



## On Transcript Context and Transparency

### *Testimony supporting HB 385*

by Thomas K. Lindsay, Ph.D.

Dear Members of the Committee:

I am appearing today to testify in support of HB 385. Some call this the “I CAN” bill—“Incentivizing College Affordability Now.” The key word here is incentivize—this bill would give schools the opportunity to expand their offerings to a growing demographic of college students.

The Texas Affordable Baccalaureate Program (TABP) has had to rely on grant money to compensate for a lack of formula funding from the state. I CAN—HB 385—would give schools a financial incentive to start TABP degree programs of their own, by granting exemptions to formula funding restrictions on their students.

Formula funding restrictions work for the most part and have a good intent, but TABP students should get exemptions. Why? Most TABP students are nontraditional, returning to college after gaining workplace or military experience. Their failure to complete college on the first try often prevents schools who enroll them from receiving formula funding (see “Q&A,” next page).

These formula funding restrictions are in place to incentivize timely and affordable college completion. But TABP is an innovative means to this same practical end. Hence, I CAN will help us bring college affordability to an underserved demographic while improving college completion rates.

As this bill has progressed in this chamber, a number of questions have arisen about it. Allow me to address these questions and, in the process, supply the history of this legislation:

#### **Q: Which formula funding restrictions would HB 385 grant exemptions to?**

A:

- “30-hour rule” – no formula funding for semester credit hours (SCHs) beyond the amount required for graduation, plus 30. No additional financial impact on students.
- “45-hour rule” – older version of the 30-hour rule for students who first began college between 1999 and 2006.
- “3-peat rule” – no formula funding for SCHs that a student has attempted on two previous occasions. This restriction also affects students directly, as in-state students are required to pay out-of-state tuition on “3-peat” courses.
- “6-drop rule” – does not restrict formula funding, but affects student willingness to enroll by forbidding the dropping of courses after the student’s 6th drop.

#### **Q: How many students violate these formula funding restrictions?**

A: The 30-hour rule is the most restrictive. A majority of community college students violate the 30-hour rule; the average semester credit hour count after graduation from many two-year community college programs is over 90, and for some over 100. To reiterate, this is the average credit count for a program that only requires 60 credits for completion.

**Q: How many students have some college credit but no degree?**

A: Around 1.9 million.

**Q: How much money does the state spend on higher education per student?**

A: For the 2014-2015 biennium, the Legislature appropriated \$7,258 in instruction and operating costs (I&O) and \$1,390 in space/infrastructure costs per FTSE.

**Q: How old are TABP students?**

A: The age of students enrolled spans from 16 to 59, with an average age of about 38.

**HISTORY OF “ICAN” BILL—2015 VERSION****LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 28, 2015**

**TO:** Honorable John Zerwas, Chair, House Committee on Higher Education

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** HB 1502 by Murphy (Relating to the elimination of certain formula funding and dropped course restrictions for students enrolled in accelerated, affordable baccalaureate programs at public institutions of higher education.), As introduced

*No significant fiscal implication to the State is anticipated.*

The bill would amend the Education Code relating to the elimination of certain formula funding and dropped course restrictions for students enrolled in accelerated, affordable baccalaureate programs at public institutions of higher education. According to information provided by the Higher Education Coordinating Board, only Texas A&M University - Commerce and South Texas College offer accelerated baccalaureate programs as described by the bill. This estimate assumes any impact to formula funding would not be significant. Additionally, any impact would not be seen until fiscal year 2018 as formula funding is provided to institutions based on student data prior to the biennium that will be funded. As such, formula funding in fiscal years 2016 and 2017 will be based on students that are enrolled during fiscal year 2015.

***Local Government Impact***

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 710 Texas A&M University System Administrative and General Offices, 719 Texas State Technical College System Administration, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration

**LBB Staff:** UP, EMu, DEH, JP

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By: Murphy

H.B. No. 1502

A BILL TO BE ENTITLED  
AN ACT

relating to the elimination of certain formula funding and dropped course restrictions for students enrolled in accelerated, affordable baccalaureate programs at public institutions of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 51.907, Education Code, is amended by adding Subsection (b-1) to read as follows:

(b-1) This section does not apply to a student enrolled in an accelerated baccalaureate program created in collaboration with the Texas Higher Education Coordinating Board that uses a competency-based model and year-round flat-rate tuition to facilitate degree completion, as verified by the coordinating board.

SECTION 2. Section 61.059, Education Code, is amended by adding Subsection (r) to read as follows:

(r) Notwithstanding any other law, the board may not exclude from being counted in the hours reported to the Legislative Budget Board for formula funding contact hours or semester credit hours for a student's enrollment in a course for which the student has previously generated formula funding for the same course if the student is enrolled in an accelerated baccalaureate program created in collaboration with the board that uses a competency-based model and year-round flat-rate tuition to facilitate degree completion, as verified by the board.

SECTION 3. Section 61.0595, Education Code, is amended by adding Subsection (f-1) to read as follows:

(f-1) In the formulas established under Section 61.059, the board shall include without consideration of Subsection (a) or (e) funding for semester credit hours earned by a student who is enrolled in an accelerated baccalaureate program created by an institution in collaboration with the board that uses a competency-based model and year-round flat-rate tuition to facilitate degree completion, as verified by the board.

SECTION 4. Section 51.907(b-1), Education Code, as added by this Act, applies beginning with the fall 2015 semester.

SECTION 5. The changes in law made by this Act to Sections 61.059 and 61.0595, Education Code, apply beginning with funding recommendations made under Section 61.059, Education Code, for the state fiscal biennium beginning January 1, 2017.

SECTION 6. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015. ★

## About the Author



**Thomas K. Lindsay, Ph.D.**, is director of the Foundation's Center for Higher Education. He has more than two decades' experience in education management and instruction, including service as a dean, provost, and college president.

Lindsay earned his M.A. and Ph.D. in political science and his B.A., *summa cum laude*, in political science from the University of Chicago. Oxford University Press published Lindsay's American Government college textbook *Investigating American Democracy* (with Gary Glenn). He has published numerous articles on the subject of democratic education, many of which have appeared in the world's most prestigious academic journals. In recognition of his scholarship on democratic education, Lindsay was made the 1992-93 Bradley Resident Scholar at the Heritage Foundation in Washington, D.C.

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