

Higher Education Fund **Summary of Budget Recommendations - House**

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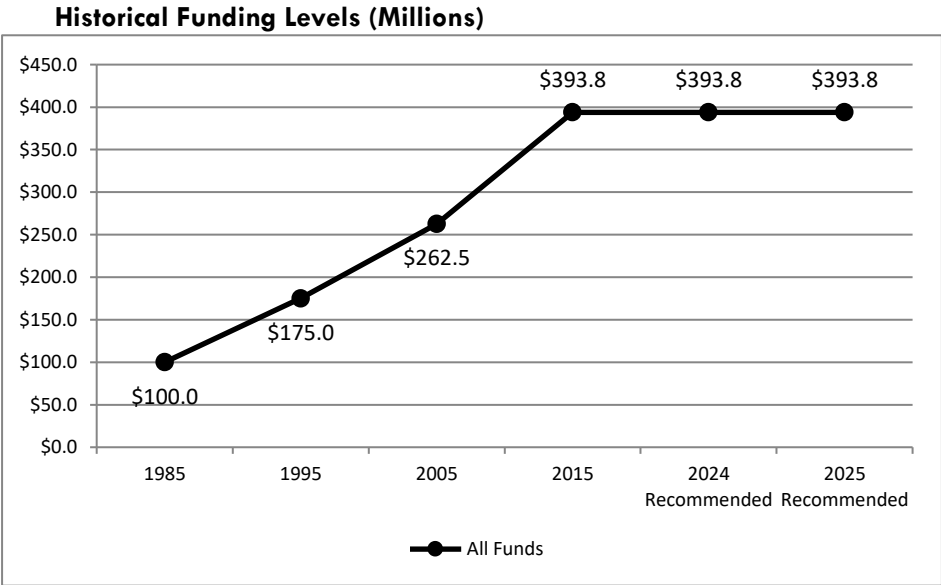
Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$787,500,000	\$787,500,000	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$787,500,000	\$787,500,000	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$787,500,000	\$787,500,000	\$0	0.0%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	0.0	0.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

The Higher Education Fund (HEF) is authorized by the Texas Constitution, Article VII, Section 17. The HEF provides funding for institutions of higher education that are ineligible for the Available University Fund support. HEF appropriations are used for acquiring land, constructing and equipping buildings, major repair of buildings, acquisition of capital equipment, refunding bonds and issued notes, and other permanent improvements for eligible institutions. The Texas Constitution requires that the Texas Legislature determine the HEF appropriation allocation every 10 years and review the allocation at the end of the fifth year of each allocation period.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.



Higher Education Fund
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	There is no change in funding between 2022-23 and 2024-25, as recommendations maintain HEF funding at statutory levels of \$393.8 million in General Revenue per fiscal year.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	A.1.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
SIGNIFICANT & OTHER Funding Increases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
SIGNIFICANT & OTHER Funding Decreases		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

Higher Education Fund Selected Fiscal and Policy Issues - House

1. **Maintain statutory HEF funding.** Recommendations for Higher Education Fund (HEF) funding maintain \$393.8 million in General Revenue per fiscal year. The Texas Constitution, Article VII, Section 17, requires the Texas Legislature to determine the HEF appropriation allocation every 10 years. In fiscal year 2015, at the beginning of the current 10-year period, the Eighty-fourth Legislature, 2015, enacted Senate Bill 1191, which increased the annual HEF appropriation from \$262.5 million to \$393.8 million.

In the fifth year of a 10-year period, the Legislature may make adjustments to the allocation formula, but no adjustment that will prevent the payment of outstanding bonds and notes. In 2019, based on the recommendation provided by the Texas Higher Education Coordinating Board (THECB) the Eighty-sixth Legislature, 2019, enacted Senate Bill 709, which maintained the total HEF appropriation of \$393.8 million for fiscal years 2020 through 2025, but adjusted allocations to the institutions. See the chart on the next page for the current statutory allocations per institution and system, per Education Code, Sec. 62.021.

2. **THECB HEF Allocation Study.** Per Education Code, Sec. 62.022, THECB is required to conduct a study of the HEF allocation methodology before the beginning of each 10-year allocation period. Prior to the convening of the Eighty-ninth Legislature, 2025, THECB must study the methodology – with full participation of eligible institutions – and make recommendations for the next ten-year allocation period to the Legislative Budget Board and relevant standing committees of the House and Senate. The THECB's review of the allocation formula must include a comparison of the deferred maintenance needs of an institution of higher education and the extent to which the constitutionally dedicated funds were used to meet those needs and an evaluation of the effectiveness of the allocation formula concerning those deferred maintenance needs.

HEF allocations must be made in accordance with an equitable formula consisting of: space deficit, facilities condition, and institutional complexity, plus a separate allocation for the Texas State Technical College System (TSTCS). Under the current HEF allocation methodology, after 2.2 percent is set aside for TSTCS, the remaining 97.8 percent of the HEF is allocated as follows:

- Institutional Complexity: 50 percent is allocated based on the institutions' fiscal year 2018-19 Formula Appropriations.
- Space Deficit: 25 percent is allocated based on unadjusted Space Deficit using the Fall 2017 Space Model projections.
- Facilities Condition: 25 percent is allocated using institutions' Fall 2017 Educational and General Campus Condition Index Values.

**Higher Education Fund
Selected Fiscal and Policy Issues - House**

Annual Higher Education Fund Allocations, FY 2020-2025 (in millions)

INSTITUTION	ALLOCATION	INSTITUTION	ALLOCATION
University of Houston	\$54.5	Stephen F. Austin State University	\$11.3
University of Houston – Clear Lake	\$7.7	Texas Southern University	\$11.7
University of Houston – Downtown	\$10.8	Total, Independent Universities	\$23.0
University of Houston – Victoria	\$3.5		
Total, University of Houston System	\$76.6	Total, Texas Woman’s University System	\$14.6
Lamar University	\$13.1	Texas A&M University – Corpus Christi	\$11.5
Lamar Institute of Technology	\$2.6	Texas A&M International University	\$7.5
Lamar State College – Orange	\$1.5	Texas A&M University – Kingsville	\$8.9
Lamar State College – Port Arthur	\$2.2	Texas A&M University – Commerce	\$11.1
Sul Ross State University	\$2.2	Texas A&M University – Texarkana	\$2.1
Sul Ross State University Rio Grande College	\$0.5	West Texas A&M University	\$7.4
Sam Houston State University	\$18.2	Total, Texas A&M University System	\$48.4
Texas State University	\$37.6		
Total, Texas State University System	\$77.9	Texas Tech University	\$49.9
		Texas Tech University Health Sciences Center	\$21.7
		Texas Tech University Health Sciences Center – El Paso	\$5.6
University of North Texas	\$37.3	Angelo State University	\$6.8
University of North Texas Health Sciences Center	\$15.1	Midwestern State University	\$4.9
University of North Texas at Dallas	\$3.4	Total, Texas Tech University System	\$88.8
Total, University of North Texas System	\$55.8		
		Total, Texas State Technical College System	\$8.7

Higher Education Fund
Appendices - House

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* Appendix is not included - no significant information to report

Higher Education Fund					
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS					
Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
HIGHER EDUCATION FUND A.1.1	\$787,500,000	\$787,500,000	\$0	0.0%	Recommendations maintain Higher Education Fund (HEF) appropriations to align with statutory HEF allocations under Education Code, Sec. 62.021.
Total, Goal A, HIGHER EDUCATION FUND	\$787,500,000	\$787,500,000	\$0	0.0%	
Grand Total, All Strategies	\$787,500,000	\$787,500,000	\$0	0.0%	