

**BILL ANALYSIS**

Senate Research Center

S.B. 1786  
By: Creighton  
Education K-16  
7/2/2025  
Enrolled

**AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Last session the Texas Legislature passed H.B. 8, which created an outcomes-based funding model that rewards credentials of value, dual credit completion, and successful transfers to public four-year institutions. S.B. 1786 seeks to address the feedback received heard from stakeholders and experts over the past two years since implementation of H.B. 8, including clarifications for implementation of the Financial Aid for Swift Transfer program and expansion of eligible institutions for four-year transfer under the performance tier of the funding model.

The committee substitute for S.B. 1786 creates a statutory definition of "credential of value"; establishes a wage threshold for use in the community college funding formula; authorizes the Texas Higher Education Coordinating Board to adopt rules to implement "credential of value"; authorizes the Texas Workforce Commission (TWC) to conduct a study of regional labor demand to allow institutions to better align program offerings to labor market needs; and requires TWC to collect enhanced wage data.

S.B. 1786 amends current law relating to public higher education.

**RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 3 (Section 56.0035, Education Code), SECTION 5 (Section 61.0275, Education Code), SECTION 6 (Section 130A.005, Education Code), and SECTION 8 (Section 130.102, Education Code) of this bill.

**SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 28.0095(a), Education Code, by adding Subdivision (5) to define "school district."

SECTION 2. Amends Sections 28.0095(c), (e), and (f), Education Code, as follows:

(c) Provides that a student is eligible to enroll at no cost in a dual credit course under the program if the student:

(1) is enrolled:

(A) in a grade level from 9 through 12, rather than in high school, in a school district or charter school; and

(B) in a dual credit course at a participating institution of higher education; and

(2) was educationally disadvantaged at any time during:

(A) the school year in which the student enrolls in the dual credit course described by Subdivision (1)(B); or

(B) creates this paragraph from existing text and makes no further changes.

(e) Requires each school district or charter school to:

(1) on the enrollment of a student in a grade level from 9 through 12, rather than on a high school student's enrollment, in a dual credit course, determine whether the student meets the criteria for the program under Subsection (c)(2); and

(2) makes no changes to this subdivision.

(f) Requires the Texas Education Agency (TEA) to make available to school districts and charter schools any available and relevant data for making the determination required under Subsection (e)(1).

SECTION 3. Amends Subchapter A, Chapter 56, Education Code, by adding Section 56.0035, as follows:

Sec. 56.0035. RULES. (a) Authorizes the Texas Higher Education Coordinating Board (THECB) to adopt rules necessary to carry out the purposes of Chapter 56 (Student Financial Assistance), including any rules necessary to administer federal financial aid or grant programs or provide federal money to institutions of higher education under Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1070 et seq.) or another federal law or program.

(b) Provides that, notwithstanding Section 61.0331 (Negotiated Rulemaking Required), 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 Title IV of the Higher Education Act of 1965 (20 U.S.C. Section 1070 et seq.) or another federal law or program.

SECTION 4. Amends Section 61.003(2), Education Code, to redefine "public junior college."

SECTION 5. Amends Subchapter B, Chapter 61, Education Code, by adding Section 61.0275 to authorize THECB to adopt by reference a manual or policy document as a rule.

SECTION 6. Amends Section 130A.005, Education Code, by adding Subsection (d), as follows:

(d) Authorizes THECB to use the emergency rulemaking procedures established under Section 2001.034 (Emergency Rulemaking), Government Code, to adopt rules necessary to align the funding formulas under Chapter 130A (Public Junior College State Finance Program) with appropriations or other legislative action. Provides that THECB is not required to make the finding described by Section 2001.034(a) (relating to authorizing a state agency to adopt an emergency rule without prior notice or hearing if certain criteria are met), Government Code, to adopt rules under this subsection.

SECTION 7. Amends Section 130A.101(c), Education Code, as follows:

(c) Provides that certain values are the measurable outcomes considered for purposes of performance tier funding, including the number of students who earn at least 15 semester credit hours or the equivalent at the junior college district and subsequently transfer to a private or independent institution of higher education, as that term is defined by Section 61.003 (Definitions), that offers four-year degree programs. Makes a nonsubstantive change.

SECTION 8. Amends Subchapter C, Chapter 130A, Education Code, by adding Section 130A.102, as follows:

Sec. 130.102. CREDENTIALS OF VALUE. (a) Requires THECB, for purposes of Section 130A.101(c)(1) (relating to the number of credentials of value awarded by THECB), to designate a credential as a credential of value if the credential:

(1) 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 this state 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

(2) allows a student who received the credential to recoup the net cost of attendance at a public junior college, including opportunity cost, where 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 this state and cumulative median earnings for students while enrolled in the certificate or degree program leading to the credential for certain periods of time.

(b) Requires THECB to calculate the return on investment for a credential under Subsection (a)(1) using the most current data available to THECB from certain data sources.

(c) Requires THECB, in adopting a definition of individual self-sufficient wage for purposes of Subsection (a)(1), to ensure the definition is correlated with the statewide median of the self-sufficient wage determined under Section 2308A.012 (Self-Sufficient Wage), Government Code.

