OBJECTIVE
Formula funding is appropriated to institutions of higher education and is intended to provide base funding for faculty salaries, departmental operating expense, instructional administration, research enhancement, and institutional support.

KEY FACTS
- The Texas Higher Education Coordinating Board makes recommendations to the Legislature concerning formula funding.
- Legislative Budget Board staff uses data provided by institutions and the Texas Higher Education Coordinating Board staff to calculate the formulas.
- The Legislature determines the amount of General Revenue Funds that is directed to each formula.

BUDGETARY IMPACT
Appropriations for higher education formula totaled $7.4 billion in All Funds in the 2012–13 biennium.

STATUTORY REFERENCES
Texas Education Code Section 62.059
General Appropriations Act, Eighty-second Legislature, Regular Session, Special Provisions Relating Only to State Agencies of Higher Education Sections 28 and 29

Formula funding is appropriated to general academic institutions, health-related institutions, community and junior colleges, Lamar State Colleges, and Texas State Technical Colleges. See Fig. 1 for the list of higher education formulas.

FORMULA ADVISORY COMMITTEES
The Texas Higher Education Coordinating Board (THECB) appoints Formula Advisory Committees during the legislative interims. These committees are composed of representatives from higher education institutions and make recommendations to THECB on specific charges they are given by the Board concerning formula mechanics and funding amounts. THECB considers the committees’ reports and makes recommendations to the Legislature.

FORMULA DATA
THECB staff reports data to Legislative Budget Board staff by November 1 of every even-numbered year with data from the most recent three-semester base period (the base period is the spring, summer, and fall of the year the data is being reported). This data includes semester credit hours, contact hours, full-time student equivalents, predicted square feet, utility usage and rates, headcount, medical residents, cancer and chest disease patients, and research expenditures by institution.

Legislative Budget Board staff uses information reported by institutions in their Legislative Appropriation Requests (LARs) to calculate General Revenue–Dedicated Fund tuition for general academic institutions, Lamar State Colleges, Texas State Technical Colleges, and health-related institutions. The formula for community colleges does not include General Revenue–Dedicated Funds.

Legislative Budget Board staff uses the data from THECB and the tuition estimate to calculate the formulas for the introduced version of the General Appropriations Act.

THECB staff reports updated data to Legislative Budget Board staff in the spring of every odd numbered year during the legislative session. This spring update includes data from the
three-semester base period including fall and summer from the preceding even-numbered year and spring of the current odd-numbered year. At the direction of the Legislature, Legislative Budget Board staff uses the spring update data to calculate the formulas for the Conference Committee for the General Appropriations Act.

APPROPRIATIONS
The Legislature directs Legislative Budget Board staff on the amount of General Revenue Funds to distribute through each formula. The formula allocations are appropriated in each institution’s bill pattern and are voted on by the Legislature in the General Appropriations Act. The Legislature also has discretion to adjust the parameters of the formulas.

USEFUL REFERENCES

CONTACT
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