



# Texas Higher Education Funding Formulas

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# Higher Education Funding is Discretionary

## FY 2020-21 General Revenue Funds



Function	Appropriation*	Percentage
Public Education	\$49.7	42%
Health & Human Services	\$33.6	28%
<b>Higher Ed</b>	<b>\$16.0</b>	<b>14%</b>
Everything Else	\$19.0	16%
<b>Total</b>	<b>\$118.3</b>	<b>100%</b>



\*in billions  
General Revenue = Tax Dollars

■ Public Education (Article III) ■ Health & Human Services (Medicaid) (Article II) ■ Higher Ed (Article III) ■ Everything Else

# Formula Policy



- Higher Education formulas are an allocation methodology for general revenue appropriations.
- Higher Education formulas do not create a statutory or constitutional entitlement. \$\$\$???
- The Legislature sets the formula rates each session based on available funding, including consideration of enrollment changes and other factors.
- The Legislature has provided funding for enrollment increases in the past, but that is not guaranteed.



- Formulas are funded using an All Funds Methodology where the amount of formula General Revenue is offset by the amount of Other Educational and General Income (E&G) available to each institution.
  - Other E&G includes revenue generated by statutory tuition, interest on funds in the state treasury, and various fees
  - Increases in Other E&G income reduces the amount of GR needed
- Formulas use Base Year data
  - For the 2022-23 biennium the base period will be enrollment during:
    - Summer 2020
    - Fall 2020
    - Spring 2021

# Types of Formulas



## General Academic (GAI)

### Base Formulas

- Instruction & Operations (I&O)
- Infrastructure

### Supplemental Formulas

- Teaching Experience
- Small Institution Supplement

## Health Related (HRI)

### Base Formulas

- Instruction & Operations (I&O)
- Infrastructure
- Research Enhancement
- Graduate Medical Education
- Mission Specific

### Supplemental Formulas

- Small Class Supplement

# General Academic Instruction and Operations (I&O)



- Intended to provide funding for faculty salaries, departmental operation expense, library, instructional administration, student services, and institutional support.
- Based on Semester Credit Hours (SCH) during the three-semester base period.
- SCH offered through online courses and dual credit courses are not treated any differently than other courses.
- SCH are weighted by discipline (liberal arts, science, nursing, etc.) and level (lower division, upper division, masters, etc.) based on an expenditure study of all institutions' relative costs.

# General Academic Instruction and Operations (I&O) Calculation



Semester Credit Hours

#SCH in base period (Summer, Fall, Spring)

X

Weight

Matrix of weights based on discipline and level of instruction

X

Rate

Funding Rate set by the Legislature in the General Appropriations Act  
\$55.85 for 2020-21

# General Academic I&O Cost Matrix



	Lower Div.	Upper Div.	Masters	Doctoral	Special Professional
Liberal Arts	1.00	1.75	4.30	12.38	
Science	1.51	2.76	7.33	21.87	
Fine Arts	1.45	2.66	6.69	8.47	
Teacher Ed	1.46	1.98	2.41	8.12	
Agriculture	1.87	2.38	7.43	13.58	
Engineering	1.96	2.99	6.00	18.47	
Home Economics	1.11	1.80	3.06	10.50	
Law					4.99
Social Services	1.58	1.85	2.31	23.84	
Library Science	2.19	1.75	3.02	15.16	
Vocational Training	1.22	2.93			
Physical Training	1.38	1.00			
Health Services	0.97	1.33	2.62	11.28	2.80
Pharmacy	7.37	1.56	34.67	39.21	4.47
Business Admin	1.13	4.13	3.27	28.23	
Optometry					7.08
Teacher Ed Practice	2.00	1.79			
Technology	1.91	2.29	3.82	11.55	
Nursing	1.37	2.04	2.74	10.29	
Developmental Ed	1.00				
Veterinary Medicine					24.58



# Teaching Experience Supplement



- Lower and upper division SCH taught by tenure and tenure track faculty are given an additional 10 percent weight.
- Intended to provide an incentive for the institution to assign tenure/tenure track faculty to teach undergraduate students.



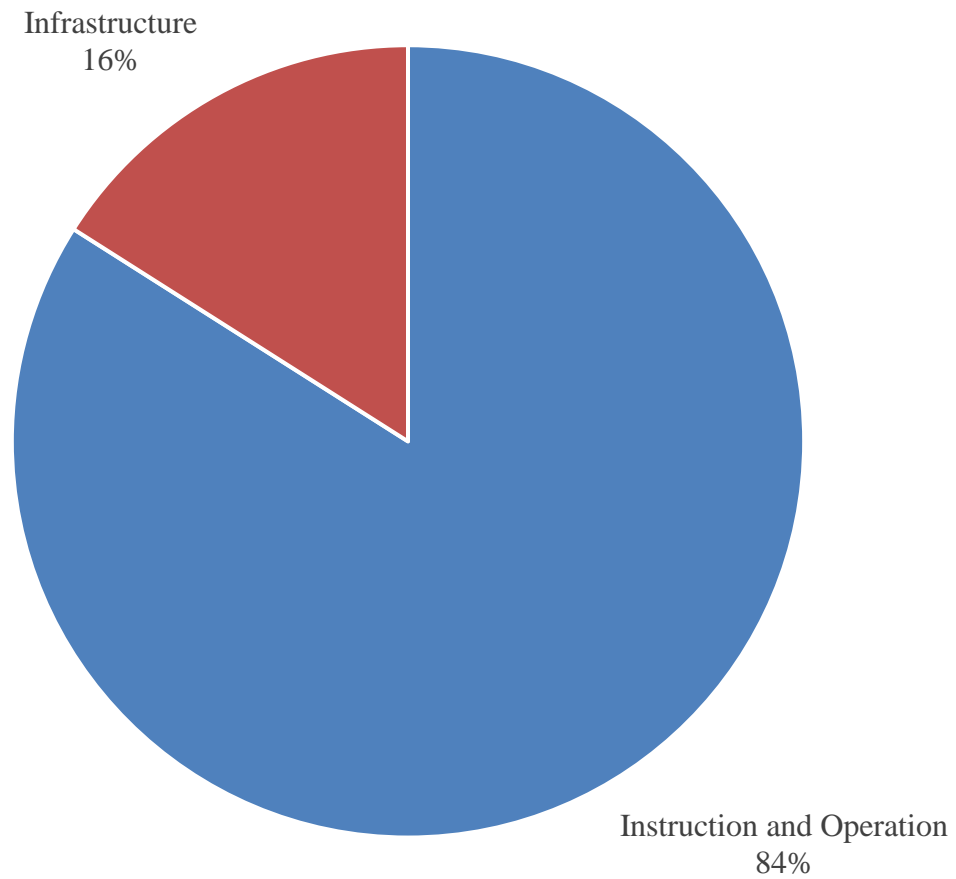
- Allocates funding for E&G facility maintenance, operations, and utilities
- Based on predicted space using the Higher Education Coordinating Board's Space Projection Model
- Two Components
  - Operations and Maintenance (O&M)
    - Intended to provide for physical plant, grounds, maintenance, and custodial services
  - Utilities
    - Includes electricity, natural gas, water, wastewater, and thermal energy
    - Rate is adjusted for each institution to reflect local utility rates relative to other institutions
- Legislature sets the statewide average rate per predicted square feet
  - For 2021-21 this rate is \$5.47

