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| BILL ANALYSIS |

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| C.S.S.B. 1786 |
| By: Creighton |
| Higher Education |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE** Last session, the legislature enacted H.B. 8, which established an outcomes-based funding model for public junior college districts that designates certain credentials as "credentials of value" based on the return on investment, opportunity cost, and alignment with high-demand fields in regional labor markets. The bill sponsor has informed the committee that further coordination between the Texas Education Agency, the Texas Higher Education Coordinating Board, and the Texas Workforce Commission would allow public school districts and public junior colleges to work together more effectively, strengthening the link between secondary and postsecondary pathways and ensuring students can access industry-recognized credentials aligned with state workforce goals. C.S.S.B. 1786 seeks to provide greater efficiency in career and technical education grant program funding, promote dual credit and industry certification opportunities, and enable high school students to earn valuable credentials before graduation by strengthening regional education-to-workforce pipelines, reducing administrative burdens, and helping students access clear, well-funded pathways to stable, high-wage careers.  |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTIONS 3, 6, and 8 of this bill. |
| **ANALYSIS** C.S.S.B. 1786 amends the Government Code to require the Texas Education Agency (TEA), the Texas Higher Education Coordinating Board (THECB), and the Texas Workforce Commission (TWC), for the establishment, implementation, and expansion of secondary and postsecondary career and technical education programs that are aligned with the state workforce development goals, to coordinate the competitive grant programs for those programs, including the following programs:* the Jobs and Education for Texans (JET) Grant Program;
* the grant program established under the Pathways in Technology Early College High School (P-TECH) program;
* the Texas Reskilling and Upskilling through Education (TRUE) Program; and
* federal career and technical education grant programs, including grant programs under the federal Carl D. Perkins Career and Technical Education Act of 2006.

The bill requires TEA, the THECB, and TWC to jointly take the following actions in coordinating those grant programs:* address career and technical education program startup and delivery costs by aligning two or more grant funding streams;
* identify and work to reduce duplication in grant programs across TEA, the THECB, and TWC;
* identify opportunities to structure grant funding for career and technical education projects that support secondary-to-postsecondary career pathways, including by providing for career and technical education dual credit or the attainment of postsecondary credentials by secondary students;
* identify opportunities to structure grant funding for career and technical education projects that are:
	+ aligned with the attainment of credentials of value, as designated by the THECB for purposes of performance tier funding; and
	+ designed to meet state workforce needs in high-demand fields; and
* to the extent possible, prioritize comprehensive funding of facilities, equipment, instructional materials, and faculty and staff for program development and delivery to best meet the state workforce development goals.

C.S.S.B. 1786 amends the Labor Code to revise statutory provisions relating to additional workforce data reporting under the Texas Unemployment Compensation Act, by doing the following:* replacing the provision establishing that it is the intent of the legislature that TWC, subject to the availability of federal funding or other resources for the purpose, work with employers to enhance the reporting of employment and earnings data by employers to TWC as part of an employer's routine wage filings under that act or TWC rule and consistent with federal law and regulations with a requirement for TWC to work with employers towards that purpose; and
* with respect to the requirement for the enhanced wage filings to include information related to occupation and other important employment information that would improve the state's labor market information:
	+ specifies that the information related to occupation includes information related to wage, industry, full-time and part-time status, county of primary employment, and remote work status; and
	+ replaces the requirement for the filings to include information relating to other important employment information that would improve the state's labor market information with a requirement to include information relating to other important employment information necessary to conduct the regional labor demand assessment required by the bill.

C.S.S.B. 1786 requires TWC to conduct a biennial assessment of available regional labor demands across Texas using the best available state and federal labor market data, as determined by TWC, to allow public institutions of higher education to better align educational programs with workforce needs. The bill requires the assessment to do the following:* analyze current and projected workforce needs in each region of Texas over a 10-year period, disaggregated to the extent possible by wage, industry, occupational field, full-time and part-time status, county of primary employment, and remote work status; and
* identify for each region and county of Texas the industries and occupations that lead to an individual self-sufficient wage, as defined by THECB rule in accordance with the bill's provisions regarding the designation of credentials of value.

The bill authorizes TWC to coordinate with other state agencies, including the THECB and TEA, to conduct the assessment and, in conducting the assessment, to do the following:* obtain any data TWC is authorized by law to obtain from a state or federal agency or institution of higher education at no cost to TWC;
* obtain expedited access at no cost to TWC to data available through a state center for education research; and
* contract with a state agency or institution of higher education to conduct or assist in conducting the assessment.

