# Commissioner's Charge to the General Academic Institutions Formula Advisory Committee (GAIFAC) for the 2018-2019 Biennial Appropriations

August 2015

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# Agenda

**Joint Meeting of the**
**Community and Technical Colleges Formula Advisory Committee;**
**Health-Related Institutions Formula Advisory Committee; and**
**General Academic Institutions Formula Advisory Committee**

Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Wednesday, August 12, 2015
1:00 p.m.

Agenda for Joint Committee Meeting

I. Call to order and welcome – Commissioner Raymund Paredes

II. Presentation of charges to the committees – Commissioner Raymund Paredes

III. Relocate to separate meeting rooms for each formula advisory committee meeting

a. Community & Technical Colleges Formula Advisory Committee –

(Lone Star Room)

b. Health-Related Institutions Formula Advisory Committee – (Tejas Room)

c. General Academic Institutions Formula Advisory Committee – (Board Room)

Agenda for Community and Technical Colleges Formula Advisory Committee

I. Introductions – Dr. Erma Johnson Hadley, Convening Chair

II. Consideration of the election of a Chair and Vice Chair

III. Briefing on community and technical colleges funding formulas

IV. Discussion of Commissioner's charges to the Committee

V. Discussion of dates and assignments for subsequent meetings

VI. Adjourn

Agenda for Health-Related Institutions Formula Advisory Committee

I. Introductions – Ms. Andrea Marks, Convening Chair

II. Consideration of the election of a Chair, Vice Chair and Secretary

III. Briefing on health-related institutions funding formulas

IV. Discussion of Commissioner's charges to the Committee

V. Discussion of dates and assignments for subsequent meetings

VI. Adjourn

Agenda for General Academic Institutions Formula Advisory Committee

I. Introductions – Dr. Dana G. Hoyt, Convening Chair

II. Consideration of the election of a Chair and Vice Chair

III. Briefing on general academic institutions funding formulas

IV. Discussion of Commissioner's charges to the Committee

V. Discussion of dates and assignments for subsequent meetings

VI. Adjourn

## Background

The GAIFAC addresses the operations and space support formulas as well as the small institution and teaching experience supplements. The general academic institution formulas were introduced in Texas in the mid-1960s, reworked during the 1998-1999 biennium, and first fully funded with an expenditure-based relative weight matrix in the 2010-2011 biennium.

The operations support formula allocates funds on weighted semester credit hours (WSCH) in support of faculty salaries, departmental operating expenses, library, instructional administration, research enhancement, student services, and institutional support. The formula operations support formula and teaching experience supplement allocated 84 percent of the total formula funding at a rate of $55.39 per WSCH for the 2016-2017 biennium. The teaching experience supplement incentivizes the use of tenured and tenure-track faculty in undergraduate courses and allocated 2016-2017 biennium funds with a 10 percent bonus of WSCH.

The space support formula allocates funds on predicted square feet (an estimate of the space needed based on activity) in support of plant-related and utility expenses. The operations support formula and small institution supplement allocated 16 percent of the total formula funding at a rate of $5.55 per predicted square foot for the 2016-2017 biennium. The small institution supplement distributes additional resources on headcount for the reduced economies of scale associated with operating small institutions. The 2016-2017 biennium allocated $1.5 million to each institution with fewer than 5,000 headcount. This amount is gradually reduced as the institution approaches 10,000 headcount.

## Commissioner's Charges

The GAIFAC, conducted in an open and public forum, is charged with proposing a set of formulas that provide the appropriate funding levels and financial incentives necessary to best achieve the four major goals of *60x30TX* plan. A preliminary written report of its activities and recommendations is due to the Commissioner by December 3, 2015, and a final written report by February 3, 2016. The GAIFAC's specific charges are to:

1. Study and make recommendations for the appropriate funding levels for the operations support and space support formulas and the percent split between the "utilities" and "operations and maintenance" (O&M) components of the space support formula. (TEC, Section 61.059 (b))
2. Study and make recommendations for alternative approaches to incorporating undergraduate student success measures into the funding formulas and compare the effects of funding the success measures within the formula versus applying the success measures as a separate formula. (TEC, Section 61.0593)
3. Study and make recommendations on the treatment of competency-based courses in formula allocations.
4. Study and make recommendations on the treatment of pharmacy hours for professional practice pharmacy courses.
5. Study and make recommendations on changes to the funding model that will enable institutions to meet the goals of *60x30TX*.

## General Academic Institutions Formula Advisory Committee for the 2018-2019 Biennium

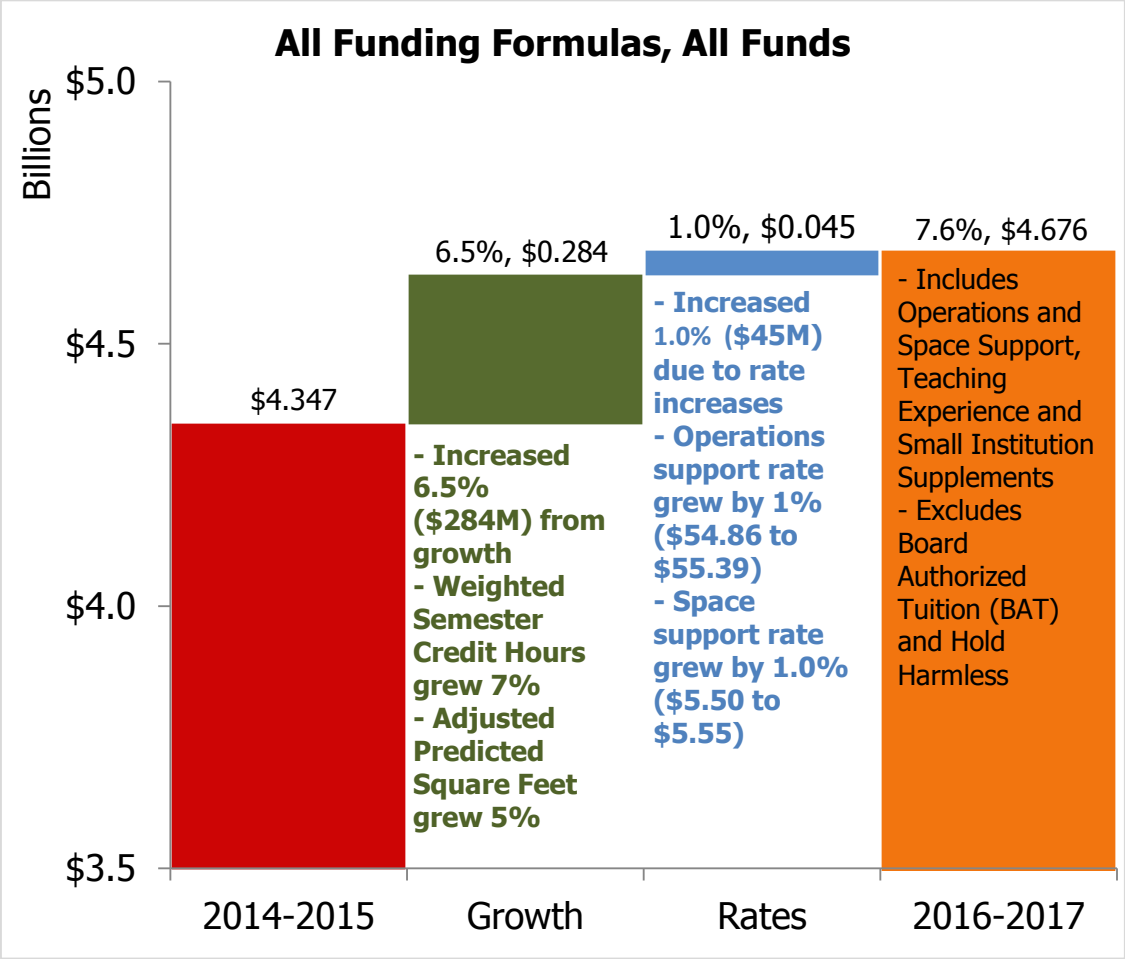
| Name | Institution | Contacts |
|---|---|---|
| **Mr. Martin V. Baylor** (18)<br>Executive Vice President for Finance and Administration | The University of Texas Rio Grande Valley<br>1201 West University Dr.<br>Edinburg, TX 78539 | baylormv@utpa.edu<br>(956) 665-2121 |
| **Mr. Allen Clark** (16)<br>Vice Provost for Academic Resources | University of North Texas<br>1501 W. Chestnut St., Suite 206<br>Denton, Texas 76201 | Allen.Clark@unt.edu<br>(940) 565-2496 |
| **Dr. Dana G. Hoyt** (18)<br>President | Sam Houston State University<br>Box 2027<br>Huntsville, TX 77341 | dlg013@shsu.edu<br>(936) 294-1013 |
| **Mr. Edward T. Hugetz** (18)<br>Interim Provost and Senior Vice President for Academic Affairs | University of Houston-Downtown<br>1 Main Street<br>Houston, TX 77002 | hugetze@uhd.edu<br>(713) 221-5005 |
| **Dr. Harrison Keller** (20)<br>Deputy to the President for Strategy and Policy | The University of Texas at Austin<br>1 University Station G1000<br>Austin, TX 78712 | harrison.keller@austin.utexas.edu<br>(512) 232-8277 |
| **Dr. Ceasar Malave** (20)<br>Department Head, Industrial and Systems Engineering | Texas A&M University<br>101 Bizzell St.<br>College Station, TX 77840 | malave@tamu.edu<br>(979) 845-5535 |
| **Dr. James Marquart** (20)<br>Provost and Vice President Academic Affairs | Lamar University<br>PO Box 10002<br>Beaumont, TX 77710 | james.marquart@lamar.edu<br>(409) 880-8398 |
| **Dr. Perry Moore** (16)<br>Vice Chancellor for Academic Affairs | Texas State University System<br>208 E 10th Suite 600<br>Austin, TX78701 | perry.moore@tsus.edu<br>(512) 463-7281 |
| **Dr. Karen Murray** (20)<br>Executive Vice President of Academic Affairs and Provost | Tarleton State University<br>1333 West Washington<br>Stephenville, TX 76402 | kmurray@tarleton.edu<br>(254) 968-9992 |
| **Dr. Robert Neely** (16)<br>Provost and Vice President Academic Affairs | Texas Woman's University<br>PO Box 425617<br>Denton, TX76204 | rneely@twu.edu<br>(940) 898-3301 |
| **Dr. Marc A. Nigliazzo** (16)<br>President | Texas A&M University Central Texas<br>1001 Leadership Place<br>Killeen, TX76549 | marc.nigliazzo@tamuct.edu<br>(254) 519-5720 |
| **Dr. J. Patrick O'Brien** (20)<br>President | West Texas A&M University<br>2501 4th Avenue<br>Canyon, TX 79016 | pobrien@wtamu.edu<br>(806) 651-2100 |
| **Dr. Paula M. Short** (18)<br>Senior Vice President for Academic Affairs and Provost | University of Houston<br>4302 University Dr., Room 204 S2019<br>Houston, TX 77204 | pmshort@uh.edu<br>(832) 842-0550 |
| **Ms. Noel Sloan** (20)<br>Chief Financial Officer and Vice President of Administration and Finance | Texas Tech University<br>2500 Broadway<br>Lubbock, TX 79409 | noel.a.sloan@ttu.edu<br>(806) 834-1625 |
| **Ms. Angie W. Wright** (20)<br>Vice President for Finance and Administration | Angelo State University<br>2601 West Ave N<br>San Angelo, TX 76903 | angie.wright@angelo.edu<br>(325) 942-2017 |

**Charge 1 – Study and make recommendations for the appropriate funding levels for the operations support and space support formulas and the percent split between the "utilities" and "operations and maintenance" (O&M) components of the space support formula. (TEC, Section 61.059 (b))**

A workbook containing the basis of legislative basis for the general academic institutions is located at http://www.thecb.state.tx.us/formulafunding and includes a comparison of current and prior biennial funding by strategy and the formulas used to allocate the funding. In addition, the workbook shows how each formula uses the data provided by the institutions.

