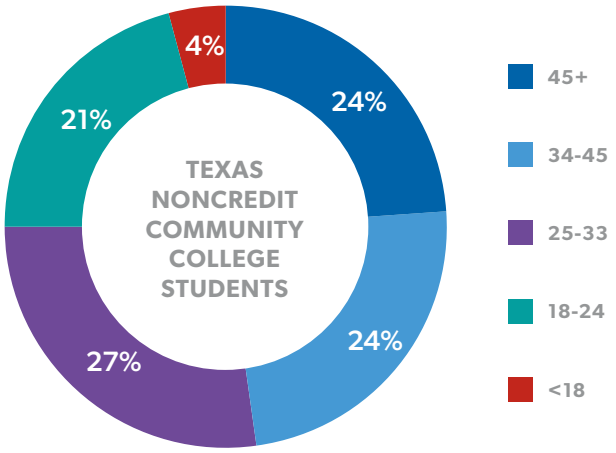


FIGURE 5. EARLY AND MIDCAREER STUDENTS ARE A MAJORITY OF NONCREDIT STUDENTS AT TEXAS COMMUNITY COLLEGES

Noncredit Students in Job-Focused Programs by Age

SOURCE: Opportunity America community college survey 2020-21.

At the other end of the spectrum, in Texas, as elsewhere, community colleges serve a growing number of midcareer adults. Workers now change careers more frequently than in the past, a trend amplified by the pandemic. Workers displaced by automation and other changes often return to college to learn new skills, either for a new job or a new industry. And two-year colleges everywhere are struggling to adjust, finding ways to accommodate older learners' goals, schedules and learning styles.

In Texas, as elsewhere, this shift shows up most clearly in community college noncredit enrollments. According to Texas data, just 13 percent of credit-seeking students at two-year institutions are over 30.[41]

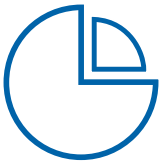
But according to the Opportunity America survey, 75 percent of noncredit learners are 25 or older, with nearly half over 35 and many in their 40s and older (**Figure 5**).

Both of these skews, young and old, have implications for policymakers charting a future for Texas community colleges, and they point in somewhat different directions, suggesting some hard choices ahead.

The overwhelming majority of dual-credit students take traditional academic courses. Among other reasons, it's much cheaper to offer classes in traditional subjects such as social studies and college algebra than practical hands-on instruction in welding or phlebotomy, and the state offers few financial incentives to develop job-focused dual-credit programs. But just the opposite is true at the other end of the age spectrum: Midcareer adult demand skews sharply in favor of job-focused upskilling and reskilling.

In theory, there's no reason Texas community colleges can't do both things—some mix of academic and skills-centered programs for dual-credit students and more workforce education for midcareer adults. But many colleges struggle to get the balance right, and it may require an adjustment in the state financial incentives that drive decisions about what programs to offer.

Two reforms stand out as the state seeks to align community college outcomes more closely with the labor needs of the changing economy. The first is offering more job-focused dual-credit programs that will put high school students on a path to job-focused college instruction. The second is strengthening noncredit divisions to better serve midcareer learners, elevating continuing education and integrating it more closely into the life of the college.



3/4 of noncredit learners are 25 or older

with nearly half over 35 and many in their 40s and older.

Race and ethnicity. Of particular interest in Texas is how well community colleges serve students of color, principally the state's fastest-growing demographic, Hispanics. In this realm too, data are incomplete. We know more about credit students than noncredit students and more about academic attainment than workforce outcomes. New information is coming soon from the Texas Higher Education Coordinating Board, but existing data allow us to piece together a preliminary picture and anticipate the challenges that lie ahead.

Texas grew more rapidly than almost any other state between 2010 and 2020—a blistering 16 percent population increase.[42] Hispanics accounted for 50 percent of that growth. More generally, people of color, including Hispanic, Black and Asian American residents, represented 95 percent of the increase.[43]

This growth is projected to continue in the years ahead, with Hispanic residents expected to emerge as the state's largest constituency within a decade.[44]

Growing numbers of Hispanic students look to community colleges for both academic and workforce education. Credit-eligible enrollments skew heavily Hispanic: 50 percent of credit-seeking students are of Hispanic heritage compared with 40 percent of the state population.[45] Noncredit enrollments are also robust, roughly equivalent to the Hispanic share of the population (**Figure 6**).[46]

Black enrollments largely mirror the Black share of the population—11 percent of credit enrollments, 11 percent of noncredit enrollments and 12 percent of the state population.[47]