# Small Institution Supplement

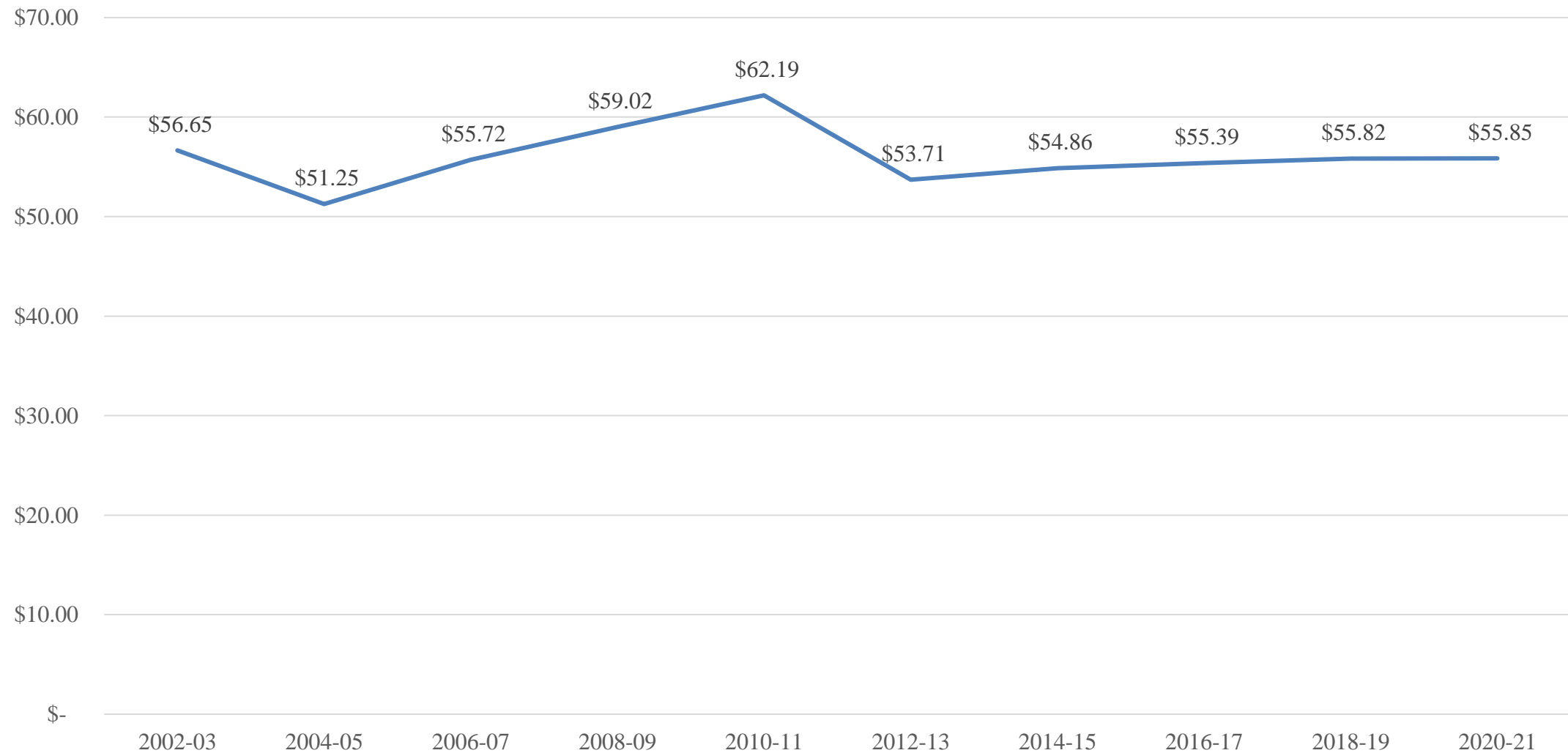


- Provides an additional \$1.3 million per year to institutions with headcounts of fewer than 5,000
- For institutions between 5,000 and 10,000 headcount, the small school supplement proportionally decreases down to zero when an institution reaches 10,000
- Angelo State University received the small institution supplement until fiscal years 2020-21
  - This funding was \$157,500 in 2018-19 and over \$1 million in 2016-17