### Contributing Factors to Biennial Change in Formula Funding

For all formulas, the general academic institutions' all funds formula funding increased 7.6 percent from the 2014-2015 biennium. The majority of this increase was due to increased activity as the funding rates grew only 1 percent for this period.



## Formula Funding Recommendation History

| | | Operations Support | Teaching Experience | Small Institution | Space Support | O&M to Utility Split |
|---|---|---|---|---|---|---|
| **2016 - 2017** | **Funded** | $3.843B or $55.39 per WSCH per year | $99M or 10% | $750K for less than 5K students and $0 for 10K students per year | $715M or $5.55 per adjusted predicted square foot per year | 56% to 44% |
| | **GAIFAC** | $3.810B or $57.30 per WSCH to cover 2.7% growth and no adjustment for inflation and $235M for outcomes-based funding. | $105M or 10% | Same as funded | $713M or $5.78 per adjusted predicted square foot per year to cover 1.6% growth and no adjustment for inflation | Same as funded |
| **2014 - 2015** | **Funded** | $3.55B or $54.86 per WSCH per year | $98M or 10% | $750K for less than 5K students and $0 for 10K students per year | $697M or $5.50 per adjusted predicted square foot per year | 52% to 48% |
| | **GAIFAC** | $3.70B or $57.50 per WSCH to cover 3.2% growth and 2% inflation | $119M or 10% | Same as funded | $786M or $5.33 per adjusted predicted square foot per year to cover 8.4% growth and 2% inflation | Same as funded |
| **2012 - 2013** | **Funded** | $3.27B or $53.71 per WSCH per year | $95M or 10% | $750K for less than 5K students and $0 for 10K students per year | $650M or $4.95 per adjusted predicted square foot per year | 48% to 52% |
| | **GAIFAC** | $3.98B or $66.30 per WSCH to cover 7.6% growth and 6.6% inflation | $119M or 10% | Same as funded | $785M or $6.49 per adjusted predicted square foot per year to cover 4.8% growth and 7% inflation | Same as funded |
| **2010 - 2011** | **Funded** | $3.47B or $62.19 per WSCH per year | $104M or 10% | $750K for less than 5K students and $0 for 10K students per year | $719M or $6.09 per adjusted predicted square foot per year | 42.6% to 57.4% |
| | **GAIFAC** | $3.81B to cover 6.79% growth and 7.08% inflation | Included in operations support | $750K for less than 5K students and $0 for 7.5K students per year | $953M | Same as funded |
| **2008 - 2009** | **Funded** | $3.19B or $59.02 per WSCH per year | $100M or 10% | $750K for less than 5K students | $691M or $6.19 per adjusted predicted square foot per year | 44.74% to 55.26% |
| | **GAIFAC** | Return funding levels to those of the previous decade | Included in operations support | $750K for less than 5K with a 33% decrease each biennium after reaching 5K | $9.79 per adjusted predicted square foot per year | Same as funded |
| **2006 - 2007** | **Funded** | $3.12B or $55.72 per WSCH per year | $102M or 10% | $750K for less than 5K | $677M or $6.37 per adjusted predicted square foot per year | 44.74% to 55.26% |
| | **GAIFAC** | $3.86B overall | Included | Included | Included | Included |

## Total Formula Funding – Previous and Current Biennia

| Formula Funding (Appropriations less Board Authorized Tuition) | 2014-2015 | 2016-2017 | Difference | Percent Change |
|---|---|---|---|---|
| Operations Support | 3,552,760,574 | 3,843,383,108 | 290,622,534 | 8% |
| Teaching Experience | 97,380,516 | 98,733,175 | 1,352,659 | 1% |
| Space Support | 676,108,223 | 715,306,834 | 39,198,611 | 6% |
| Small Institution | 20,724,900 | 18,879,900 | (1,845,000) | -9% |
| **Total** | 4,346,974,213 | 4,676,303,017 | 329,328,804 | 8% |
| **Institution** | | | | |
| UT-Arlington | $233,506,231 | $259,794,184 | $26,287,953 | 11% |
| UT-Austin | 552,168,547 | 557,898,131 | 5,729,584 | 1% |
| UT-Dallas | 188,067,575 | 214,088,580 | 26,021,005 | 14% |
| UT-El Paso | 144,690,627 | 149,583,245 | 4,892,618 | 3% |
| UT-Rio Grande Valley | 160,651,938 | 175,668,860 | 15,016,922 | 9% |
| UT-Permian Basin | 23,440,356 | 30,078,347 | 6,637,991 | 28% |
| UT-San Antonio | 193,583,922 | 192,569,107 | (1,014,815) | -1% |
| UT-Tyler | 46,740,189 | 54,229,436 | 7,489,247 | 16% |
| TAMU | 549,133,428 | 610,656,835 | 61,523,408 | 11% |
| TAMU-Galveston | 25,011,209 | 29,258,264 | 4,247,055 | 17% |
| Prairie View | 57,570,522 | 59,992,993 | 2,422,471 | 4% |
| Tarleton | 64,000,974 | 73,995,913 | 9,994,939 | 16% |
| TAMU-Central | 15,591,319 | 15,886,536 | 295,217 | 2% |
| TAMU-CC | 69,665,813 | 73,987,058 | 4,321,245 | 6% |
| TAMU-Kingsville | 54,810,108 | 75,905,523 | 21,095,415 | 38% |
| TAMU-San Antonio | 24,075,989 | 26,675,297 | 2,599,308 | 11% |
| TAMI | 36,369,193 | 42,674,833 | 6,305,640 | 17% |
| WTAMU | 50,099,903 | 57,544,781 | 7,444,878 | 15% |
| TAMU-Commerce | 79,277,112 | 83,619,113 | 4,342,001 | 5% |
| TAMU-Texarkana | 12,245,102 | 12,344,872 | 99,770 | 1% |
| UH | 323,355,035 | 348,257,499 | 24,902,464 | 8% |
| UH-Clear Lake | 58,114,564 | 66,634,504 | 8,519,940 | 15% |
| UH-Downtown | 63,585,323 | 67,622,584 | 4,037,261 | 6% |
| UH-Victoria | 26,728,084 | 27,840,336 | 1,112,252 | 4% |
| Midwestern | 33,093,627 | 34,791,360 | 1,697,733 | 5% |
| UNT | 238,801,326 | 249,426,819 | 10,625,493 | 4% |
| UNT-Dallas | 11,178,985 | 12,851,647 | 1,672,662 | 15% |
| UNT-Dallas Law | 0 | 2,547,215 | 2,547,215 | 0% |
| SFA | 77,149,820 | 77,073,111 | (76,709) | 0% |
| TSU | 74,772,337 | 71,294,198 | (3,478,139) | -5% |
| TTU | 288,950,470 | 311,077,406 | 22,126,936 | 8% |
| Angelo | 43,000,644 | 40,617,398 | (2,383,246) | -6% |
| TWU | 100,367,988 | 101,982,497 | 1,614,509 | 2% |
| Lamar | 90,620,207 | 104,542,853 | 13,922,646 | 15% |
| Sam Houston | 109,958,341 | 119,454,287 | 9,495,946 | 9% |
| Texas State | 206,655,685 | 223,578,438 | 16,922,753 | 8% |
| Sul Ross | 13,989,343 | 14,477,735 | 488,392 | 3% |
| Sul Ross - RG | 5,952,377 | 5,781,220 | (171,157) | -3% |
| **TOTAL** | 4,346,974,213 | 4,676,303,017 | 329,328,804 | 8% |

## Weighted Semester Credit Hours – Previous and Current Base Year

This schedule shows the weighted semester credit hours used in the previous and current biennia allocations and demonstrates the primary driver of the redistribution of the institutions' formula funding.

| Weighted Semester Credit Hours (WSCH) | Base Year 2013 | Base Year 2015 | Difference | Percent Change |
|---|---|---|---|---|
| UT-Arlington | 1,849,619 | 2,051,702 | 202,084 | 11% |
| UT-Austin | 3,998,727 | 3,992,516 | (6,211) | 0% |
| UT-Dallas | 1,487,638 | 1,667,682 | 180,044 | 12% |
| UT-El Paso | 1,102,663 | 1,118,133 | 15,470 | 1% |
| UT-Rio Grande Valley | 1,238,585 | 1,345,909 | 107,324 | 9% |
| UT-Permian Basin | 168,920 | 222,726 | 53,806 | 32% |
| UT-San Antonio | 1,494,240 | 1,467,785 | (26,455) | -2% |
| UT-Tyler | 360,460 | 422,732 | 62,272 | 17% |
| TAMU | 4,300,007 | 4,748,362 | 448,355 | 10% |
| TAMU-Galveston | 170,163 | 204,385 | 34,222 | 20% |
| Prairie View | 432,398 | 442,937 | 10,539 | 2% |
| Tarleton | 493,906 | 571,862 | 77,956 | 16% |
| TAMU-Central | 113,460 | 113,484 | 24 | 0% |
| TAMU-CC | 527,444 | 554,549 | 27,104 | 5% |
| TAMU-Kingsville | 406,518 | 595,943 | 189,425 | 47% |
| TAMU-San Antonio | 176,938 | 196,774 | 19,836 | 11% |
| TAMI | 264,493 | 316,148 | 51,654 | 20% |
| WTAMU | 388,022 | 443,083 | 55,062 | 14% |
| TAMU-Commerce | 637,529 | 671,245 | 33,716 | 5% |
| TAMU-Texarkana | 81,651 | 80,374 | (1,277) | -2% |
| UH | 2,503,358 | 2,682,422 | 179,065 | 7% |
| UH-Clear Lake | 463,459 | 532,463 | 69,004 | 15% |
| UH-Downtown | 474,075 | 512,517 | 38,441 | 8% |
| UH-Victoria | 200,113 | 204,732 | 4,619 | 2% |
| Midwestern | 240,632 | 250,374 | 9,741 | 4% |
| UNT | 1,855,140 | 1,929,958 | 74,817 | 4% |
| UNT-Dallas | 71,474 | 87,020 | 15,546 | 22% |
| UNT-Dallas Law | - | 20,417 | 20,417 | N/A |
| SFA | 583,635 | 580,466 | (3,168) | -1% |
| TSU | 549,857 | 535,316 | (14,541) | -3% |
| TTU | 2,243,698 | 2,360,624 | 116,926 | 5% |
| Angelo | 313,353 | 298,315 | (15,038) | -5% |
| TWU | 796,196 | 797,549 | 1,354 | 0% |
| Lamar | 723,009 | 837,333 | 114,324 | 16% |
| Sam Houston | 857,097 | 913,473 | 56,375 | 7% |
| TXST | 1,578,069 | 1,685,585 | 107,516 | 7% |
| Sul Ross | 85,978 | 91,648 | 5,670 | 7% |
| Sul Ross - RG | 37,216 | 35,111 | (2,105) | -6% |
| **TOTAL** | 33,269,743 | 35,583,654 | 2,313,912 | 7% |