If TWC contracts with an institution of higher education to conduct or assist in conducting the assessment, the THECB and TEA must enter into a data sharing agreement with the institution to provide to the institution any data necessary to conduct the assessment. The bill requires TWC, not later than March 1 of each odd-numbered year, to provide the results of the assessment to the governor, the lieutenant governor, the speaker of the house of representatives, the standing legislative committees with primary jurisdiction over higher education, the THECB, TEA, institutions of higher education, and public schools.C.S.S.B. 1786 amends the Education Code to revise the eligibility requirements for a student to enroll at no cost in a dual credit course under the Financial Aid for Swift Transfer (FAST) program by doing the following:* with respect to the requirement for the student to be enrolled in high school in a public school district or open-enrollment charter school, specifying that the student must be enrolled in a grade level from 9 through 12; and
* creating as an optional eligibility requirement that the student was educationally disadvantaged at any time during the school year in which the student enrolls in the dual credit course at a participating public institution of higher education as an alternative to the student being educationally disadvantaged at any time during the four school years preceding the student's enrollment in such a dual credit course.

The bill requires TEA to make available to districts and charter schools any available and relevant data for determining whether a student was educationally disadvantaged at any time during the school year in which the student enrolls in the dual credit course or the four school years preceding the student's enrollment in the dual credit course. The bill specifies that references to a school district for purposes of the FAST program includes the Windham School District. These provisions relating to the FAST program apply beginning with the 2025-2026 school year.C.S.S.B. 1786 authorizes the THECB to adopt rules necessary to carry out the purposes of the Student Financial Assistance Act of 1975, including any rules necessary to administer federal financial aid or grant programs or provide federal money to institutions of higher education under provisions of the federal Higher Education Act of 1965 relating to student assistance or another federal law or program. The bill establishes that the THECB is not required to use negotiated rulemaking to adopt rules necessary to administer federal financial aid or grant programs or provide federal money to institutions of higher education under that federal act or another federal law or program. The bill authorizes the THECB to identify such rules that must be adopted on an emergency basis for purposes of the 2025-2026 academic year and to use the emergency rulemaking procedures established under the Administrative Procedure Act for adopting those rules. The bill establishes that the THECB is not required to make an emergency finding as required by that act to adopt such rules.C.S.S.B. 1786 revises the definition of "public junior college" under the Higher Education Coordinating Act of 1965 by replacing the current definition as any junior college listed as a public junior college in Texas that has certified to the THECB that it is in compliance with applicable state law regarding its eligibility for state appropriations with a definition as any junior college associated with a junior college district as provided by statutory provisions relating to junior college district service areas. C.S.S.B. 1786 authorizes the THECB to use the emergency rulemaking procedures established under the Administrative Procedure Act to adopt rules necessary to align the funding formulas for the public junior college state finance program with appropriations or other legislative action. The bill establishes that the THECB is not required to make the emergency finding to adopt those rules. The bill clarifies that the THECB may adopt by reference a manual or policy document as a rule.Effective September 1, 2025, C.S.S.B. 1786 expands one of the measurable outcome components of performance tier funding under the public junior college state finance program that is based on the number of students who earn at least 15 semester credit hours or the equivalent at the junior college district and who subsequently transfer to a general academic teaching institution to include such students who earn such hours or the equivalent and who subsequently transfer to a private or independent institution of higher education that offers four-year degree programs.C.S.S.B. 1786 requires the THECB, for purposes relating to the measurable outcomes considered for purposes of performance tier funding under the public junior college state finance program with respect to the award of credentials of value, to designate a credential as a credential of value if the credential meets the following criteria:* provides a positive return on investment for a student who received the credential, as measured by earning or being expected to earn cumulative wages at least equal to the cumulative median earnings for high school graduates in Texas and earning at least the individual self-sufficient wage, as defined by THECB rule, during the period specified by THECB rule but not more than 10 years after the date on which the credential is received; and
* allows a student who received the credential to recoup the net cost of attendance at a public junior college, including opportunity cost, where the following conditions are met:
	+ the net cost of attendance is the net cost of attendance used for purposes of financial aid at the college less any aid received by the student; and
	+ opportunity cost is the difference between cumulative median earnings for high school graduates in Texas and cumulative median earnings for students while enrolled in the certificate or degree program leading to the credential for a period of two years for an associate degree program, a period of four years for a baccalaureate degree program, and a period determined by THECB rule based on the program's design for a certificate or degree program that is not such an associate or baccalaureate degree program.

