



LEGISLATIVE BUDGET BOARD

Texas Public Higher Education State Funding Overview

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON ARTICLE III**

LEGISLATIVE BUDGET BOARD STAFF

FEBRUARY 16, 2015

Texas Public Higher Education Institutions

- 50 Community and Junior Colleges
Fall 2014 Unduplicated Headcount Enrollment – 693,791
- 38 General Academic Institutions (including law schools)
Fall 2014 Unduplicated Headcount Enrollment – 603,598
- Eleven Health Related Institutions
 - Eight medical schools, and an additional two scheduled to open during the 2016-17 biennium
 - Dental, Pharmacy, Allied Health, and Nursing schoolsFall 2014 Unduplicated Headcount Enrollment – 23,035
- One Texas State Technical College System with four main campuses
Fall 2014 Unduplicated Headcount Enrollment– 11,642
- Three Lamar State Colleges
Fall 2014 Unduplicated Headcount Enrollment – 7,045

State Funding for Institutions of Higher Education is not based on enrollment data, but is generally based on weighted semester credit hours, contact hours, full time equivalent students, and other operations.

General Formula Funding Mechanics

- Formulas are a distribution method for higher education funding. Higher education formulas do not create a statutory or constitutional entitlement.
- Formula Method of Finance.
 - General Academics and Health Related Institutions are funded through an All Funds methodology which means that General Revenue and GR-Dedicated–Other Educational and General Income (E&G) are used to fund the formulas. “Other E&G” includes revenue generated by statutory tuition, interest on funds in the state treasury, and various fees. (Board Authorized Tuition is distributed after formula calculation, therefore does not affect the amount of General Revenue.)
 - Unlike other institutions, formula funding for community colleges is funded entirely with General Revenue and does not include tuition and fee revenue as part of the method of finance.
- Other E&G Set Asides. Some E&G income is set aside for specific purposes. Specific amounts are unavailable for formula purposes and, consequently, as a formula method of finance. For example, institutions set aside a portion of their tuition to provide Texas Public Education Grants.

Formula Appropriations for General Academic Institutions, Lamar State Colleges, and Texas State Technical Colleges

IN MILLIONS	2012-13 Appropriations		2014-15 Appropriations*		2016-17 House Bill 1	
	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate
Instruction and Operations - GAI	\$2,451	\$53.71	\$2,665	\$54.86	\$2,832	\$54.86
Infrastructure Support – GAI, Lamar, and TSTC	492	5.25	522	5.56	535	5.56
Instruction and Administration - Lamar	29	3.29	30	3.44	25	3.44
Instruction and Administration - TSTC	85	4.54	90	N/A	86	N/A
Total	\$3,057		\$3,307		\$3,479	

*Included in the 2014-15 GAI I&O totals are amounts trusted through the Higher Education Coordinating Board's bill pattern related to UT Brownsville Transition Funding.

General Academic Institutions Formulas

- The General Academic Institutions (GAI) Instruction and Operations Formula is based on Semester Credit Hours (SCH) during a three-semester base period. The SCH are weighted by discipline and by level of instruction. The Legislature sets the rate based on available funding, including consideration of enrollment changes and other factors.
- The GAI Infrastructure Formula allocates funding for physical plant support and utilities and is based on predicted square feet. As with the SCH rate, the Legislature sets the rate based on available funding, including consideration of changes in space and other factors.

Formula Appropriations for Health Related Institutions

IN MILLIONS	2012-13 Appropriations ²		2014-15 Appropriations		2016-17 House Bill 1	
	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate
Instruction and Operations ¹	\$923	\$8,874	\$1,093	\$9,527	\$1,136	\$9,527
Infrastructure Support	222	6.55	236	6.63	238	6.63
Research Enhancement	63	1.1 percent	69	1.22 percent	72	1.22 percent
Graduate Medical Education ¹	57	4,682	66	5,122	70	5,122
Cancer Center Operations	212	1,849	248	1,944	257	1,799
Chest Disease Center Operations	47	340	55	378	57	209
Total	\$1,524		\$1,766		\$1,830	

¹Included in these totals are amounts appropriated for Baylor College of Medicine through the Higher Education Coordinating Board's bill pattern.

²Formula amounts for the 2012-13 biennium include funding appropriated in House Bill 4, Eighty-second Legislature, 2011.