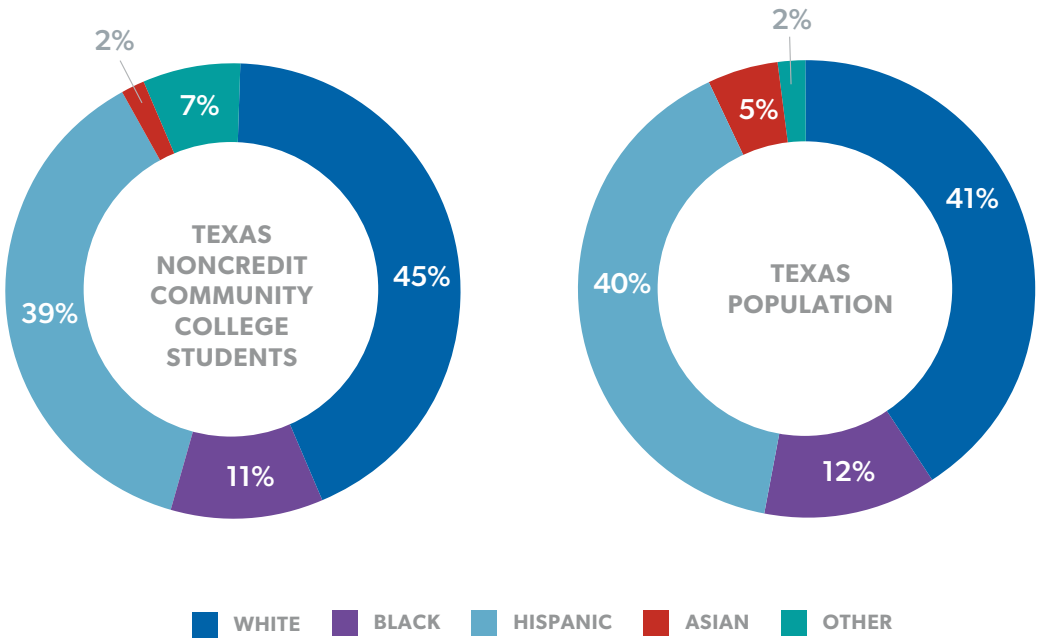


FIGURE 6. TEXAS COMMUNITY COLLEGE NONCREDIT ENROLLMENT REFLECTS THE DEMOGRAPHIC MAKEUP OF THE STATE

Noncredit Enrollment and Population by Race and Ethnicity

SOURCE: Opportunity America community college survey 2020-21; Census.

Some observers will see this as cause for concern: Why are so many students of color attending community colleges rather than four-year schools? In fact, for many of these learners, the choice may not be between two types of college. More likely, it's whether they attend college at all. And by that measure, schools that skew heavily minority, whether on the academic or workforce side of the house, can be engines of opportunity and upward mobility.

Where Texas community colleges still have work to do: bringing Hispanic and Black completion and credential attainment into line with non-Hispanic white achievement.

Looking at educational attainment by all Texas adults 25 and older, significantly more non-Hispanic white students than Hispanic students—71 percent versus 40 percent— have some college education and often an academic degree, whether an associate, bachelor's, graduate or professional degree.[48] Black attainment is more encouraging—62 percent—but still below that of non-Hispanic white students.

For many learners, the choice may not be between two types of college…

It's whether they attend college at all.

Looking just at adults whose education prepares them for a middle-tier job—those with some college or an associate degree—Hispanic attainment falls below that of the other groups at 24 percent, compared with 36 percent for Black and 32 percent for non-Hispanic white attainment.[49]

Recent numbers look somewhat better. Minority student credential attainment—the share of learners who earned degrees and academic certificates in 2020—seems roughly on par with that of other groups in Texas.

According to the Texas Higher Education Coordinating Board, Hispanic students accounted for 46 percent of community college enrollment in 2020 and 45 percent of certificates and degrees awarded at two-year schools.[50] Black students accounted for 12 percent of enrollments and 12 percent of credentials earned.

Hispanic transfer rates were less encouraging. Just 23 percent of Hispanic students who enrolled in community college in 2014 had transferred to a four-year college or university within six years, compared with 30 percent of non-Hispanic white students and 45 percent of Asian American students.[51]

The higher education coordinating board is expected to release new, more granular data in coming months on credential attainment and employment outcomes for Black, Hispanic and other students. Of particular interest apart from academic awards—degrees and certificates—are nondegree alternative credentials with value in the labor market, including competency-based certifications developed and awarded by industry groups. This information will be essential for educators working to close the Hispanic education-attainment gap, but it's only the start of what's needed. Improving outcomes for underrepresented groups is an urgent issue for the state.

III. Change in the Works

Texas' push for community college reform didn't happen in a vacuum. It's a response to the state's changing economy.

In the first two months of the pandemic, Texas shed 1.4 million jobs, sending the unemployment rate soaring to 12.6 percent.[52] The federal government pushed out billions in aid to colleges, money that could be used for scholarships, emergency aid, improved online programming and broadband access.

In Texas, the governor and the coordinating board drew on this funding to create a series of grant programs to help community colleges put Texans back to work. Yet even as they delivered this emergency assistance, Texas educators and policymakers were mindful of deeper challenges that predated the pandemic and would persist in the years ahead.

Bachelor's degrees remain essential for individual Texans and the state. According to one analysis, people with bachelor's degrees earn 67 percent more on average than those with a high school diploma.[53] However, recent research has muddied the old assumption that any and all four-year degrees are a ticket to the middle class. It turns out that some degrees and some majors pay off much better than others. Still, the median lifetime return on investment is more than $300,000 for students who complete a four-year degree on time. And community colleges make bachelor's degree attainment easier and cheaper for many students.

Shorter courses—even noncredit programs shorter than a semester—can be

stepping stones to further higher education.

It's no accident that one of the first initiatives undertaken by the Texas coordinating board when a new commissioner was appointed in 2019 was a statewide overhaul of the transfer process, smoothing the way for learners to move from two- to four-year schools by streamlining requirements and incentivizing partnerships among two- and four-year colleges.