## Predicted Square Feet – Previous and Current Fall Used in Appropriations

This schedule shows the predicted square feet (an estimate of the space an institution needs based on activity) for the previous and current biennia, which is the secondary driver of formula funding redistribution. The values are adjusted to take into account the effect of the utility rate adjustment used in the space support model.

| Adjusted Predicted Square Feet | Fall 2012 | Fall 2014 | Difference | Percent Change |
|---|---|---|---|---|
| UT-Arlington | 2,781,666 | 2,927,034 | 145,368 | 5% |
| UT-Austin | 10,320,651 | 10,411,105 | 90,455 | 1% |
| UT-Dallas | 2,261,027 | 2,642,224 | 381,197 | 17% |
| UT-El Paso | 2,157,112 | 2,315,824 | 158,712 | 7% |
| UT-Rio Grande Valley | 2,202,071 | 2,392,528 | 190,457 | 9% |
| UT-Permian Basin | 309,991 | 366,746 | 56,755 | 18% |
| UT-San Antonio | 2,696,877 | 2,698,607 | 1,730 | 0% |
| UT-Tyler | 568,584 | 613,201 | 44,617 | 8% |
| TAMU | 6,922,732 | 7,517,144 | 594,412 | 9% |
| TAMU-Galveston | 275,639 | 299,576 | 23,937 | 9% |
| Prairie View | 876,131 | 939,009 | 62,877 | 7% |
| Tarleton | 892,616 | 958,565 | 65,949 | 7% |
| TAMU-Central | 149,490 | 163,410 | 13,920 | 9% |
| TAMU-CC | 1,073,334 | 1,130,527 | 57,193 | 5% |
| TAMU-Kingsville | 853,326 | 855,902 | 2,576 | 0% |
| TAMU-San Antonio | 287,765 | 304,061 | 16,296 | 6% |
| TAMI | 592,611 | 622,990 | 30,380 | 5% |
| WTAMU | 627,847 | 733,980 | 106,132 | 17% |
| TAMU-Commerce | 848,959 | 833,646 | (15,312) | -2% |
| TAMU-Texarkana | 162,542 | 174,796 | 12,254 | 8% |
| UH | 4,430,518 | 4,601,370 | 170,852 | 4% |
| UH-Clear Lake | 610,673 | 652,589 | 41,916 | 7% |
| UH-Downtown | 1,052,859 | 976,690 | (76,170) | -7% |
| UH-Victoria | 297,745 | 329,581 | 31,836 | 11% |
| Midwestern | 488,663 | 516,146 | 27,483 | 6% |
| UNT | 3,208,397 | 3,208,054 | (342) | 0% |
| UNT-Dallas | 167,129 | 161,705 | (5,424) | -3% |
| UNT-Dallas Law | - | 18,118 | 18,118 | 0% |
| SFA | 1,193,259 | 1,149,870 | (43,389) | -4% |
| TSU | 1,304,426 | 1,059,165 | (245,260) | -19% |
| TTU | 3,892,208 | 4,463,584 | 571,376 | 15% |
| Angelo | 697,660 | 584,145 | (113,515) | -16% |
| TWU | 1,183,778 | 1,227,327 | 43,549 | 4% |
| Lamar | 1,027,677 | 1,060,966 | 33,288 | 3% |
| Sam Houston | 1,448,591 | 1,644,286 | 195,695 | 14% |
| Texas State | 3,049,406 | 3,318,327 | 268,921 | 9% |
| Sul Ross | 278,037 | 254,410 | (23,627) | -8% |
| Sul Ross - RG | 33,591 | 35,260 | 1,669 | 5% |
| **TOTAL** | 61,225,587 | 64,162,467 | 2,936,880 | 5% |

## Enrollment and Predicted Square Feet Projections

Projecting FTSE using the actual fall 2014 FTSE and the fall 2014 to 2016 anticipated headcount growth rate as reported on the enrollment forecast results in a biennial full-time student (FTSE) equivalent growth of 3.9 percent. This would increase the instruction and operations formula funding level by $152 million from $3.942 billion to $4.094 billion assuming no change in funding rate.

Projecting predicted square feet using the actual fall 2014 values and a linear regression forecast to fall 2016 using the last five years actual values results in a biennial predicted square feet growth of 2.3 percent. This would increase the infrastructure formula funding level by $17 million from $715 million to $732 million assuming no change in funding rate. These levels do not include the Texas State Technical and Lamar State Colleges' formula funding, Texas A&M Galveston shipboard operations set-aside, and small institution supplement. Texas A&M University College of Veterinary Medicine is included.

With these projections, the total funding level would increase $169 million from $4.676 billion to $4.845 billion.

| Fiscal Year | Fall | Fall Headcount[1] | Annual Percent Change | Fall Full-Time Student Equivalents (FSTE)[2,3] | Annual Percent Change | Fall Predicted Square Feet (PSF) (Millions) | Annual Percent Change |
|---|---|---|---|---|---|---|---|
| 2001 | 2000 | 414,626 | | 321,284 | | 42.73 | |
| 2002 | 2001 | 430,770 | 3.89% | 335,469 | 4.42% | 44.60 | 4.38% |
| 2003 | 2002 | 455,719 | 5.79% | 354,855 | 5.78% | 48.14 | 7.92% |
| 2004 | 2003 | 472,818 | 3.75% | 369,905 | 4.24% | 49.65 | 3.14% |
| 2005 | 2004 | 482,123 | 1.97% | 377,818 | 2.14% | 49.95 | 0.60% |
| 2006 | 2005 | 484,999 | 0.60% | 384,306 | 1.72% | 51.03 | 2.17% |
| 2007 | 2006 | 491,140 | 1.27% | 388,395 | 1.06% | 52.22 | 2.33% |
| 2008 | 2007 | 497,195 | 1.23% | 393,257 | 1.25% | 53.54 | 2.52% |
| 2009 | 2008 | 509,136 | 2.40% | 400,536 | 1.85% | 54.78 | 2.33% |
| 2010 | 2009 | 532,226 | 4.54% | 415,376 | 3.71% | 58.17 | 6.18% |
| 2011 | 2010 | 557,550 | 4.76% | 434,218 | 4.54% | 61.00 | 4.86% |
| 2012 | 2011 | 568,938 | 2.04% | 443,881 | 2.23% | 62.05 | 1.71% |
| 2013 | 2012 | 576,693 | 1.36% | 453,988 | 2.28% | 61.75 | -0.48% |
| 2014 | 2013 | 584,785 | 1.40% | 461,614 | 1.68% | 63.43 | 2.73% |
| 2015 | 2014 | 603,598 | 3.22% | 475,890 | 3.09% | 64.65 | 1.93% |
| 2016 | 2015 | 616,262 | 2.10% | 485,875 | 2.10% | 65.18 | 0.82% |
| 2017 | 2016 | 626,838 | 1.72% | 494,213 | 1.72% | 66.16 | 1.51% |
| 2018 | 2017 | 634,771 | 1.27% | 500,467 | 1.27% | 67.41 | 1.88% |
| 2019 | 2018 | 640,720 | 0.94% | 505,158 | 0.94% | 68.21 | 1.18% |
| | | | | FTSE projected biennial percent change: fall 2014 to 2016 | 3.9% | | |
| | | | | PSF projected biennial percent change: fall 2014 to 2016 | | | 2.3% |
| | | | | **Committee Growth Rates** | 3.9% | | 2.3% |

Notes:
1. Institutional Targets - Accountability System. Projected based on Enrollment Forecast Report.
2. Accountability System - University Enrollment FTE.
3. Projected FTSE based on percent change in projected headcount from previous year.
4. Space Projection Model. Projected on a five-year linear regression.
5. Fiscal Year (FY) 2015 or fall 2014 values and earlier are actual. Later values are projected as indicated.

## Consumer Price Index Inflation (CPI-U) Projection

A linear regression of fall 2008 through 2014 CPI-U indices projected to fall 2018 results in an assumed biennial inflation rate of 3.92 percent. This would increase the operations support funding rate by $2.17 ($55.39 to $57.56) and the space support funding rate by $0.22 ($5.55 to $5.77).