Health Related Institutions Formulas

- The Health Related Institutions (HRI) Instruction and Operations Formula is based on Full Time Student Equivalents (FTSE) during a three-semester base period. The FTSEs are weighted by program, and the Legislature sets the rate based on available funding, including consideration of enrollment changes and other factors.
- The HRI Infrastructure Support Formula allocates funding for physical plant support and utilities based on the predicted square feet at the institutions. As with the I&O rate, the Legislature sets the rate based on available funding, including consideration of changes in space and other factors.
- The Research Enhancement Formula provides support for medical and clinical research of the institutions, and are allocated using a base amount plus a percentage of research expenditures from the most recent fiscal year.
- The Graduate Medical Education (GME) Formula provides funding on a per medical resident basis in an accredited program.
- The University of Texas M.D. Anderson Cancer Center (UTMDACC) Cancer Center Operations Formula is a mission specific formula that provides support for UTMDACC based on Texas cancer patients served.
- The University of Texas Health Science Center at Tyler (UTHSC-T) Chest Disease Center Operations is a mission specific formula that provides support for UTHSC-T based on the number of new primary chest disease diagnoses in Texas each year.

Note: Baylor College of Medicine (BCOM) receives funding for its undergraduate medical students, by statute, based on the average cost per undergraduate medical student enrolled at The University of Texas Medical Branch and The University of Texas Southwestern Medical Center. BCOM receives Graduate Medical Education funding through the HRI GME formula.

Formula Appropriations for Public Community/Junior Colleges

IN MILLIONS	2012-13 Appropriations		2014-15 Appropriations*		2016-17 House Bill 1	
	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate	Formula General Revenue	Annual All Funds Rate
Instruction and Operations	\$1,736.7	\$2.77	N/A	N/A	N/A	N/A
Contact Hour	N/A	N/A	\$1,547.8	\$2.65	\$1,476.9	\$2.65
Success Points	N/A	N/A	\$172.0	\$185.12	\$164.1	\$165.31
Core Funding	N/A	N/A	\$50.0	\$0.5 million per district	\$50.0	\$0.5 million per district
Total	\$1,736.7		\$1,691.0		\$1,769.9	

*2014-15 amounts include contingent formula funding appropriations for Texas Southmost College.

Public Community/Junior Colleges Formula Funding

Beginning in the 2014-15 biennium, the Legislature implemented a new outcomes-based model for the Instructional and Administrative formula that includes three funding components: core operations, success points, and contact hours. Unlike general academic institutions, formula funding is funded entirely with General Revenue and does not include tuition and fee revenue as part of the method of finance.

- **Core Operations**—each district receives \$1.0 million per biennium to help cover basic operating costs, regardless of size or geographic location.
- **Success Points** (10 percent of remaining formula funding)—funding is based on a three year average of success points earned by students at each community college. Students are able to earn success points through eleven individual metrics.
- **Contact Hours** (90 percent of remaining formula funding)—a contact hour is a time unit of measure that represents an hour of scheduled academic or technical class time, 50 minutes of which must be instructional. Contact hour funding is based on each community college's share of total weighted base year contact hours.

Other Higher Education State Funding

- Non-Formula Funding (\$2,979.0 million in AF, \$1,924.5 million in GR)
 - Special Items, including Institutional Enhancement
 - Texas Research University Fund
 - Comprehensive Research Fund
 - Tuition Revenue Bond and Other Debt Service
 - System Office Operations

- Constitutional Funds (\$2,276.6 million in AF, \$525.0 million in GR)
 - Available University Fund (AUF)
 - Higher Education Fund (HEF)
 - Available National Research University Fund (NRUF)

Other Higher Education State Funding

- Higher Education Coordinating Board (\$1,616.3 million in AF, \$1,400.3 million in GR)
 - Financial Aid Programs (ex. Texas Grants, B-On-Time Pgm.)
 - Research Programs (ex. Texas Research Incentive Pgm., Advanced Research Pgm.)
 - Health Programs (ex. Physician's Education Loan Repayment Pgm., Joint Admission Medical Pgm.)
 - Other Funding (ex. Federal grant programs, administrative funding)

- Texas A&M System Agencies (\$937.5 million in AF, \$347.2 million in GR)
 - Texas A&M Agrilife Research
 - Texas A&M Agrilife Extension Service
 - Texas A&M Engineering Experiment Station
 - Texas A&M Transportation Institute
 - Texas A&M Engineering Extension Service
 - Texas A&M Forest Service
 - Texas A&M Veterinary Medical Diagnostic Laboratory



LEGISLATIVE BUDGET BOARD

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