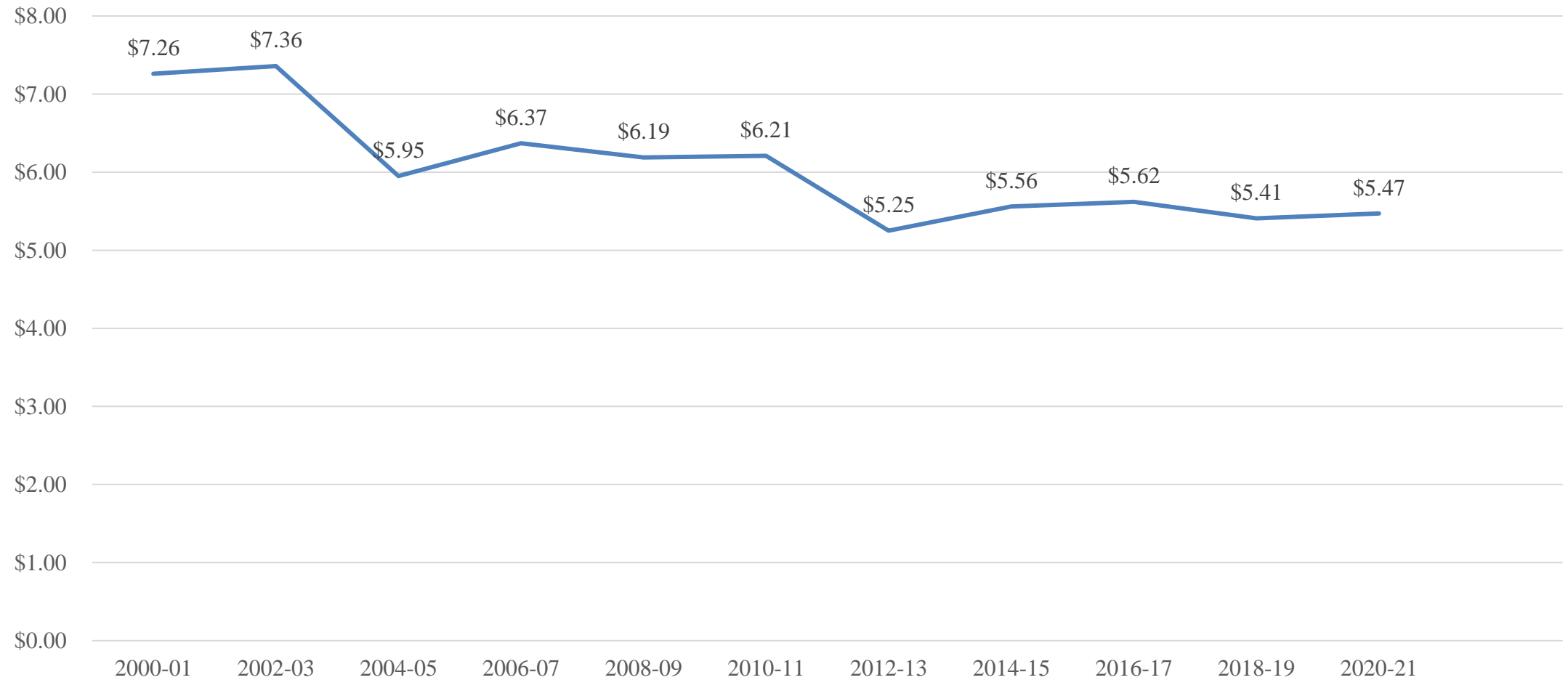
# Distribution of General Academic Total Formula Funding 2020-21



# General Academics Instruction and Operations Rates (per weighted semester credit hour)



# General Academics Infrastructure Rates (per net assignable square foot)



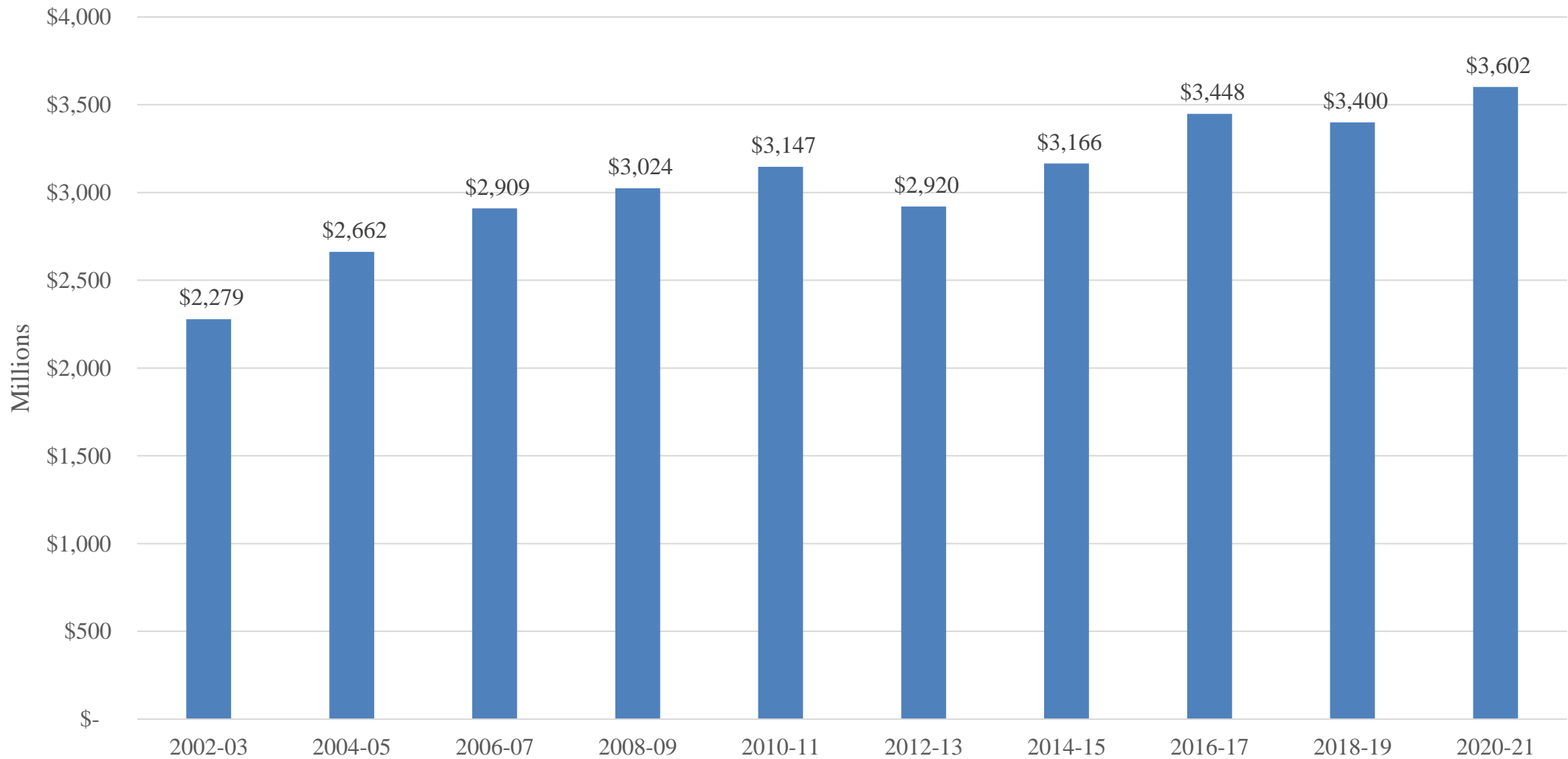
# General Academic Research Formulas



Three separate funds that are all performance based and driven by research expenditures:

- Texas Research University Fund (UT Austin/Texas A&M)
  - Based on 3 year average of total research expenditures
- CORE (Emerging Research Institutions)
  - 50% based on 3 year average of total research expenditures
  - 50% based on 3 year average of restricted research expenditures
- Comprehensive University Research Fund (all other institutions)
  - Based on 3 year average of restricted research expenditures