At the same time, in Texas, as nationwide, among the leading symptoms of the way the economy is changing is a growing interest in short job-focused programs and nondegree credentials. As new technology automates routine tasks and displaces even skilled, experienced workers, many adults seek to return to school to reskill for new jobs. And many of these learners have no time for the full college experience, either two- or four-year college.

Some fast, job-focused learning leads directly to the labor market. In other cases, shorter courses—even noncredit programs shorter than a semester—can be stepping stones to further higher education.

This shift doesn't happen automatically; educators must design and embed short, "stackable" upskilling

programs in ways that make the transition possible. This is a top concern at many community colleges in Texas and elsewhere, providing pathways for learners who start with a short job-focused credential with value in the labor market and later return to college at their own expense or their employer's.

The challenge confronting Texas community colleges and the Texas Higher Education Coordinating Board: not only building capacity to offer short, job-focused programs and alternative credentials, but also ensuring they are aligned with the local economy. Skills taught in college must match the skills employers need, and the supply of trained talent must meet regional economic demand.

FROM SCHOLARSHIPS TO CAPACITY BUILDING

Gov. Greg Abbott took a first, important step in spring 2020 when he decided to dedicate a large portion of Texas' federal coronavirus stimulus funding to higher education, including short upskilling and reskilling programs to put unemployed Texans back to work.

One of just a handful of state executives to spend federal Governor's Emergency Education Relief (GEER) funds this way, the governor and the coordinating board doubled down several times over the next 20 months. By the end of 2021, Texas had allocated $107 million in new funding for short, job-focused college programs leading to credentials with value in the labor market.

The money was disbursed through a series of competitive grant programs. The grant criteria changed somewhat over time, but there were three fundamentals. First, grants could be used only for programs that colleges had determined were aligned with the local labor market. Second, offerings could be credit or noncredit, so long as they led to credentials with value in the labor market. Third, colleges were encouraged to use the funding for stackable or convertible programs, both credit and noncredit, that learners could later leverage for academic credit.

All told, over two years, the coordinating board issued more than 220 grants, ranging from $40,000 to $2 million.

In retrospect, some colleges felt that some of the coordinating board's grant criteria were too restrictive, making it difficult to find eligible students or programs, particularly short, noncredit programs. San Jacinto College, for example, some 25 miles southeast of Houston, could find only two noncredit students eligible for the first round of scholarships.[54] But a few months later, when the school devised a way to use other, less-restrictive federal funding for short, job-focused programs, it was overwhelmed with student demand—a surge of interest so strong that it crashed the college's phone and email systems.[55]

Elsewhere, colleges that used GEER grants to support short, job-focused programs reported significant positive outcomes. Texas State Technical College, a network of 10 campuses devoted exclusively to workforce training, measured student persistence. Did learners complete a course and reenroll the next semester in the same field of study? Depending on the semester, scholarship students were 13 to 25 percentage points more likely to reenroll than those not receiving aid.[56]

The coordinating board's takeaway from the GEER grant experience: There was an urgent need across the state not only for scholarships, as the agency expected, but also for capacity building—creating shorter job-focused programs, developing credentials and buying new equipment, among other uses. "Many colleges had difficulty engaging adult learners," recalls higher education commissioner Keller. "Others were unable to use the money effectively. Some didn't even ask for it because they knew they couldn't use it."[57]

It's no accident that several later GEER-funded grant opportunities were devoted to institution building—money for equipment, teacher training and developing new programs that culminate in short-term credentials designed to align with local industry needs.

The higher education board's primary goal had shifted from emergency support to systemic change, and the last installment of GEER funding was used as a down payment on a larger, longer term, state-supported grant program, the Texas Reskilling and Upskilling through Education (TRUE) initiative, authorized but not fully funded by the Legislature.

A Funding Formula that Rewards Employment Outcomes

It was a watershed moment at **Texas State Technical College (TSTC)** that was all but unimaginable at most other colleges in America.

In 2020, the college's business outreach unit came upon some surprising data about the school's electrical line worker programs. As with most community college offerings, line worker instruction traditionally led to one of two kinds of credentials—either a two-year associate degree or a one-year certificate for students who felt a year of study would be enough to launch them on a career.

The outreach unit's striking finding: Certificate holders earned on average $72,000 a year and associate degree holders $78,000—just $6,000 more despite spending twice as long in a classroom.[58]

For TSTC, the next step came easily: The college began planning to shut down its associate-degree line worker program and channel future students into the shorter option. "The employer doesn't really care whether you have an associate or a one-year certificate," explains TSTC Chancellor Michael Reeser. Eliminating the two-year program will allow the college to graduate twice as many line workers each year. "It's the same as doubling our lab capacity and doubling our faculty," Reeser says, "because students are able to complete in half the time."[59]

TSTC differs from other two-year colleges in Texas on a number of dimensions. Its 10 campuses are scattered across the state and operate parallel to, but distinct from, the community college system. TSTC's mission is tightly focused on training students for skilled technical careers. Perhaps most important, its funding model is radically different from the traditional higher education approach.

Instead of being judged like most colleges on the basis of its activities—generally the number of students enrolled and the number of hours spent in class—TSTC is funded entirely on the basis of outcomes: students' postgraduation earnings.