These inflation-adjusted rates would increase the formula funding level an additional $189 million from the growth projections for a total of **$5.015 billion.**

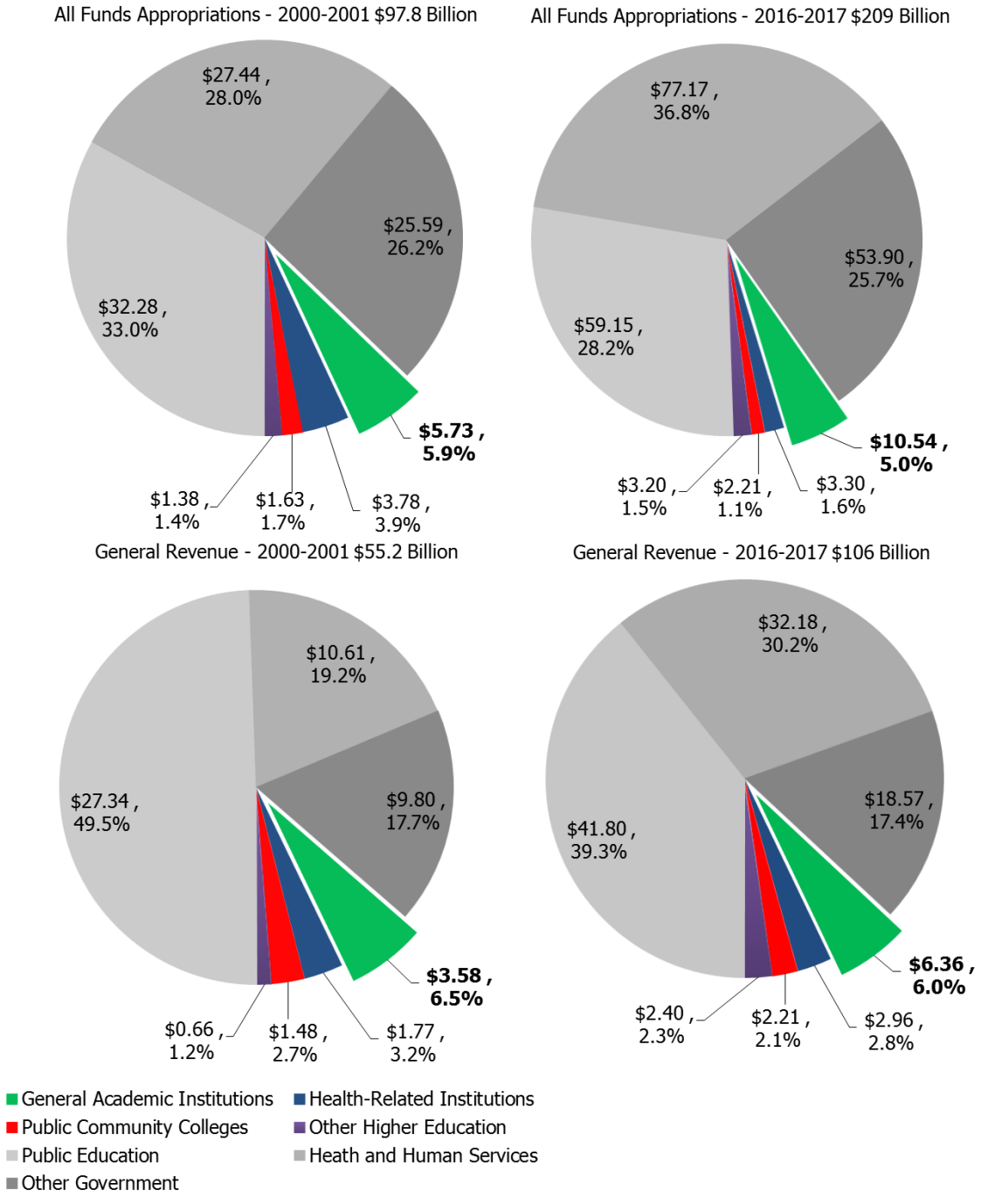
| Fiscal Year | Fall | | Annual Average CPI-U[1] |
|---|---|---|---|
| 2000 | 1999 | Actual | 166.600 |
| 2001 | 2000 | Actual | 172.200 |
| 2002 | 2001 | Actual | 177.100 |
| 2003 | 2002 | Actual | 179.900 |
| 2004 | 2003 | Actual | 184.000 |
| 2005 | 2004 | Actual | 188.900 |
| 2006 | 2005 | Actual | 195.300 |
| 2007 | 2006 | Actual | 201.600 |
| 2008 | 2007 | Actual | 207.342 |
| 2009 | 2008 | Actual | 215.303 |
| 2010 | 2009 | Actual | 214.537 |
| 2011 | 2010 | Actual | 218.056 |
| 2012 | 2011 | Actual | 224.939 |
| 2013 | 2012 | Actual | 229.594 |
| 2014 | 2013 | Actual | 262.957 |
| 2015 | 2014 | Actual | 236.736 |
| 2016 | 2015 | Projected | 253.543 |
| 2017 | 2016 | Projected | 261.822 |
| 2018 | 2017 | Projected | 269.042 |
| 2019 | 2018 | Projected | 275.141 |
| | | **Biennial Projected Average** | **272.1** |
| | | **Percent Change** | **3.92%** |

1. Annual Average Consumer Price Index data from Series Id: CUUR0000SA0, Non-Seasonally Adjusted U.S. City Average, All items, Base Period: 1982-84=100
ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt
Last Updated: 2015-07-17

## Appropriations – 2000-2001 compared to 2016-2017 Biennium

The general academic institutions' accounted for 5 percent of the all funds and 6 percent of the general revenue appropriations for 2016-2017. The percentages decreased from the 2000-2001 biennium by 0.9 and 0.5 percent respectively.

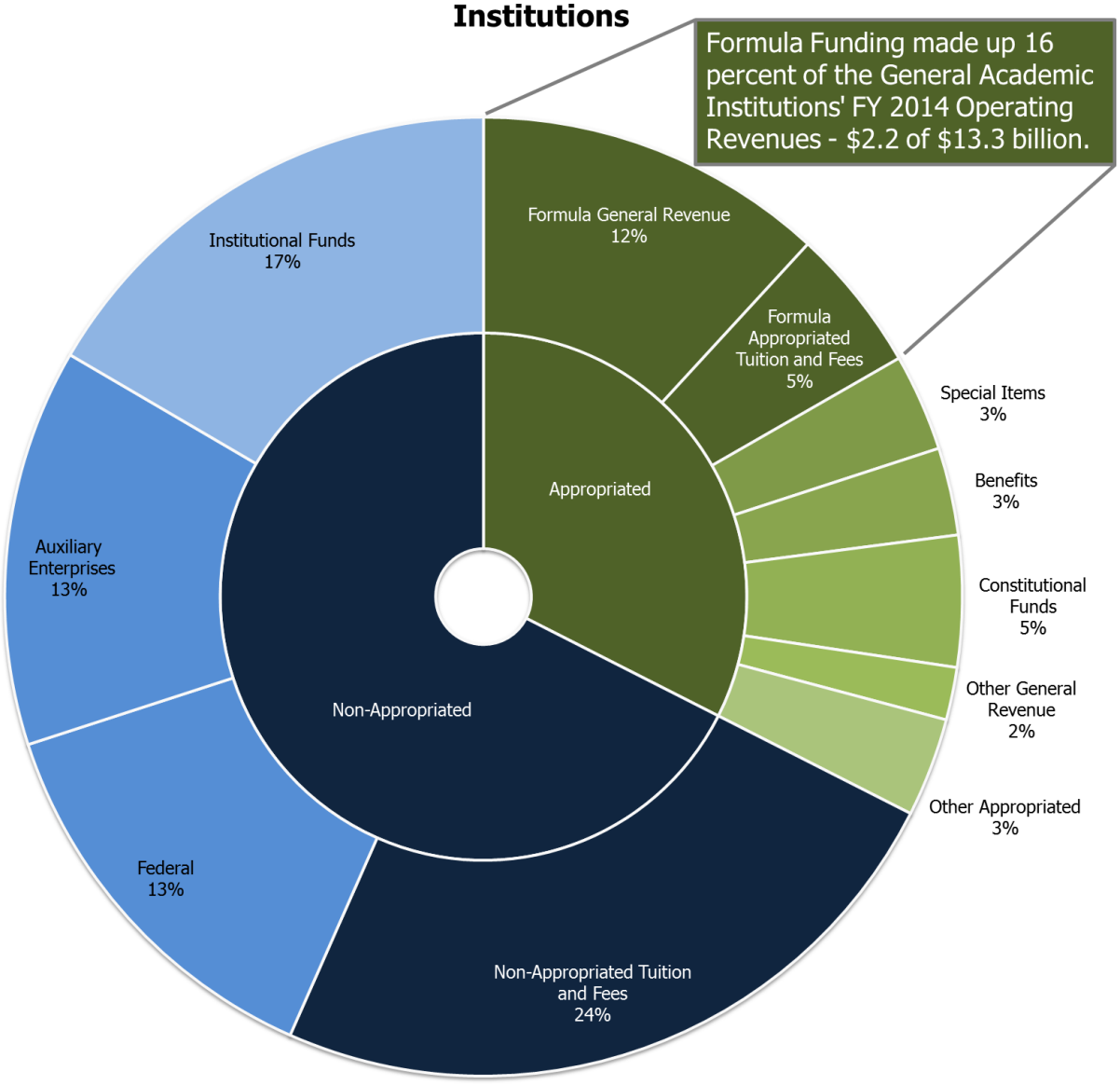
All funds statewide appropriations increased 114 percent, while appropriations to the general academic institutions increased 84 percent. General revenue statewide appropriations increased 93 percent, while appropriations to the general academic institutions increased 78 percent.



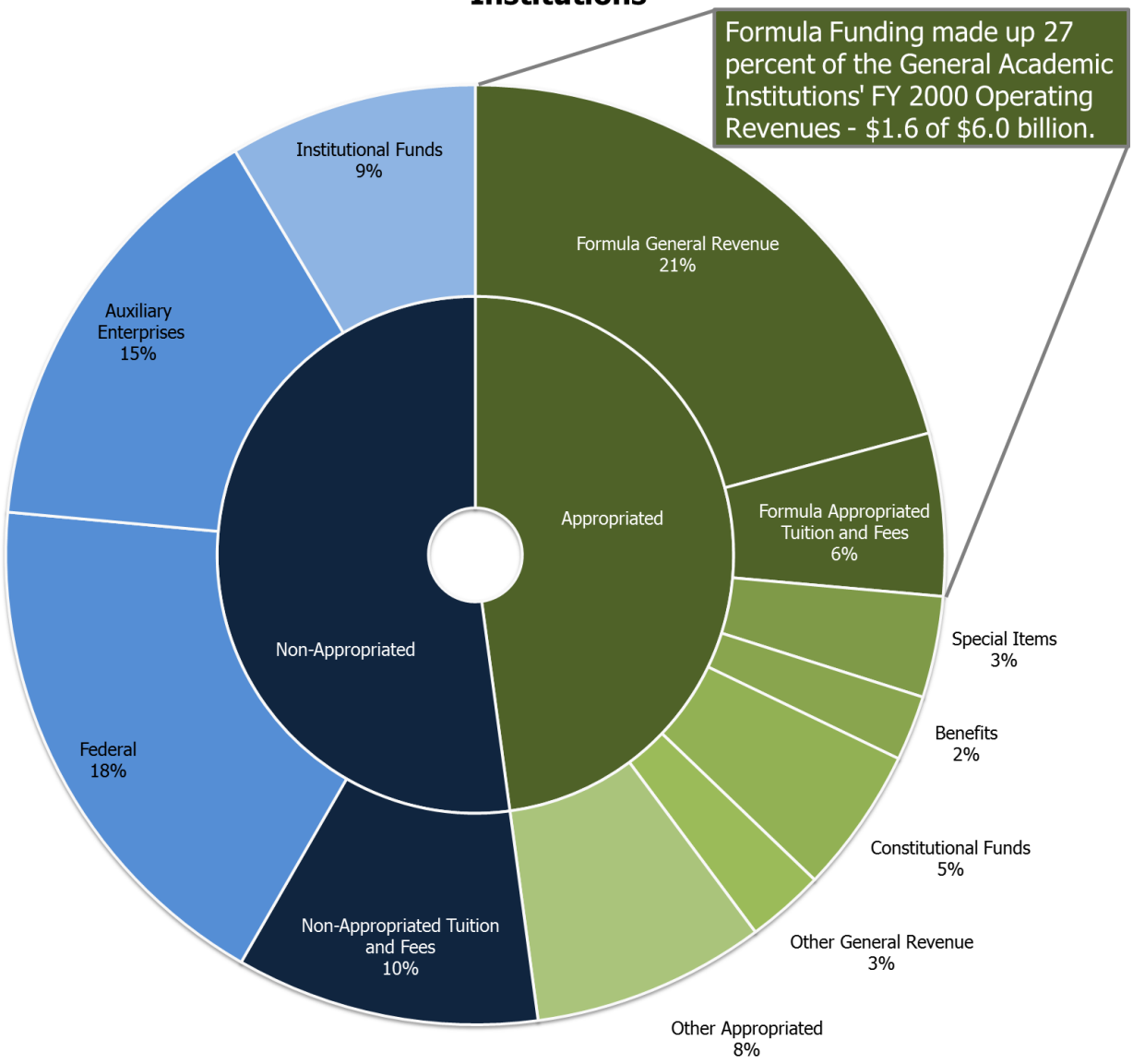
## Distribution of Revenue – FY 2014 and FY 2000