# Statewide General Academics Formula General Revenue





# TTU System Institution General Revenue Formula Appropriations 2020-21



	<b>Instruction and Operations (I&amp;O)</b>	<b>Infrastructure</b>	<b>Research</b>	<b>TOTAL</b>
<b>Texas Tech University</b>	\$ 208,294,035	\$ 41,049,216	\$ 23,216,554	<b>\$ 272,559,805</b>
<b>Angelo State University</b>	\$ 31,710,990	\$ 6,020,524	\$ 40,530	<b>\$ 37,772,044</b>

# TTU System General Academic Institution Special Items



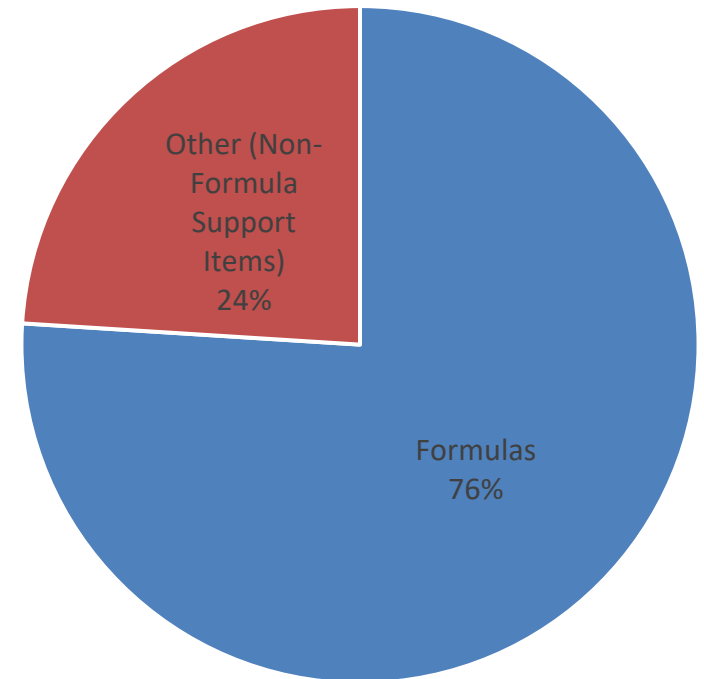
TEXAS TECH UNIVERSITY			
Non-Formula Support (Special Items)	2020	2021	Biennium
C.1.1. Library Archival Support	353,048	353,048	706,096
C.1.2. Veterinary Medicine	7,500,000	9,850,000	17,350,000
C.2.1. Agriculture Research	1,317,767	1,317,767	2,635,534
C.2.2. Energy Research	456,096	456,096	912,192
C.2.3. Emerging Technologies Research	256,296	256,295	512,591
C.3.1. Junction Annex Operations	106,025	106,025	212,050
C.3.2. Hill Country Education	186,412	186,412	372,824
C.3.3. Small Business Development	881,507	881,507	1,763,014
C.3.4. Museums & Centers	1,007,417	1,007,416	2,014,833
C.3.5. Center for Financial Responsibility	113,107	113,106	226,213
C.4.1. Institutional Enhancement	4,982,351	4,982,350	9,964,701
<b>Total Goal C: Non-Formula Support</b>	<b>17,160,026</b>	<b>19,510,022</b>	<b>36,670,048</b>

ANGELO STATE UNIVERSITY			
Non-Formula Support (Special Items)	2020	2021	Biennium
C.1.1. Center for Academic Excellence	207,766	207,765	415,531
C.1.2. College of Nursing & Allied Health	599,862	599,862	1,199,724
C.2.1. Small Business Development Center	97,147	97,146	194,293
C.2.2. Center for Fine Arts	26,707	26,707	53,414
C.2.3. MGT/Instruction/Research Center	122,968	122,968	245,936
C.3.1. Institutional Enhancement	5,945,625	5,945,624	11,891,249
C.3.2. Freshman College	733,165	733,164	1,466,329
<b>Total Goal C: Non-Formula Support</b>	<b>7,733,240</b>	<b>7,733,236</b>	<b>15,466,476</b>

# General Academics State Funding



- Overall, formula GR is 76 percent of total direct GR appropriations (less TRB debt service).
- This percentage has been relatively consistent for at least ten years.
- However, the percent for individual institutions varies between 40 and 90 percent
  - Texas Tech University is 88 percent formula
  - Angelo State University is 71 percent formula





# TTU System

# Health Related Institutions (HRI's)

# Types of Formulas



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### Base Formulas

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## Health Related (HRI)

### Base Formulas

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- Graduate Medical Education
- Mission Specific

### Supplemental Formulas

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# Health Related Instruction and Operations (I&O)



- Intended to provide funding for faculty salaries, departmental operation expense, library, and instructional administration.
- Based on Full Time Equivalent (FTE) students during the three-semester base period.
- Student FTEs are weighted by program using weights set by the Legislature:

<u>Program</u>	<u>Weight</u>
Allied Health	1.000
Biomedical Science	1.018
Nursing	1.138
Pharmacy	1.670
Public Health	1.721
Biomedical Informatics	1.750
Dental	4.601
Medical	4.753

# Health Related Instruction and Operations (I&O) Calculation



Student FTEs

# in base period (Summer, Fall, Spring)

X

Weight

weights based program and set by Legislature

X

Rate

Funding Rate set by the Legislature in the General Appropriations Act  
\$9,622 for 2020-21

# Health Related Small Class Supplement



- Provided for instructional programs at remote locations with enrollments of less than 200 students at individual campuses to compensate for the diseconomies of scale
- The formula calculation is:

$$(1-(FTE/200)) \times \text{rate} \times FTE$$

- The rate for Medical and Dental is \$30,000 and the rate for all other programs is \$20,000.





## Research Enhancement Formula

- Based on research expenditures
- Research conducted by faculty under a contract with a clinical partner is considered in the formula calculations
- Formula calculation is:  
\$1,412,500 base + 1.18% of research expenditures
- Base rate and percentage are set by the Legislature

## Graduate Medical Education (GME)

- Provides funding on a per medical resident bases
- The rate in 2020-21 is \$5,970 per year for each resident in an accredited program
- Rate is set by the Legislature