Outcomes-based funding isn't new. More than 30 states, including Texas, allocate some portion of higher education spending on the basis of performance. But in Texas and elsewhere, outcomes-driven dollars are often only a small portion of college revenue, and the formula is rarely geared as closely to the college's mission as it is at TSTC.

TSTC's "returned-value formula" was several years in the making. At the request of the Legislature, the Texas Higher Education Coordinating Board, the Texas Workforce Commission, the state comptroller and the Workforce Center at the University of Texas at Austin worked with the college to develop an approach that matched student records with unemployment insurance data. Their goal: to measure graduates' direct and indirect economic contribution to the state—postgraduation wages, resulting tax revenue and the multiplier effect on the local economy.

Introduced at the college in 2014, the formula has driven a dramatic transformation at TSTC, or what one administrator calls "far-reaching cultural change."[60]

The business intelligence unit scrubs every course and produces a "vitality scorecard" to assess whether the program is pulling its weight under the new formula. More than a dozen programs have been shut down and personnel laid off. Every decision made by every department is scrutinized under the new lens: Is it helping more students get better jobs and increasing the economic return for the state?

"There isn't a function within the college that wasn't touched by this mind shift," Reeser says, "whether it's … the time I spend every day on a task, the way I write curriculum, the pathways that students have through material, the way that we recruit students or the way that we place them."

Among the most significant effects has been closer, more focused and more intentional relationships with employers in a position to hire TSTC graduates.

What used to be casual, take-it-or-leave-it advice from local companies is suddenly much more important to educators. "They really listen now," says one employer.[61] And the college has much higher expectations of the regional firms it partners with. "If they're not hiring, we're not interested," says one TSTC administrator. "And it has to be for good jobs—well-paying and permanent, with opportunities for advancement."[62]

But the ultimate payoff is for students. Graduation rates have increased steadily since the formula was introduced. The average graduate's wages grew from $25,710 in 2016–17 to $35,761 in 2022–23. And the college's return on investment—the value it creates for the state—jumped from $265 million in 2016–17 to $390 million six years later.[63]

"We had to make some hard choices," recalls Michael Bettersworth, TSTC's vice chancellor and chief innovation officer. "But in the end, they've paid off for students and for the local labor market."

TSTC
Texas State Technical College

SHORT-TERM CREDENTIALS

Among the most important themes running through Texas' current community college reform effort is the emphasis on short-term credentials that pay off in the labor market.

Both learners and employers can benefit when job training culminates in a credential. Occupational certifications and other career-oriented awards send a signal to employers about the skills workers bring to the job. They can also position learners for the future, beyond a first, entry-level position, by ensuring they are learning more than the skills needed at one company.

The challenge is differentiating among job-focused credentials, which have proliferated wildly in recent decades. Along with shorter college awards, such as associate degrees and certificates usually earned after a year or less of study, students now earn a sometimes-confusing array of noncollege credentials that include badges, licenses, microcredentials, apprenticeship certificates and industry certifications.

Some nondegree credentials are designed by educators, others by companies. Google, for example, and Siemens both issue awards with wide currency in the labor market. But most certifications are developed by employer groups—industry associations representing, say, automotive employers or manufacturing firms.

Like occupational licenses, generally awarded by a state agency, industry certifications are issued on the basis of third-party competency tests administered by someone other than an educational institution. But unlike licensure, which often works to limit who can enter a profession, industry certifications are generally designed to find and recruit qualified talent.

What's challenging for students, educators, employers and policymakers: sifting through this flood of new awards to separate the wheat—credentials that signal in-demand workforce skills and align with local labor market needs—from the chaff.

According to the coordinating board, all five GEER-funded grant opportunities were designed to encourage college experimentation with new credentials. Grant criteria stipulated that eligible programs must lead to high-value awards. Yet the board never specified what this meant—what counted as a credential of value. "We were deliberately vague and open-ended," explained staffer Sheri Ranis. "There is so much uncertainty and ambiguity about what does and doesn't add value. We wanted to encourage experimentation."[64]

Both learners and employers can benefit
when job training culminates in a credential.

The next step, an important turning point, was revising the state's higher education strategic plan to include attainment of noncollege credentials. Like all but a handful of states, Texas has what educators call an "attainment goal." The original objective, approved by the Legislature in 2015, stipulated that by 2030, 60 percent of Texas adults, ages 25 to 34, have a college degree or certificate.

By 2021, two things were clear: that the state was not on track to meet this goal and that the pace of economic change required more flexibility from higher education. Marketable skills were evolving so fast that traditional college credentialling could not keep up.

In fall 2021, the coordinating board responded by amending the state strategic plan to include nondegree credentials of value in the labor market. The new plan, Building a Talent Strong Texas, posits a definition of value: Ten years after attainment of any credential, workers' earnings will exceed what they would have made had they ended their education after high school.[65]

The coordinating board will match student data with employment records gathered from state businesses to determine learners' postgraduation outcomes. THECB staff say they plan to start with current outcomes, then track them over time, one year, three years, five years and 10 years after graduation. The aim, according to the THECB, is "to tie completion goals directly to the wage premiums associated with postsecondary credentials."[66] The new plan also expands the reach and scale of the state attainment goal to include not only 25- to 34-year-olds, but also older adults ages 35 to 64.