(d) Authorizes THECB to designate a credential in education or health care as a credential of value regardless of whether the credential meets the criteria under Subsection (a) if THECB determines the designation is necessary to ensure the workforce needs of this state are met in those fields.

(e) Requires THECB to adopt rules as necessary to implement this section in alignment with the long-range master plan for higher education in this state developed under Section 61.051(a-1) (relating to requiring THECB to develop a long-range master plan for higher education in this state).

SECTION 9. Amends Chapter 2308A, Government Code, by adding Section 2308A.0115, as follows:

Sec. 2308A.0115. COORDINATION OF GRANT PROGRAMS FOR SECONDARY AND POSTSECONDARY CAREER AND TECHNICAL EDUCATION PROGRAMS.

(a) Requires TEA, 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 certain programs.

(b) Requires TEA, THECB, and TWC, in coordinating grant programs under Subsection (a), to jointly:

(1) address career and technical education program startup and delivery costs by aligning two or more grant funding streams;

(2) identify and work to reduce duplication in grant programs across TEA, THECB, and TWC;

(3) 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;

(4) 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 THECB for purposes of Section 130A.101(c)(1), Education Code, and designed to meet state workforce needs in high-demand fields; and

(5) 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.

SECTION 10. Amends Section 204.0025, Labor Code, as follows:

Sec. 204.0025. **ADDITIONAL WORKFORCE DATA REPORTING.** Requires TWC to 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 Subtitle A (Texas Unemployment Compensation Act), Title 4 (Employment Services and Unemployment), or TWC rule and consistent with federal law and regulations. Requires that the enhanced wage filings include information related to wage, industry, occupational field, full-time and part-time status, county of primary employment, remote work status, and other important employment information necessary to conduct the assessment required under Section 302.0205, rather than information related to occupation and other important information that would improve the state's labor market information. Deletes existing text providing 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 for certain purposes.

SECTION 11. Amends Subchapter A, Chapter 302, Labor Code, by adding Section 302.0205, as follows:

Sec. 302.0205. **REGIONAL LABOR DEMAND ASSESSMENT.** (a) Defines "institution of higher education."

(b) Requires TWC to conduct a biennial assessment of available regional labor demands across this state using the best available state and federal labor market data, as determined by TWC, to allow institutions of higher education to better align educational programs with workforce needs. Requires that the assessment:

(1) analyze current and projected workforce needs in each region of this state 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

(2) identify for each region and county of this state the industries and occupations that lead to an individual self-sufficient wage, as defined by THECB rule in accordance with Section 130A.102, Education Code.

(c) Authorizes TWC to coordinate with other state agencies, including THECB and TEA, to conduct the assessment under this section.

(d) Authorizes TWC, in conducting the assessment under this section, to:

(1) 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;

(2) obtain expedited access at no cost to TWC to data available through a center for education research established under Section 1.005 (Education Research Centers), Education Code; and

(3) contract with a state agency or institution of higher education to conduct or assist in conducting the assessment.

(e) Requires THECB and TEA, if TWC contracts with an institution of higher education to conduct or assist in conducting the assessment under Subsection (d)(3), to enter into a data sharing agreement with the institution to provide to the institution any data necessary to conduct the assessment.

(f) Requires TWC, not later than March 1 of each odd-numbered year, to provide the results of the assessment to certain entities.

SECTION 12. Provides that Section 28.0095, Education Code, as amended by this Act, applies beginning with the 2025–2026 school year.

SECTION 13. Authorizes THECB to identify rules required by the passage of Section 56.0035, Education Code, as added by this Act, that are required to be adopted on an emergency basis for purposes of the 2025–2026 academic year and authorizes THECB to use the procedures established under Section 2001.034 (Emergency Rulemaking), Government Code, for adopting those rules. Provides that THECB is not required to make the finding described by Section 2001.034(a), Government Code, to adopt emergency rules under this section.

SECTION 14. Requires THECB, not later than December 1, 2026, to evaluate the data available under Section 204.0025, Labor Code, as amended by this Act, to identify the effects of transitioning to a county-by-county definition of individual self-sufficient wage for purposes of Section 130A.102, Education Code, as added by this Act.

SECTION 15. (a) Provides that Section 130A.102, Education Code, as added by this Act, applies to associate degrees awarded by a public junior college beginning with the 2025–2026 academic year. Provides that that section applies to other degrees and certificates awarded by a public junior college beginning with the 2027–2028 academic year.

(b) Requires THECB, in consultation with the standing advisory committee established under Section 130.001, Education Code, not later than August 1, 2027, to adopt rules implementing Section 130A.102, Education Code, as added by this Act, for each certificate program offered by a public junior college.

SECTION 16. (a) Effective date, except as provided by Subsection (b) of this section: upon passage or September 1, 2025.

(b) Effective date, Section 130A.101(c), Education Code, as amended by this Act, and Section 130A.102, Education Code, as added by this Act: September 1, 2025.