# Health Related Mission Specific Formulas



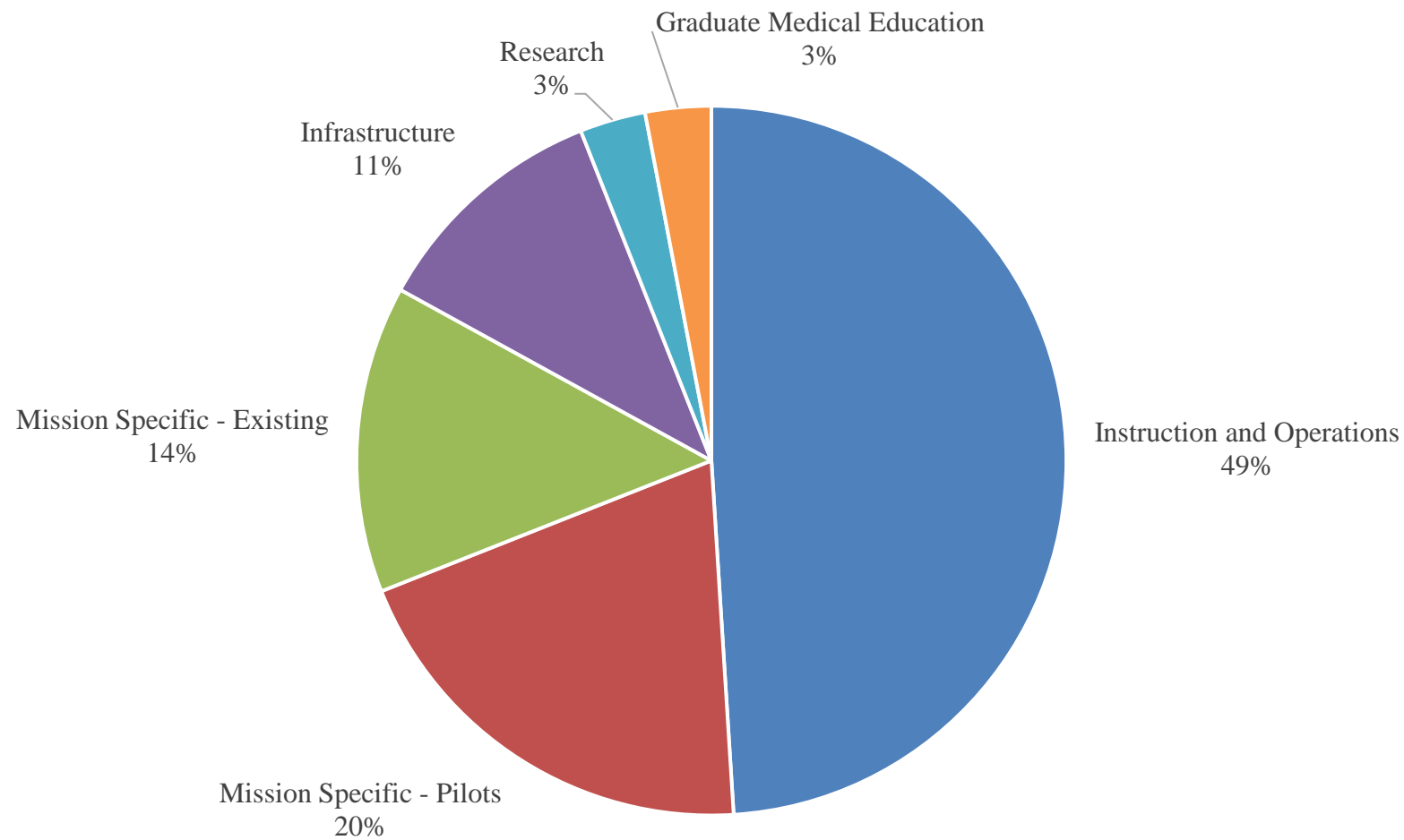
Mission specific formulas support cancer and chest disease research and treatment at MD Anderson and University of Texas Health Science Center at Tyler

- Based on number of patients served and number of disease diagnoses
- Growth in these formulas may not exceed the average growth in funding for the Health Related I&O formula

New Mission Specific Pilot Formulas:

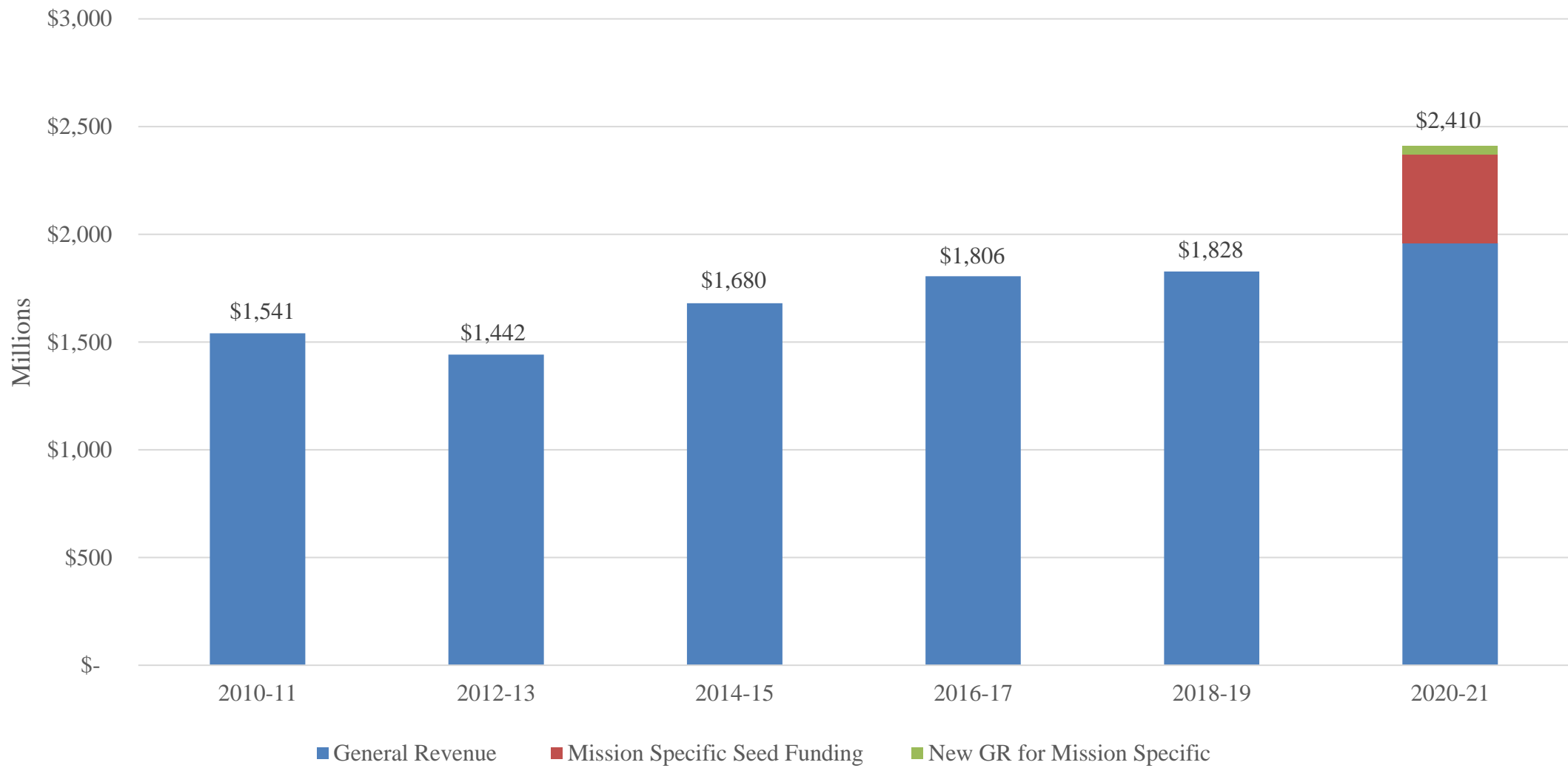
- UT Southwestern
  - Based on total non-state research expenditures and may not exceed 5% of the institution's General Revenue appropriated in the prior biennium
- University of Texas Medical Branch at Galveston
  - Based on number of certain patient encounters and may not exceed average growth in funding for the Health Related I&O formula
- University of Texas Health Science Center Houston and University of Texas Health Science Center San Antonio
  - Separate formulas that are both based on federally sponsored research and may not exceed 5% of the institution's General Revenue appropriated in the prior biennium