The next frontier, included in the strategic plan but not mapped out, is ensuring that nondegree credentials are indeed stackable and convertible so that students in noncredit training can later return to school to earn a degree or credit-bearing certificate. "Even as we advance short-term credentials," says Fraire, the former Texas Association of Community Colleges president, "we have a responsibility to ensure they are not terminal credentials."[67]

FUNDING

The third and perhaps most important pillar of Texas' ongoing overhaul of two-year public colleges—along with funding for short, job-focused programs and new emphasis on credentials valued by employers—is the Commission on Community College Finance created by the Legislature in early 2021. Consisting of 12 members—community college presidents, employers and legislators—the commission issued a slate of recommended reforms in late 2022 in advance of the upcoming legislative session.[68]

The group is charged with revamping an approach dating back to the 1970s that was built for a dramatically different state economy and much less diverse population.

Like most states, Texas provides both institutional support for colleges and scholarships for students. Every Texas community college has traditionally received three types of institutional funding—an allocation of state dollars determined by a funding formula, a local infusion based on property taxes and student-paid tuition. A small portion of the state's share of college funding is performance-based: Schools receive "student Success Points" for relatively high graduation and transfer rates, among other metrics.

Alongside this institutional support, Texas learners draw on five relatively modest types of state student financial aid. But as is generally the case with federal student aid, none of these state scholarship programs provide support for noncredit students, even those in job-focused programs.

State formula funding has been declining for many years. In 1980, it accounted for 68 percent of community college revenues. By 2020, the share had shrunk to just 26 percent, leaving the burden on local tax districts or, in districts with scant property tax revenue, on the backs of students.[69]

In districts with the highest tax intake, local funding accounts for more than half of college budgets and tuition for around 20 percent. In districts with the lowest tax revenue, where, by definition, students are poorer, local funding covers less than 5 percent while tuition covers upward of 60 percent.[70]

State formula funding has been declining for many years

leaving the burden on local tax districts or, in districts with scant property tax revenue, on the backs of students.

COMMUNITY COLLEGE FINANCING

Four existing Texas funding mechanisms and initiatives offer models for reformers:

- **Texas State Technical College funding formula.** TSTC's 10 campuses are funded dramatically differently than the state community college system, with a formula based on how much students earn after graduation. Once seen as a radical experiment in outcomes-based funding, this approach has been recognized nationwide as a potential model for other states.[71] (For more on the TSTC funding formula, see **page 23**.)

- **Equal institutional funding for noncredit workforce programs.** Unlike many states, where noncredit education receives little or no institutional funding, Texas funds noncredit workforce programs on a par with credit offerings. Credit or noncredit, programs that incorporate the common course numbering system's learning outcomes and prescribed lengths are treated similarly and funded on an all but equal basis. Virtually no other state in the nation offers parity of this kind.

- **Texas Reskilling and Upskilling through Education (TRUE) grant program.** Authorized by the Legislature in 2021 but only partially funded by state dollars—the higher education coordinating board made up the difference with federal stimulus money—the TRUE program builds on what the state learned from two years of experimentation with federally funded competitive grants.

  TRUE awards are designed to cover the institutional cost of capacity building, creating, redesigning and expanding workforce programs that lead to short-term credentials with value in the labor market. Credential programs must be shorter than six months in duration. Noncredit trainings are eligible, and colleges are encouraged to seek employer input in designing instruction.

- **Skills Development Fund.** Among the funding mechanisms valued most highly by community college workforce educators across the state, Skills Development Fund grants are designed to help Texas companies enhance the skills and wages of their existing employees. Administered by the Texas Workforce Commission using a mix of state and federal dollars, grants are paid directly to community colleges and other education providers that partner with eligible firms to provide training.

  Companies benefit from the subsidized upskilling. Colleges use the money to cover the cost of equipment and other capacity building that benefits not only the partnering firm's workers, but also other students, credit and noncredit, enrolled at the college. (For more on how one college uses Skills Development Fund grants, see **page 15**.)

All four promising models provide seeds for potential reforms in the years ahead, perhaps alongside or building on the recommendations of the community college finance commission.

IV. Ideas for Future Reform

Among the items on the commission's agenda: expanding the state's investment in community colleges, redesigning the state's community college funding formula to reward outcomes, addressing regional disparities in college funding, subsidizing tuition for dual credit programs and providing support for capacity building, particularly for workforce education.

Three other areas that deserve attention, whether in the short term or in years to come, are noncredit student aid, incentives for more intensive collaboration with employers and incentives to blur the line between credit and noncredit education.

- **Noncredit student aid.** With accelerating technological change transforming industries across the state, a growing number of Texas workers are likely to need fast, job-focused education and training. Community college noncredit divisions are well-positioned to provide this rapid reskilling, responding agilely to employer needs and serving displaced learners in a hurry to return to the labor market.

  The common course-numbering system's prescribed learning outcomes put the state ahead of many others in assuring the quality of job-focused noncredit learning, and the new outcomes-based funding formula proposed by the finance commission could provide a significant boost for noncredit trainings that culminate in in-demand credentials.

But institutional aid alone is not enough. With virtually no federal financial aid available for continuing education, noncredit students nationwide dig into their own pockets to cover the cost of tuition, and according to the Opportunity America survey, Texas students bear more of a burden than those in many other states.