The following two charts show the statewide distributions of revenues for general academic institutions for FY 2014 and 2000. Formula funding as a revenue source dropped from 27 to 16 percent in this period. In addition, non-appropriated tuition and fees grew from 10 to 24 percent. Meanwhile, overall revenues grew 122 percent.

**FY 2014 Distribution of Revenue for General Academic Institutions**

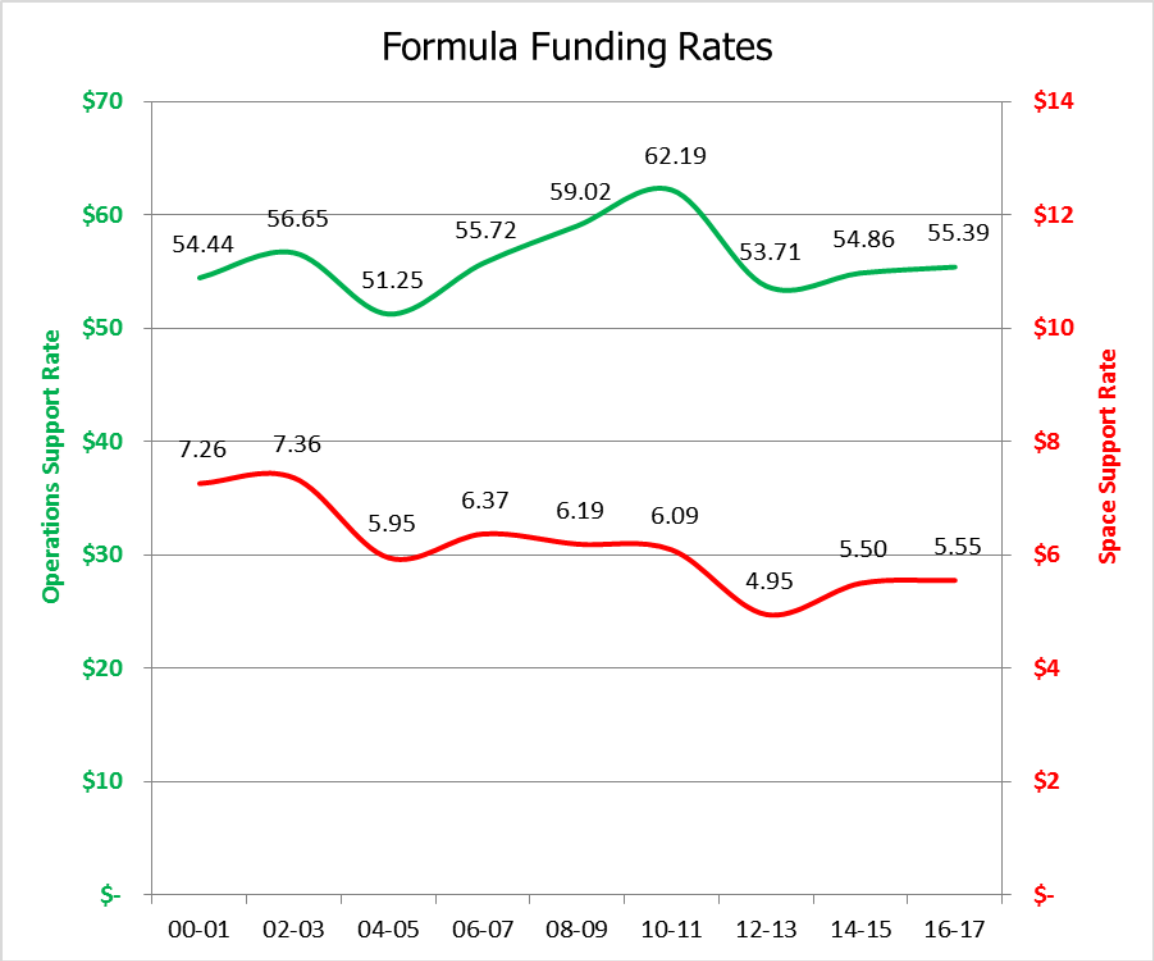


## FY 2000 Distribution of Revenue for General Academic Institutions



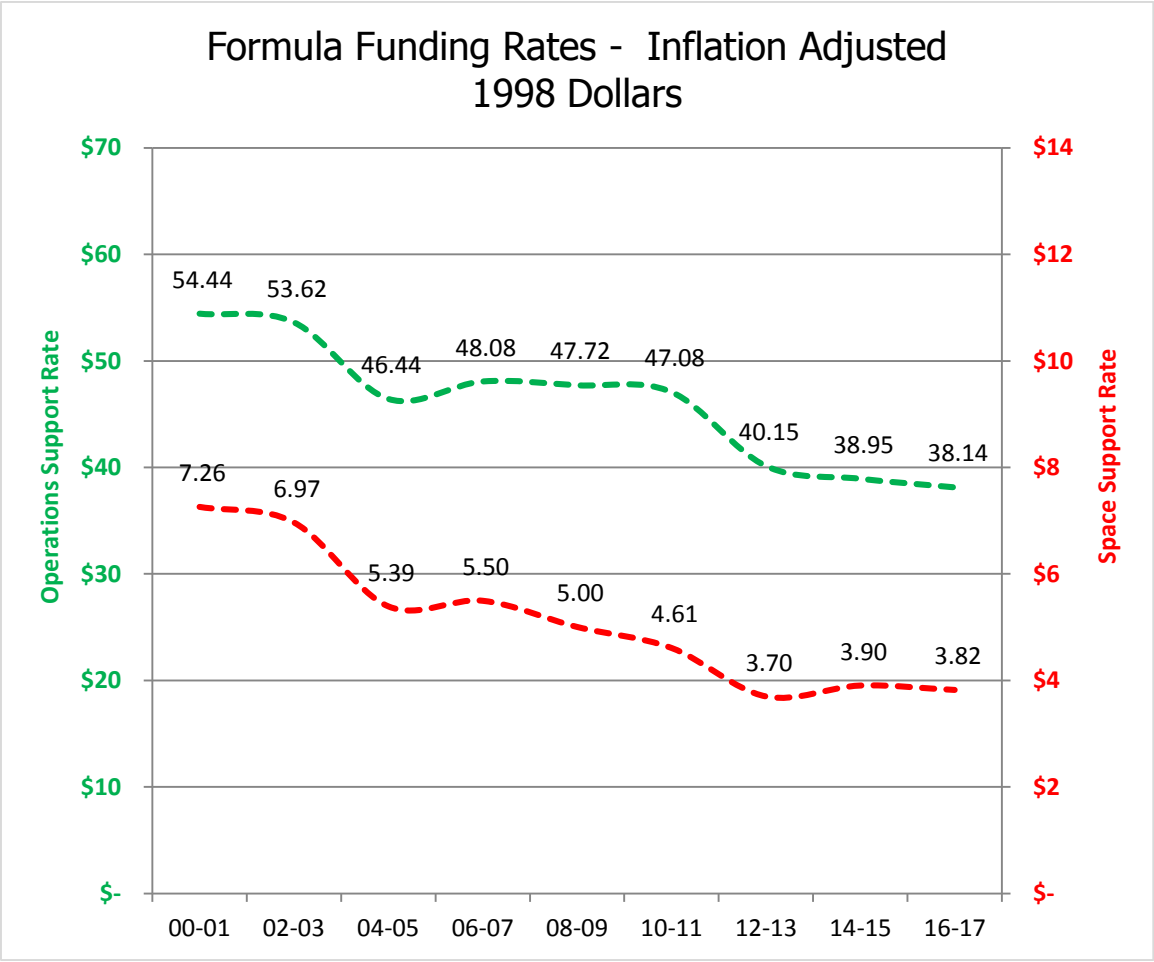
## Formula Funding Rate History

The operations support and space support rates are slowly trending up following a material decrease for the 2012-2013 biennium. The rates increased 1 percent from the last biennium.




| Rates | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations | 54.44 | 56.65 | 51.25 | 55.72 | 59.02 | 62.19 | 53.71 | 54.86 | 55.39 |
| Space | 7.26 | 7.36 | 5.95 | 6.37 | 6.19 | 6.09 | 4.95 | 5.50 | 5.55 |