# Health Related Institutions

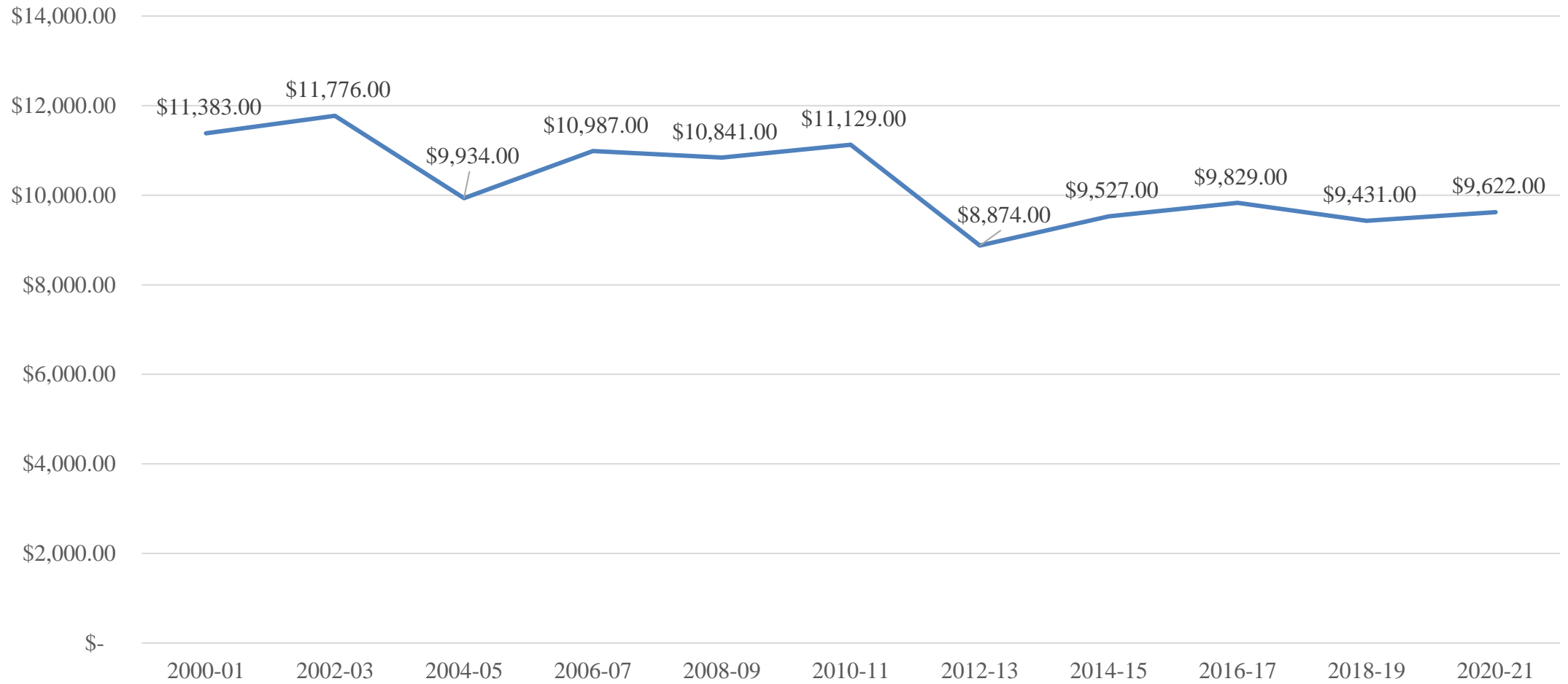




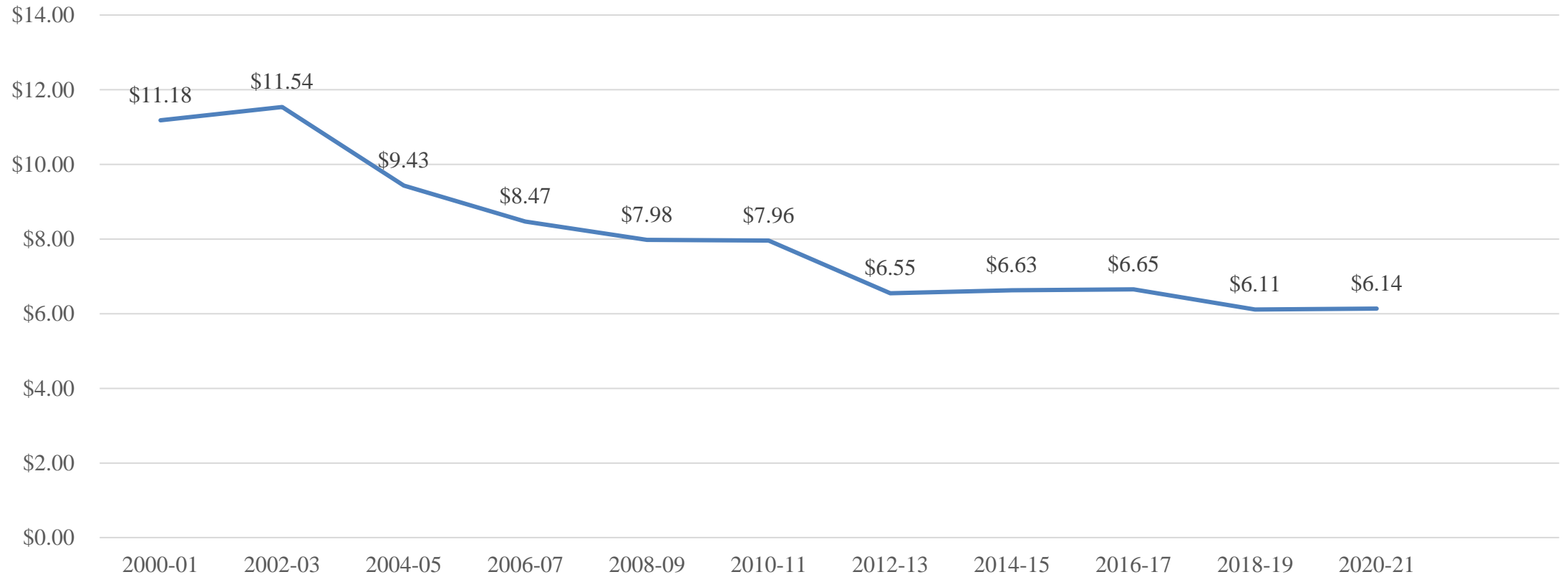
# Statewide Health Related Formula General Revenue