Asked about the mix of federal, state and private funding that pays for noncredit workforce programs, Texas colleges responding to the Opportunity America survey reported that students cover 46 percent of the cost, compared with 36 percent nationwide (**Figure 7**).

Bipartisan legislation circulating in Congress since 2017 would expand federal Pell Grant eligibility to cover some noncredit workforce students. But even if the measure were to pass, many community colleges will not offer enough hours of instruction to qualify for funding, while others will be unable to meet the bill's stringent requirements for reporting data about student employment outcomes. Texas could consider supplementing whatever Congress provides with state student aid.

One option would be a traditional, means-tested scholarship program. Another, more innovative possibility would be outcomes-based stipends modeled on a pioneering Virginia program, FastForward, that provides full support only in cases where students complete a program of study and earn an industry certification.

The aid could come with conditions and be directed toward programs that prepare students for well-paying jobs in in-demand fields—occupations and industries identified by the Texas Workforce Commission. Preference could be given to programs developed with input from employers. Courses could prepare students for industry certification assessments, and employer partners could commit to interviewing qualified graduates.

Noncredit workforce programs at Texas community colleges also need funding for capacity building. Many noncredit divisions lag behind the credit side of the college in their ability to track students and report outcomes. Others lack experience attracting and serving the students who most need retraining—midcareer adults. But noncredit learners reskilling for a new job or industry don't have to wait for long-term college reform. Changes that address student financial aid and capacity building can go hand in hand.

- **Employer engagement.** Among the most pressing needs for capacity building at many small and mid-size Texas community colleges is help engaging employers to partner in providing workforce education.

  Good metrics of employer engagement are scarce. But despite the effective outreach at some larger schools, Texas scores relatively low on two proxy measures, participation in apprenticeship programs and attainment of industry certifications. According to the U.S. Department of Labor, Texas workers are roughly one-third as likely to be enrolled in an apprenticeship program as learners in the states with the most robust participation.[72] And according to the Opportunity America survey, just 17 percent of Texas noncredit workforce students earn industry credentials, compared with 25 percent nationwide.

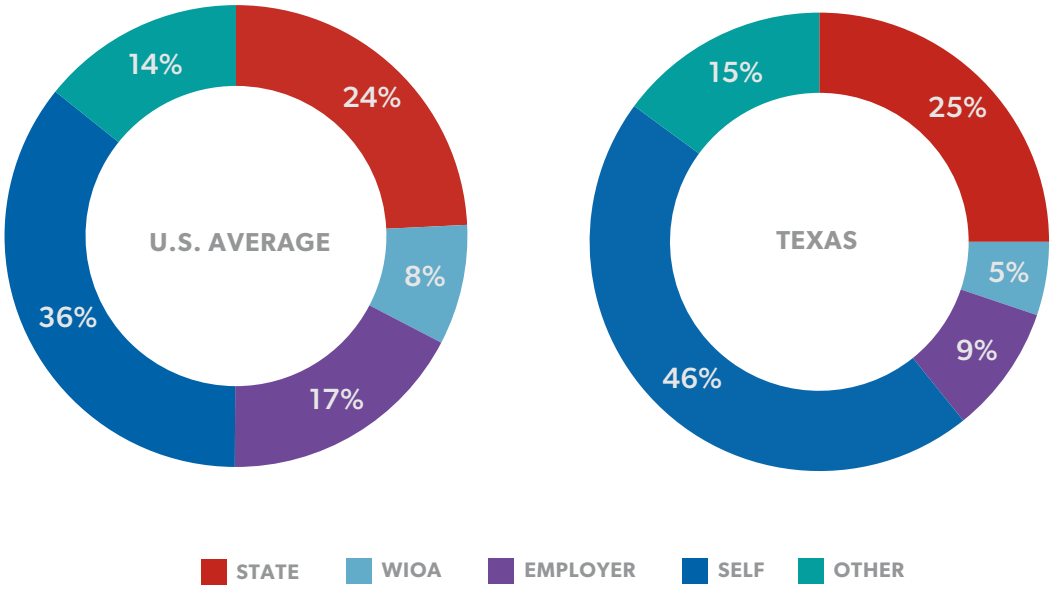


FIGURE 7. TEXAS COMMUNITY COLLEGE NONCREDIT STUDENTS BEAR A HIGHER SHARE OF THE TUITION BURDEN THAN NATIONALLY

Noncredit Education Funding by Payor

NOTE: WIOA stands for Workforce Innovation and Opportunity Act. Self is the student.
SOURCE: Opportunity America community college survey 2020-21.

The kind of collaboration that's needed to boost these numbers rarely comes naturally to companies or colleges, and relatively few states have experimented with financial incentives for training partnerships.[73] The community college finance commission has proposed funding for paid work-based learning opportunities—apprenticeship, internship and work-study programs—developed jointly by educators and employers. But this is just the beginning of what could be done, and there are promising models to draw on both inside and outside the state.

One potential change would build on and expand Skills Development Fund grants, making not only one-time grants, but also long-term institutional support, contingent on close partnerships with local employers. Another option would be dedicated funding for outreach staff or incentives for several colleges in one region to pool resources and collaborate in recruiting industry partners. Still another potential tool, pioneered in Florida and Virginia: financial incentives for colleges to increase the number of students who earn industry certifications.