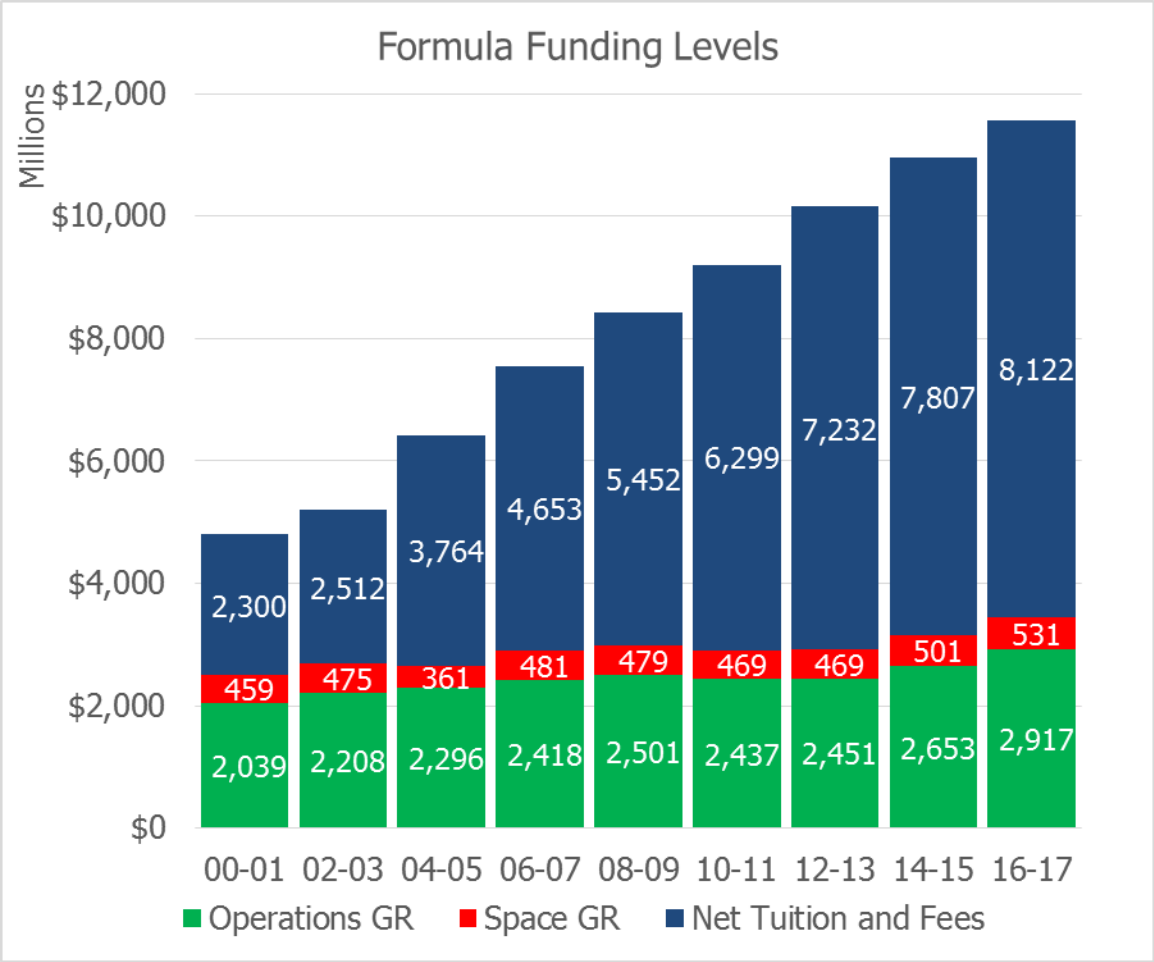
Despite these increases, the rates are significantly decreased on an inflation-adjusted basis. Using the 2000-2001 biennium as a basis and adjusting to 1998 dollar, this chart shows the purchasing power of the operations support rate decreased 30 percent and the space support rate decreased 47 percent.




| Rates | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations | 54.44 | 53.62 | 46.44 | 48.08 | 47.72 | 47.08 | 40.15 | 38.95 | 38.14 |
| Space | 7.26 | 6.97 | 5.39 | 5.50 | 5.00 | 4.61 | 3.70 | 3.90 | 3.82 |

## Formula Funding Level History

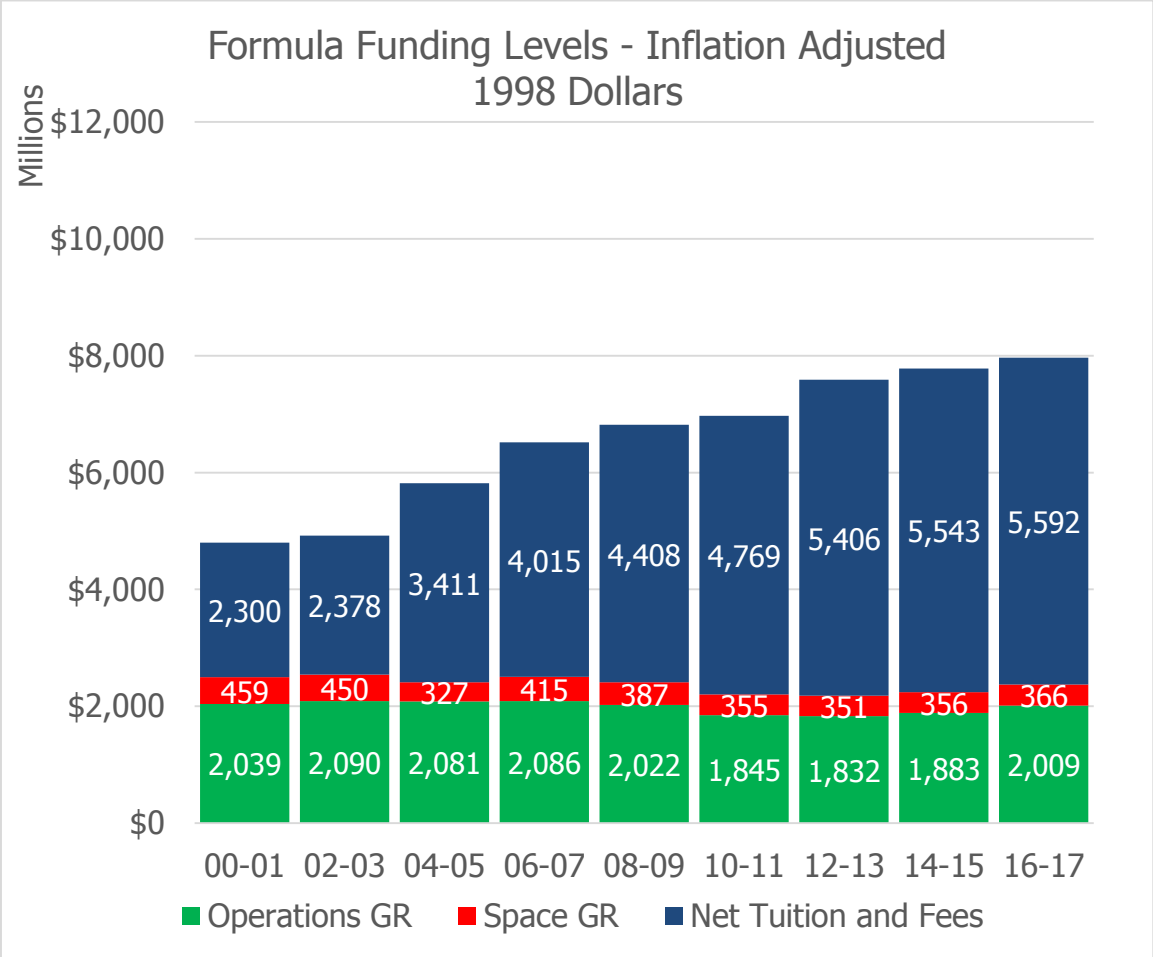
Deducting the statutory tuition and fees included in the formula, the combined green and red bars on this chart show a 38 percent increase in tax revenue to the formulas between 2000 and 2017. Net tuition and fee collections at the institutions increased 253 percent during the same period. Combined, funding levels increased from $4.8 billion in 2000-2001 to an estimated $11.6 billion in 2016-2017 (141 percent).




| Levels (Millions) | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations GR | 2,039 | 2,208 | 2,296 | 2,418 | 2,501 | 2,437 | 2,451 | 2,653 | 2,917 |
| Space GR | 459 | 475 | 361 | 481 | 479 | 469 | 469 | 501 | 531 |
| Total GR | 2,498 | 2,683 | 2,657 | 2,899 | 2,979 | 2,906 | 2,920 | 3,154 | 3,448 |
| Net Tuition and Fees | 2,300 | 2,512 | 3,764 | 4,653 | 5,452 | 6,299 | 7,232 | 7,807 | 8,122 |

Notes:
FY 2010-2011 general revenue reflects budget reductions and includes ARRA funding.
FY 2015-2017 tuition and fees were estimated at a 4% increase from FY 2014.

Converting the appropriations and net tuition and fee collections to 1998 dollars shows the comparative purchasing power of the revenues and indicates that on an inflation-adjusted basis formula funding general revenue decreased 5 percent from the 2000-2001 biennium to the 2016-2017 biennium. During this same period, net tuition and fee collections increased 143 percent. Combined, funding levels increased from $4.8 billion in 2000-2001 to an estimated $9 billion in 2016-2017 (66 percent).