# Health Related Instruction and Operations Rates (per weighted full time equivalent student)



# Health Related Infrastructure Rates (per net assignable square foot)



# TTU System Institution General Revenue Formula Appropriations 2020-21



	<b>Instruction and Operations (I&amp;O)</b>	<b>Infrastructure</b>	<b>Research</b>	<b>Graduate Medical Education</b>	<b>TOTAL</b>
<b>Texas Tech University Health Science Center</b>	\$ 188,143,256	\$ 15,734,398	\$ 3,715,134	\$ 5,707,202	<b>\$ 213,299,990</b>
<b>Texas Tech University Health Science Center El Paso</b>	\$ 42,185,587	\$ 4,916,968	\$ 3,120,514	\$ 3,068,516	<b>\$ 53,291,585</b>

# TTU System Health Related Institution Special Items



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER			
Non-Formula Support (Special Items)	2020	2021	Biennium
D.1.1. Integrated Health Network	918,311	918,311	1,836,622
D.1.2. Medical Education – Odessa	973,118	973,118	1,946,236
D.1.3. Physician Assistant Program	450,363	450,363	900,726
D.1.4. School of Public Health	1,007,061	1,007,061	2,014,122
D.2.1. Family/Community Medicine Residency	374,855	374,855	749,710
D.2.2. Midland Medical Residency	1,211,309	1,211,309	2,422,618
D.3.1. Cancer Research	1,663,488	1,663,488	3,326,976
D.4.1. Rural Health Care	3,208,482	3,208,482	6,416,964
D.4.2. West Texas Area Health Education Center	1,824,000	1,824,000	3,648,000
D.5.1. Institutional Enhancement	7,697,866	7,697,865	15,395,731
<b>Total Goal D: Non-Formula Support</b>	<b>19,328,853</b>	<b>19,328,852</b>	<b>38,657,705</b>

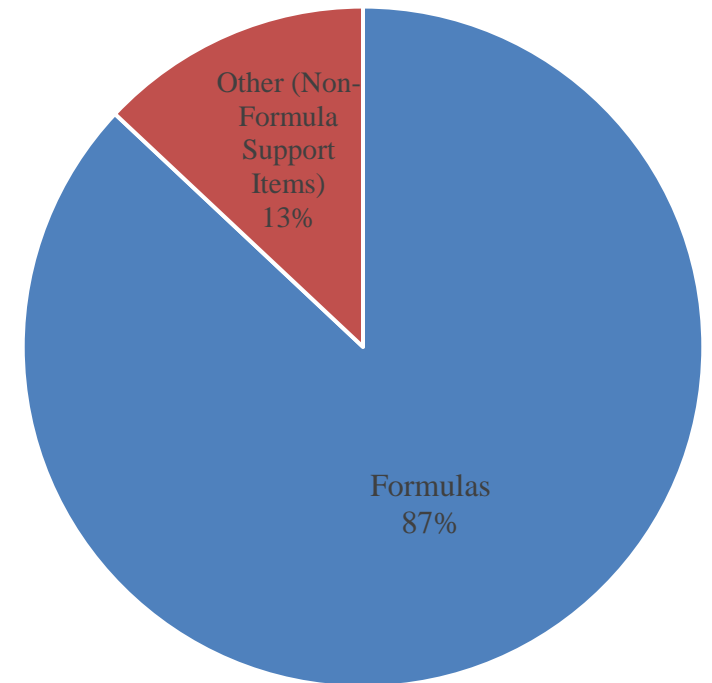
TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO			
Non-Formula Support (Special Items)	2020	2021	Biennium
D.1.1. South Texas Professional Education	565,313	565,313	1,130,626
D.1.2. Academic Support – Border Development	272,722	272,722	545,444
D.1.3. Paul L. Foster School of Medicine	15,000,000	15,000,000	30,000,000
D.1.4. School of Dental Medicine	10,000,000	10,000,000	20,000,000
D.2.1. Border Health – Resident Support	2,667,817	2,667,817	5,335,634
D.3.1. Diabetes Research Center	200,408	200,408	400,816
D.4.1. Institutional Enhancement	729,600	729,600	1,459,200
<b>Total Goal D: Non-Formula Support</b>	<b>29,435,860</b>	<b>29,435,860</b>	<b>58,871,720</b>



# Health Related State Funding



- Overall, formula GR is 87 percent of total direct GR appropriations (less TRB debt service).
- This percentage has increased over time as mission specific formulas have been created.
- The percent for individual institutions varies:
  - Texas Tech University Health Science Center is 85 percent formula
  - Texas Tech University Health Science Center El Paso is 48 percent formula