The success of the Skills Development Fund grant program reinforces an important lesson: Companies that hire graduates of colleges they partner with have a vested interest in the quality of the instruction that other firms, including those participating in a college advisory committee, are unlikely to have.

The challenge for policymakers is to develop incentives for more firms that benefit from community college education and training to guarantee interviews or commit to considering job applications from some share of program graduates.

Just 5%

of Texas noncredit students appear to have gone on to enroll in credit programs.

- **Blurring the line between credit and noncredit education.** Noncredit workforce students seeking to advance their careers should be able to return to school later in life for more education, whether for short stints of job training or longer programs leading to degrees.

This is a challenge for community colleges everywhere. Relatively few students anywhere make the transition from noncredit to credit education. Colleges meet obstacles when they try to build bridges from one division to the other, including resistance from academic faculty, bureaucratic constraints and, in many places, a long tradition of making decisions about the options available to students on a case-by-case basis.

Texas is no exception. According to the University of Michigan's analysis of Texas noncredit data, between 2013 and 2018, just 5 percent of Texas noncredit students appear to have gone on to enroll in credit programs.[74]

Is this because learners aren't interested—a short, job-focused noncredit program enabled them to meet their goals without more schooling? Or is it because the means are lacking—there are no mechanisms in place that enable students to leverage their noncredit learning? It's probably a little of both. But more stackability—easier and more readily available transitions between credit and noncredit learning—would likely encourage more adult learners to come back to college for midcareer upskilling.[75]

The common course-numbering system gives Texas an advantage over other states struggling to build bridges between credit and noncredit education. The learning outcomes in the WECM manual facilitate the alignment of credit and noncredit workforce courses. In theory, noncredit welding 101 produces the same learning outcomes as credit-eligible welding 101—so there should be no need for case-by-case consideration of students who want to make the transition to an academic program, building on rather than repeating their noncredit learning as they accumulate the credits required for a degree or certificate.

The common course-numbering system

gives Texas an advantage over other states struggling to build bridges between credit and noncredit education.

But not every Texas community college accommodates these kinds of transitions, and no state incentives encourage them to do so.

The community college finance commission has proposed that the state create a "crosswalk"—a framework of course equivalencies between credit and noncredit programs—to facilitate crossover from one division to another.

Such a framework could build on a Florida program that encourages noncredit students who earn industry certifications to leverage them for college credit, often significantly reducing the time and money it takes to earn an associate degree. What makes that program work: There's no need for a case-by-case determination. Students who earn, say, an Automotive Service Excellence engine repair certification, can leverage it for a fixed number of credits—three in this case and more for many other certifications— at any college in the state.[76]

A second potential step—supplementing the proposed crosswalk—would create funding incentives for colleges to help students bridge the divide between credit and noncredit. Neither the state's existing Success Points performance funding nor the outcomes-based formula proposed by the finance commission create incentives for this type of transfer from noncredit to credit.

According to campus-level administrators, Success Points dollars make up too small a share of state funding to influence decision-making. They generally account for less than 3 percent of college revenue, according to Dallas College Chancellor Emeritus Joe May, and the formula includes no workforce metrics.[77]

This is an area ripe for change. Texas could build on its own homegrown model, the successful Texas State Technical College funding formula, to create an outcomes-based approach that does more to reward community college programs aligned with local labor market needs, including job placements, wages and students who make a transition from noncredit to credit learning.

Still another option, arguably the easiest and quickest, would be collecting and highlighting data on crossover from noncredit to credit programs. What gets measured often gets improved, and this would be a powerful way for the state to signal its interest in blurring the line between credit and noncredit education.

There is much that can be done, but the first, essential step is recognizing the importance of noncredit workforce programs and the midcareer adults who rely on them. As automation accelerates and more Americans need to retool to keep up with a changing economy, working adults will constitute a growing and increasingly important share of community college students.

V. Conclusion

In Texas, as nationwide, community colleges are an essential tool, a key for unlocking the talent the state will need to remain dynamic and competitive in the years ahead.

Reform-minded Texans seeking to enhance and elevate community college workforce education face a variety of challenges.

The state's two-year institutions vary widely, some flush with funding, others just managing to keep their doors open. In Texas, as in many states, community colleges struggle to balance two disparate missions, preparing students for the workplace and for future higher education, and Texas reformers inherit a system skewed toward academic preparation.

Texas community college graduation and transfer rates remain disappointing, and although underrepresented minority students are catching up on many metrics, they still lag behind non-Hispanic white students on other important measures, including transfers to four-year colleges and universities.

Meanwhile, in Texas as nationwide, the age range of the students attending community college—always broader than the range at four-year institutions—is expanding dramatically, with dual credit high school students and midcareer adults accounting for a growing share of the student body. Both groups bring new challenges and distinctive needs, particularly for workforce educators.

But Texans seeking to strengthen community college workforce education also build on an array of advantages: a distinctive Texas governance model, robust employer engagement with colleges across the state and two decades of innovation, including funding mechanisms now well-entrenched and viewed as models by educators nationwide.

All eyes will be on Texas in the months ahead as the Legislature considers the recommendations of the Community College Finance Commission and the higher education coordinating board unveils data disaggregating statewide credential attainment by race and ethnicity. The Legislature will then have an opportunity to overhaul the community college business model, revamping and refitting the system to respond to the needs of the 21st century economy.