C.S.S.B. 1786 requires the THECB to calculate the return on investment for a credential that provides a positive return on investment for the student who received the credential using the most current data available to the THECB from the following sources:* the integrated postsecondary education data system maintained by the National Center for Education Statistics;
* wage records obtained from TWC;
* the American Community Survey by the U.S. Census Bureau;
* the THECB's data reporting systems; or
* other data sources selected by the THECB.

In adopting a definition of individual self-sufficient wage for purposes of designating such a credential, the THECB must ensure the definition is correlated with the statewide median of the self-sufficient wage determined by TEA, TWC, and the THECB under the tri-agency workforce initiative. C.S.S.B. 1786 authorizes the THECB to designate a credential in education or health care as a credential of value regardless of whether the credential meets the applicable designation criteria if the THECB determines the designation is necessary to ensure state workforce needs are met in those fields. The bill requires the THECB to adopt rules as necessary to implement the bill's provisions relating to the designation of credentials of value in alignment with the long-range master plan for higher education in Texas developed under the Higher Education Coordinating Act of 1965. The bill's provisions relating to the designation of credentials of value apply to associate degrees awarded by a public junior college beginning with the 2025-2026 academic year and apply to other degrees and certificates awarded by a public junior college beginning with the 2027-2028 academic year. Those provisions take effect September 1, 2025.C.S.S.B. 1786 requires the THECB to do the following: * not later than August 1, 2027, and in consultation with the standing advisory committee that provides advice and counsel to the THECB with respect to the funding of public junior colleges, to adopt rules implementing the bill's provisions relating to the designation of credentials of value for each certificate program offered by a public junior college; and
* not later than December 1, 2026, evaluate the additional workforce data provided by TWC to identify the effects of transitioning to a county-by-county definition of individual self-sufficient wage for purposes of those provisions.

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| **EFFECTIVE DATE** Except as otherwise provided, on passage, or, if the bill does not receive the necessary vote, September 1, 2025. |
| **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**While C.S.S.B. 1786 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.The substitute includes provisions not present in the engrossed authorizing the THECB to adopt rules necessary to carry out the purposes of the Student Financial Assistance Act of 1975, including any rules necessary to administer federal financial aid or grant programs or provide federal money to institutions of higher education under provisions of the federal Higher Education Act of 1965 relating to student assistance or another federal law or program, and setting out provisions relating to the following with respect to that authority:* the use of negotiated rulemaking to adopt those rules;
* the identification of rules that must be adopted on an emergency basis for purposes of the 2025-2026 academic year; and
* the use of emergency rulemaking procedures and an exception to required emergency findings under the Administrative Procedure Act for the aforementioned purpose.

The substitute omits the provisions from the engrossed that did the following:* required the THECB, in conjunction with TEA, to post on the THECB's website certain deidentified data, disaggregated by institution of higher education, district, and matriculating cohort relating to students who graduate from a degree, certificate, or other credential program and students who have not graduated from a degree, certificate, or other credential program and are no longer enrolled in that program;
* required the THECB to ensure that such data posted on the THECB's website complies with the federal Family Educational Rights and Privacy Act of 1974;
* required the THECB, in consultation with TWC, to conduct a biennial assessment of regional labor demands across Texas to allow institutions of higher education and districts to better align educational programs with workforce needs;
* set out certain actions the THECB must take in conducting the assessment;
* set out certain actions the THECB, in coordination with other state agencies, including TWC, TEA, and other relevant entities, must take for purposes of assisting the THECB in conducting the assessment;
* required the THECB to provide the labor market information and workforce projections obtained from the assessment, disaggregated by education service center region, to institutions of higher education, districts, and charter schools to support program development aligned with regional workforce needs;
* required the THECB, not later than December 1 of each even-numbered year, to report the results of the assessment to the governor, the lieutenant governor, the speaker of the house of representatives, and the standing legislative committees with primary jurisdiction over higher education; and
* required the regional data included in that report to be disaggregated by education service center region.

The substitute omits the provisions from the engrossed relating to the public junior college state finance program that did the following:* required each junior college district, in submitting data required for purposes of the public junior college state finance program, to include data regarding students who transfer to an out-of-state college or university during an academic year;
* required the THECB to submit to the legislature a report on out-of-state transfers from junior college districts using that data not later than December 1 of each even-numbered year; and
* authorized the report to be included in any other report made by the THECB.
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