- **Non-Formula Support Items**

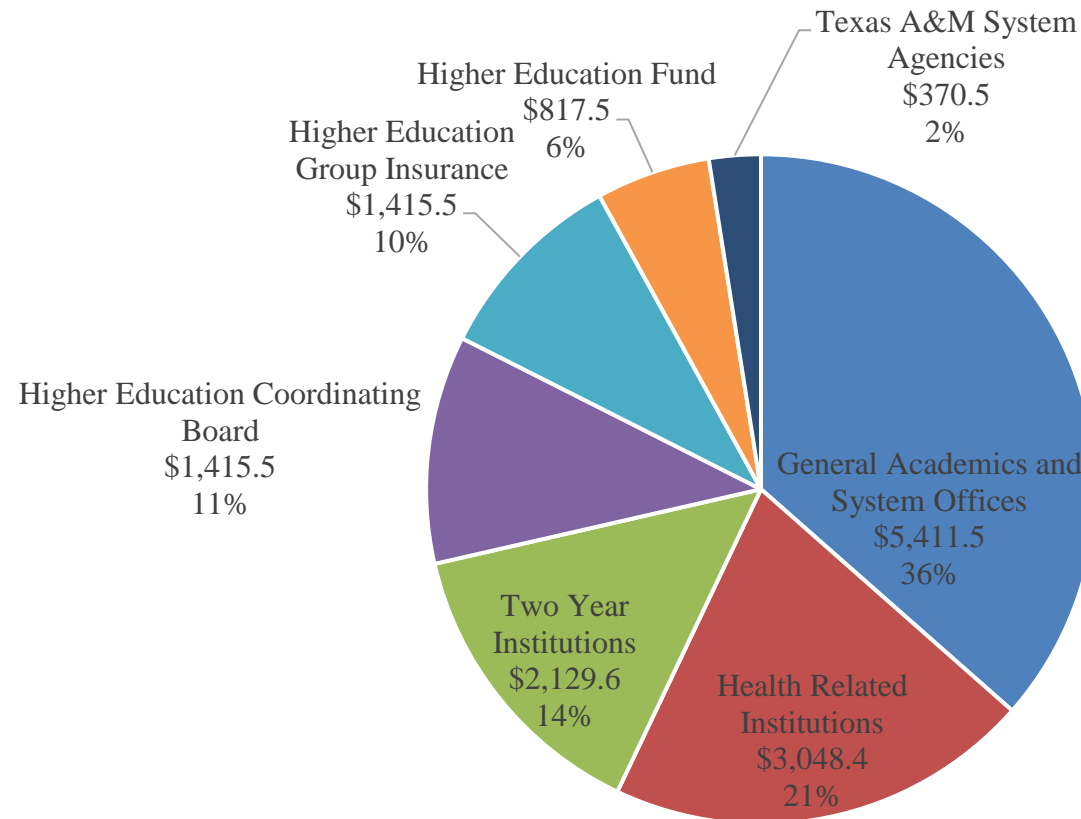
- Direct appropriations to institutions for programs or projects that are specifically identified by the Legislature for support
- Not based on a formula
- Formerly called special items

- **Higher Education Coordinating Board Programs**

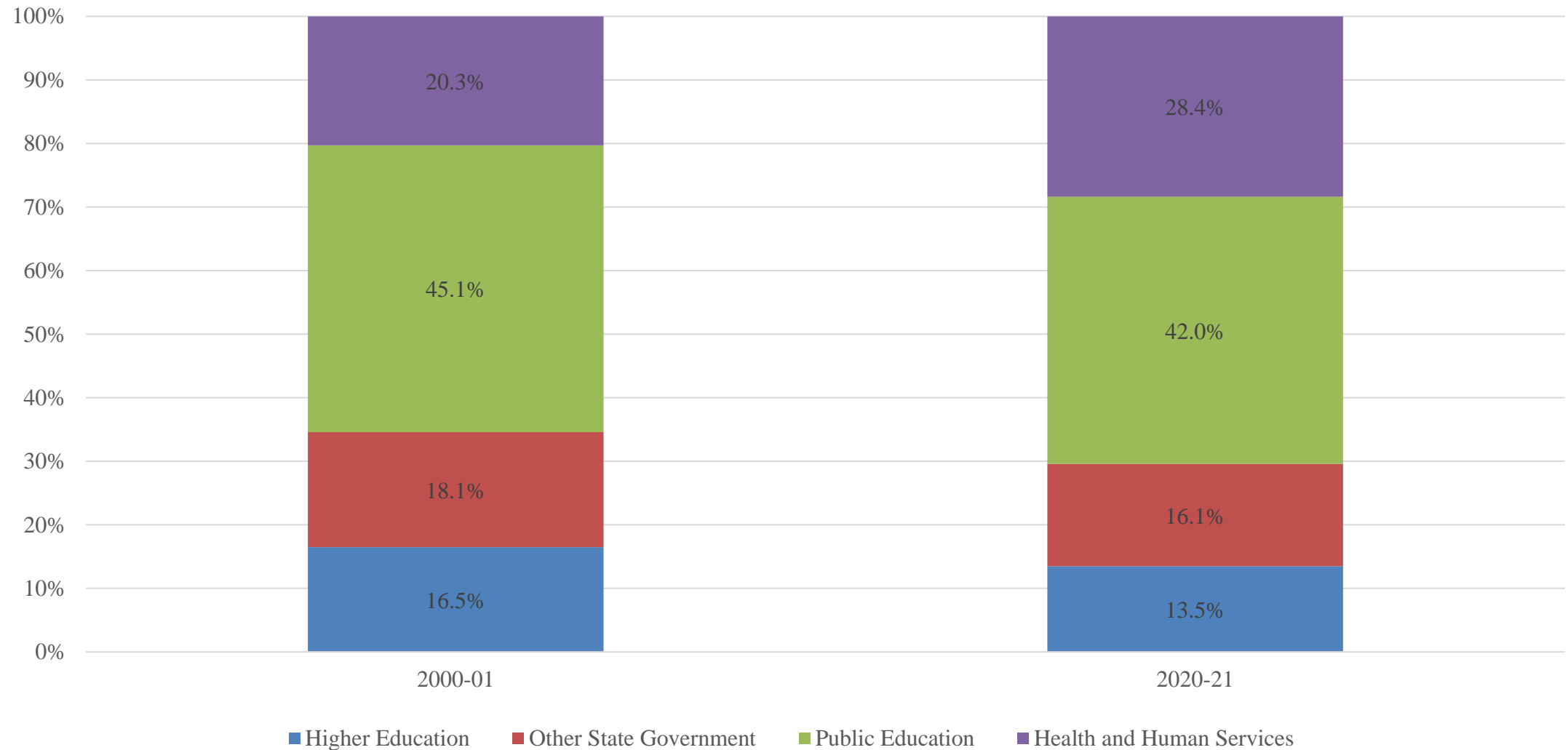
- Funding appropriated to the Coordinating Board that is distributed to institutions of higher education based on program-specific metrics or criteria.
- Examples include:
  - Child Mental Health Consortium (pursuant to Senate Bill 11, 86<sup>th</sup> Legislature)
  - Texas Research Incentive Program
  - Graduate Medical Education Expansion Grants
  - Nursing Shortage Reduction Program

# Higher Education 2020-21 General Revenue

## \$14.8 billion



# Appropriated General Revenue Funds by State Government Functions





# Questions?