The challenges are sure to be steep. There remains much to be done to produce more equitable educational outcomes and deliver the workers the state will need as economic growth accelerates in the years ahead. But Texas is ideally positioned to build on its existing framework and go the next mile, showing the way for educators nationwide as it unlocks the potential of one of the state's most important institutions.

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APPENDIX: INTERVIEWS

Texas Higher Education Coordinating Board

Harrison Keller, *commissioner*

Ray Martinez, *deputy commissioner for academic affairs and workforce education**

Melissa Henderson, *associate commissioner for strategic partners and executive director, Texas Higher Education Foundation*

Tina Jackson, *assistant commissioner of workforce education*

Stacey Silverman, *deputy assistant commissioner of academic quality**

Dakota Doman, *director, strategy and policy**

Sheri Ranis, *director, workforce education*

Duane Hiller, *manager, workforce education*

Texas community and technical colleges

Michael Bettersworth, *vice chancellor and chief innovation officer, Texas State Technical College*

Juan Garza, *vice president, office of sponsored programs, Texas State Technical College*

Garrett Groves, *vice chancellor of strategic initiatives, Austin Community College*

Allatia Harris, *vice chancellor for strategic initiatives, San Jacinto College*

Cledia Hernandez, *associate vice chancellor for external relations and workforce development, Texas State Technical College*

Laura Marmolejo, *department chair, manufacturing technology, Austin Community College*

Joe May, *chancellor, Dallas College**

Shelley Rinehart, *assistant vice chancellor for instructional and program support efficacy, San Jacinto College*

Ian Roark, *former dean of career, technical and workforce education, Odessa College*

Kenneth Tidwell, *dean, workforce development, San Jacinto College*

Other

Jacob Fraire, *president, Texas Association of Community Colleges**

* Title has changed since Opportunity America interview.

TERMINOLOGY

Unlike most four-year colleges, where the student body is often homogeneous, community colleges serve many kinds of learners pursuing different goals. They include traditional college-age students looking for a gateway to higher education, midcareer adults seeking skills to help them succeed in the labor market, immigrants needing English-language instruction and incumbent workers whose employers pay the college for specialized technical training, among others.

A welter of terms has emerged over the years to describe these varied missions. States use different labels to describe similar functions, and the language used by reformers is sometimes at odds with the vocabulary of traditional educators.

Some of the more important concepts and terms used in this report:

- **Academic programs versus workforce programs.** Most community colleges struggle to balance two missions: preparing students for the workplace and for further higher education.

  Among the most popular community college academic programs: liberal arts, general studies, sociology and psychology.[78] The most popular workforce programs are sometimes called technical programs, job-focused programs, occupational programs, vocational programs or career and technical education (CTE): The most successful of these programs are allied health, business administration and the skilled trades.[79]

- **Credit programs versus noncredit programs.** A second, cross-cutting divide separates programs that confer credit toward a college credential, whether a degree or a short-term certificate, from those that do not confer credit.

  Not all credit programs are academic: Nationwide, roughly half are job-focused.[80] (Think about an allied health program leading to a nursing degree.) And not all noncredit programs are vocational: Nationwide, about 40 percent offer instruction geared to personal interests or preparing for college.[81] (Commonly offered programs include remedial math, English as a second language and recreational courses such as French cooking and photography.)

  But many students attending community college to upgrade their job skills prefer noncredit courses, which tend to be shorter than credit offerings, more tightly focused on technical skills and more closely aligned with the changing labor market.

  Other terms sometimes used for credit programs: credit-eligible, credit-bearing, degree-granting and curriculum programs. Other terms for noncredit: noncredit-bearing, adult education and continuing education.

- **Academic credentials versus nondegree credentials.** Community colleges prepare students to earn a wide array of credentials, some of them conferred by the college and others by neutral third parties—entities unrelated to the college—that assess learners' skills to award competency-based credentials, often called certifications.[82]

  Academic credentials, sometimes called college credentials, include degrees and certificates, which are generally earned after a year or less of study. Among the most commonly earned third-party credentials, sometimes called noncollege credentials, are licensure and industry certifications.[83]

  At many colleges, both credit and noncredit programs prepare learners for the third-party exams they need to pass to attain noncollege credentials.

- **Bridging the gap between credit and noncredit.** As colleges work to upgrade the quality of noncredit programs and better integrate them into campus life, educators nationwide have focused on building bridges for noncredit students and others who later return to school to continue their education.[84]

  Among the terms used to describe these bridges: articulation, matriculation, stackable credentials, credit for prior learning and prior learning assessments. The goal of all these mechanisms is to grant recognition for knowledge and skills acquired outside the institution that is considering granting college credit, saving students time and money as they pursue a degree.

ABOUT THE AUTHOR

Tamar Jacoby is president of Opportunity America. A former journalist and author, she was a senior writer and justice editor at Newsweek and, before that, the deputy editor of the New York Times op-ed page. She is the author of Someone Else's House: America's Unfinished Struggle for Integration and editor of *This Way Up: New Thinking About Poverty and Economic Mobility*, among other books. In 2022, she served as a member of a Texas Higher Education Coordinating Board informal advisory group, the college needs and opportunities steering committee.

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All Eyes ON TEXAS

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