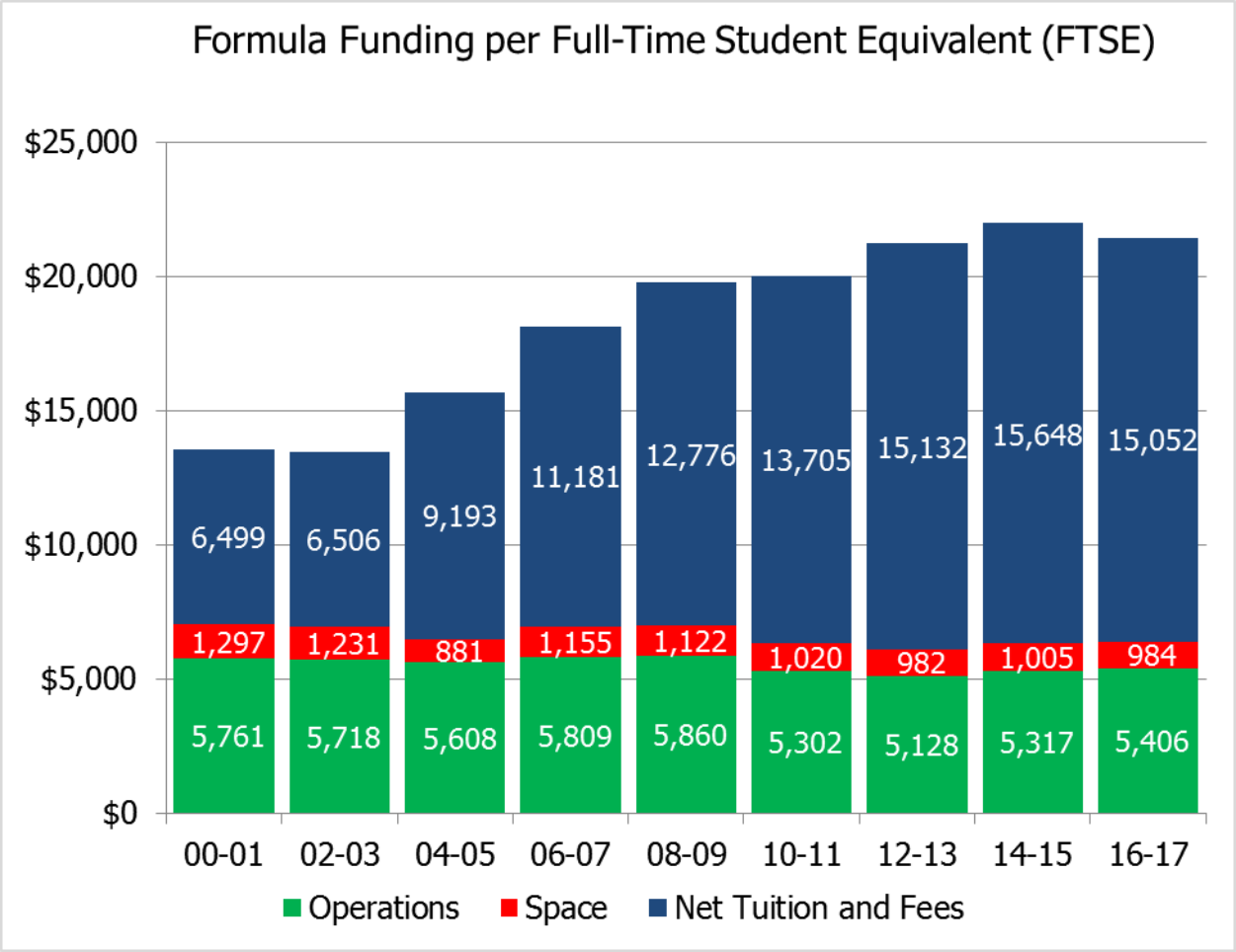



| Levels (Millions) | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations GR | 2,039 | 2,090 | 2,081 | 2,086 | 2,022 | 1,845 | 1,832 | 1,883 | 2,009 |
| Space GR | 459 | 450 | 327 | 415 | 387 | 355 | 351 | 356 | 366 |
| Total GR | 2,498 | 2,540 | 2,408 | 2,501 | 2,409 | 2,200 | 2,183 | 2,239 | 2,374 |
| Net Tuition and Fees | 2,300 | 2,378 | 3,411 | 4,015 | 4,408 | 4,769 | 5,406 | 5,543 | 5,592 |

Notes:
FY 2010-2011 general revenue reflects budget reductions and includes ARRA funding.
FY 2015-2017 tuition and fees were estimated at a 4% increase from FY 2014.

## Formula Funding per FTSE History

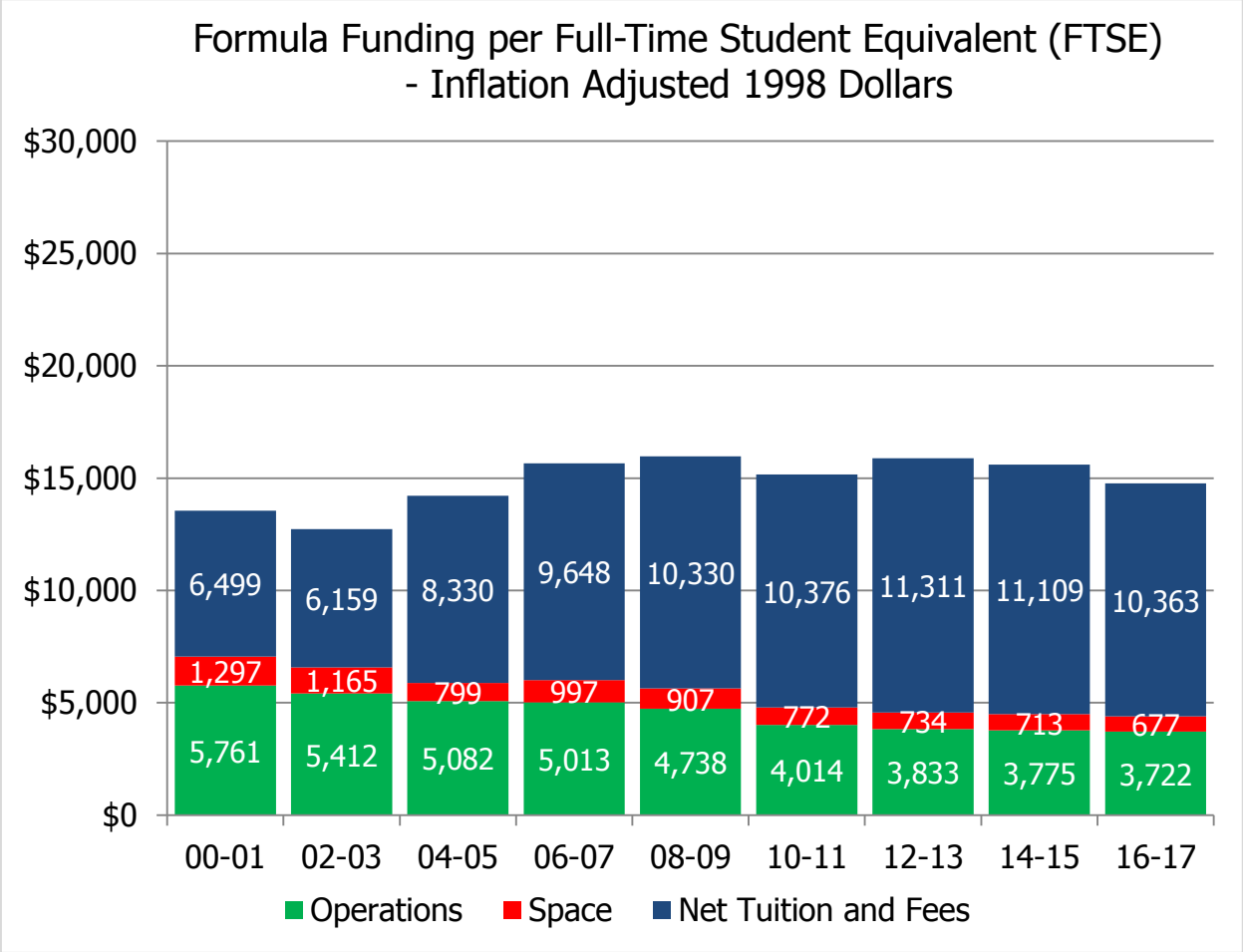
Between 2000 and 2015, student enrollments dramatically increased in Texas. The chart below shows "formula funding general revenue" and "net tuition fee collections" per full-time student equivalent (FTSE). Formula funding general revenue is down 9 percent and net tuition and fee collection are up 132 percent from the 2000-2001 biennium. Combined, funding levels increased from $13,577 per FTSE in 2000-2001 to an estimated $21,441 per FTSE in 2016-2017 (58 percent).




| Per FTSE | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations | 5,761 | 5,718 | 5,608 | 5,809 | 5,860 | 5,302 | 5,128 | 5,317 | 5,406 |
| Space | 1,297 | 1,231 | 881 | 1,155 | 1,122 | 1,020 | 982 | 1,005 | 984 |
| Total | 7,058 | 6,949 | 6,489 | 6,965 | 6,982 | 6,322 | 6,110 | 6,322 | 6,390 |
| Net Tuition and Fees | 6,499 | 6,506 | 9,193 | 11,181 | 12,776 | 13,705 | 15,132 | 15,648 | 15,052 |
| Biennial FTSE | 353,921 | 386,121 | 409,500 | 416,182 | 426,712 | 459,619 | 477,914 | 498,923 | 539,635 |

Notes:
FY 2010-2011 general revenue reflects budget reductions and includes ARRA funding.
FY 2015-2017 tuition and fees were estimated at a 4% increase from FY 2014.

Converting the appropriations and net tuition and fee collections to 1998 dollars shows the comparative purchasing power of the values and indicates that on an inflation-adjusted basis formula funding general revenue per FTSE decreased 38 percent from the 2000-2001 biennium to the 2016-2017 biennium. During this same period, net tuition and fee collections increased 59 percent. Combined, funding levels increased from $13,577 per FTSE in 2000-2001 to an estimated $14,763 per FTSE in 2016-2017 (9 percent).

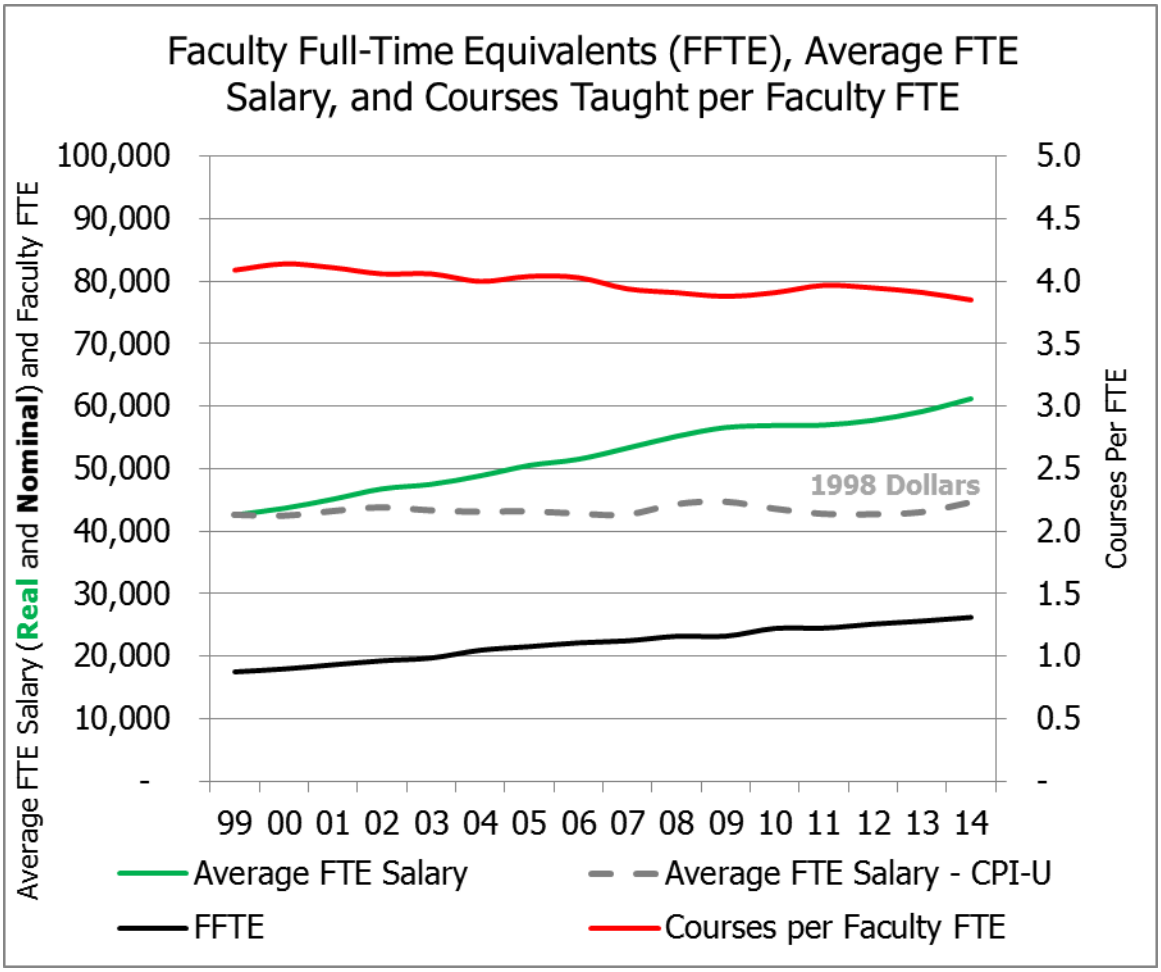



| Per FTSE | 00-01 | 02-03 | 04-05 | 06-07 | 08-09 | 10-11 | 12-13 | 14-15 | 16-17 |
|---|---|---|---|---|---|---|---|---|---|
| Operations | 5,761 | 5,412 | 5,082 | 5,013 | 4,738 | 4,014 | 3,833 | 3,775 | 3,722 |
| Space | 1,297 | 1,165 | 799 | 997 | 907 | 772 | 734 | 713 | 677 |
| Total | 7,058 | 6,577 | 5,880 | 6,010 | 5,645 | 4,787 | 4,567 | 4,488 | 4,399 |
| Net Tuition and Fees | 6,499 | 6,159 | 8,330 | 9,648 | 10,330 | 10,376 | 11,311 | 11,109 | 10,363 |

Notes:
FY 2010-2011 general revenue reflects budget reductions and includes ARRA funding.
FY 2015-2017 tuition and fees were estimated at a 4% increase from FY 2014.

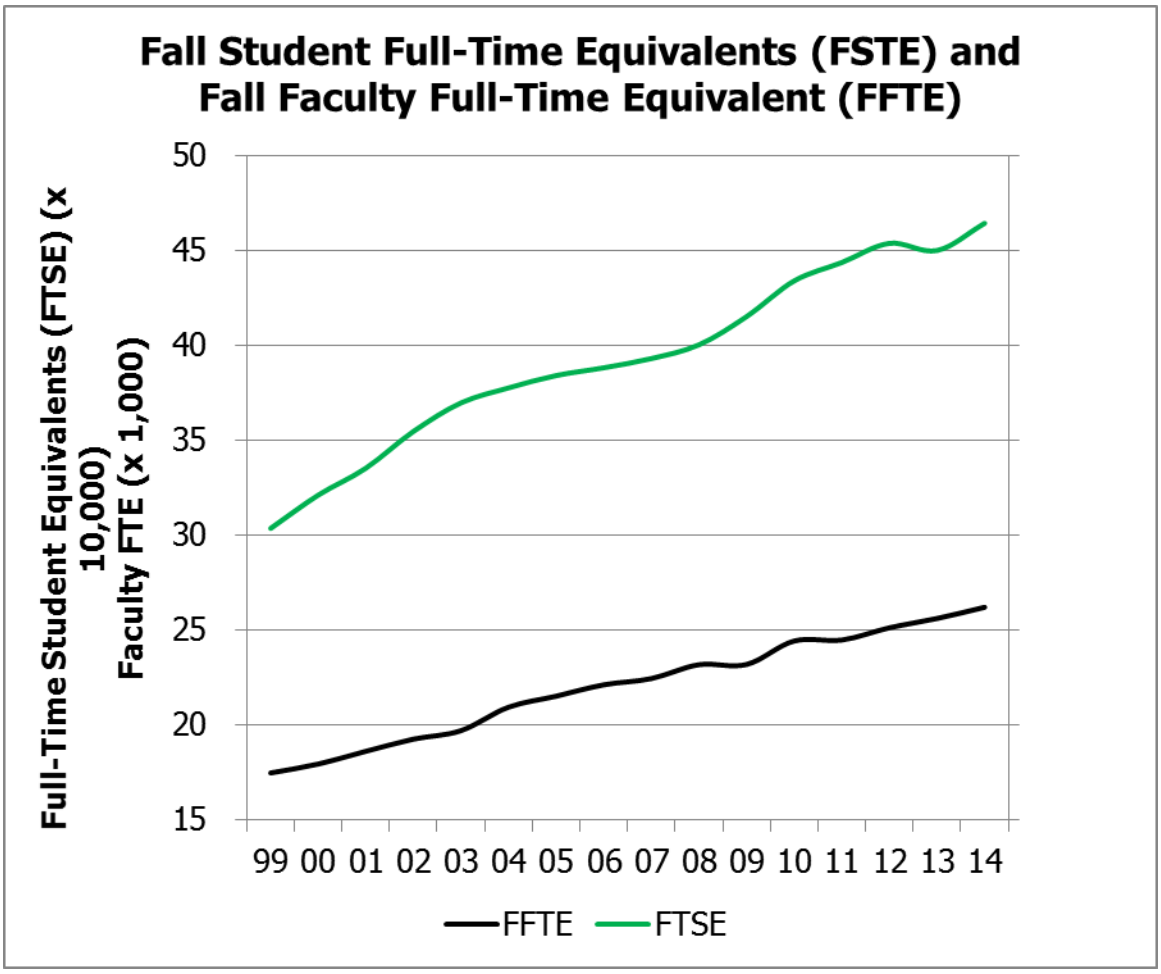
## Faculty Salaries History

Faculty salary increases were not the major driver behind expenditure increases during the last 15 years. The number of full-time faculty equivalents increased 50 percent between fall 1999 and 2014. During this period, the average FTE salary increased 44 percent. However, when adjusted for inflation the increase is only 5 percent. Full-time faculty who spend more than 80 percent of their time teaching are teaching 6 percent fewer classes than they taught in the fall of 1999.



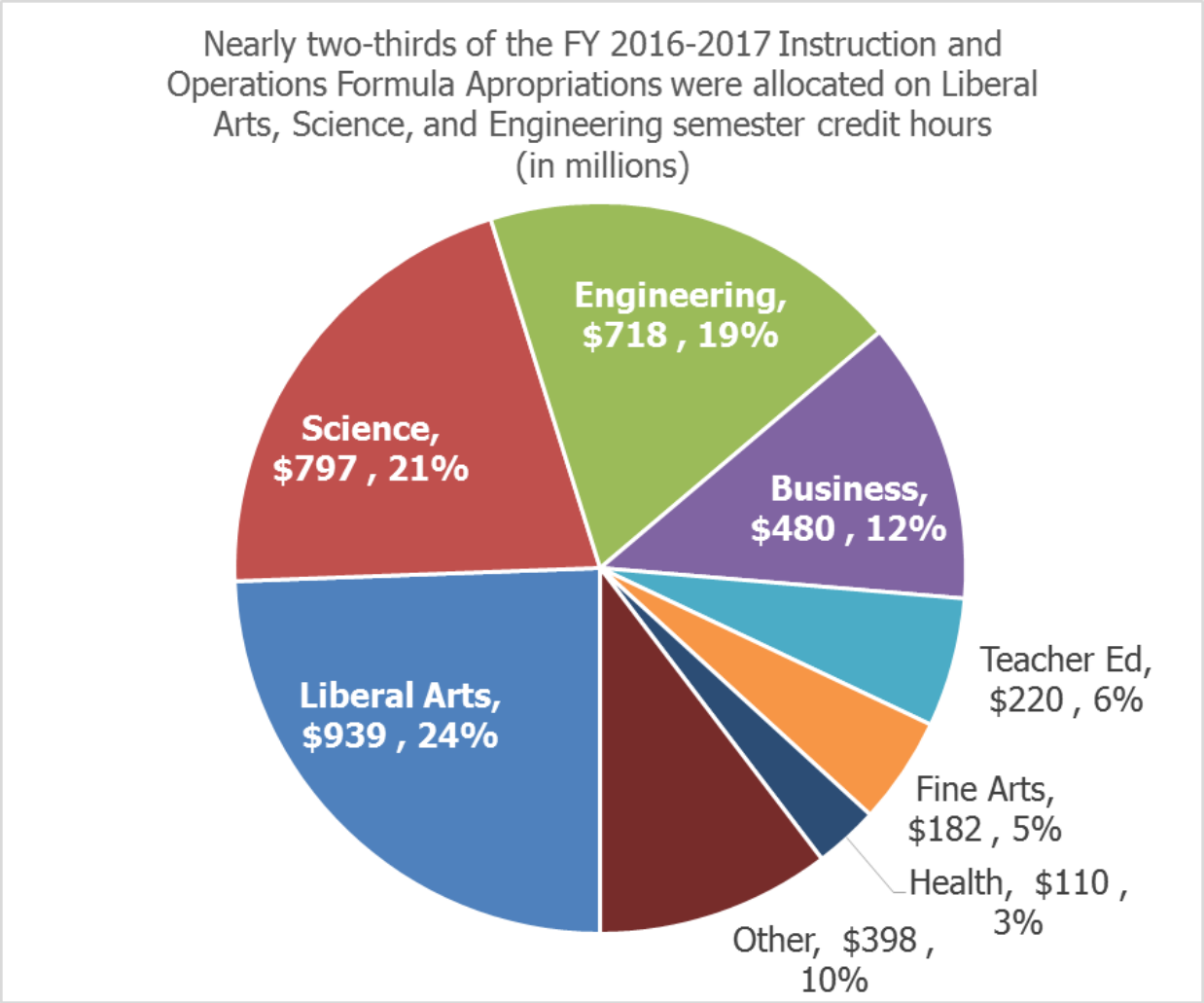
## Full-Time Student Equivalent History

Faculty full-time equivalents increased 50 percent from fall 1999 to 2014, while student full-time equivalents increased 53 percent. This resulted in a 2 percent increase in the ratio of students to faculty full-time equivalents (17.4:1 to 17.7:1).



## Formula Funding Allocation Distribution by Discipline

Semester credit hours in each discipline and level of instruction drive allocations. Institutions are not required to expend funds by the proportions indicated below. The amounts do not indicate the funding for a given discipline, only the degree that each discipline contributed to the allocation of the appropriations.




Note: Other includes nursing, agriculture, law, veterinary, technology, social sciences, pharmacy, home economics, teacher education-practical, optometry, physical training, library, developmental education, and vocational training.

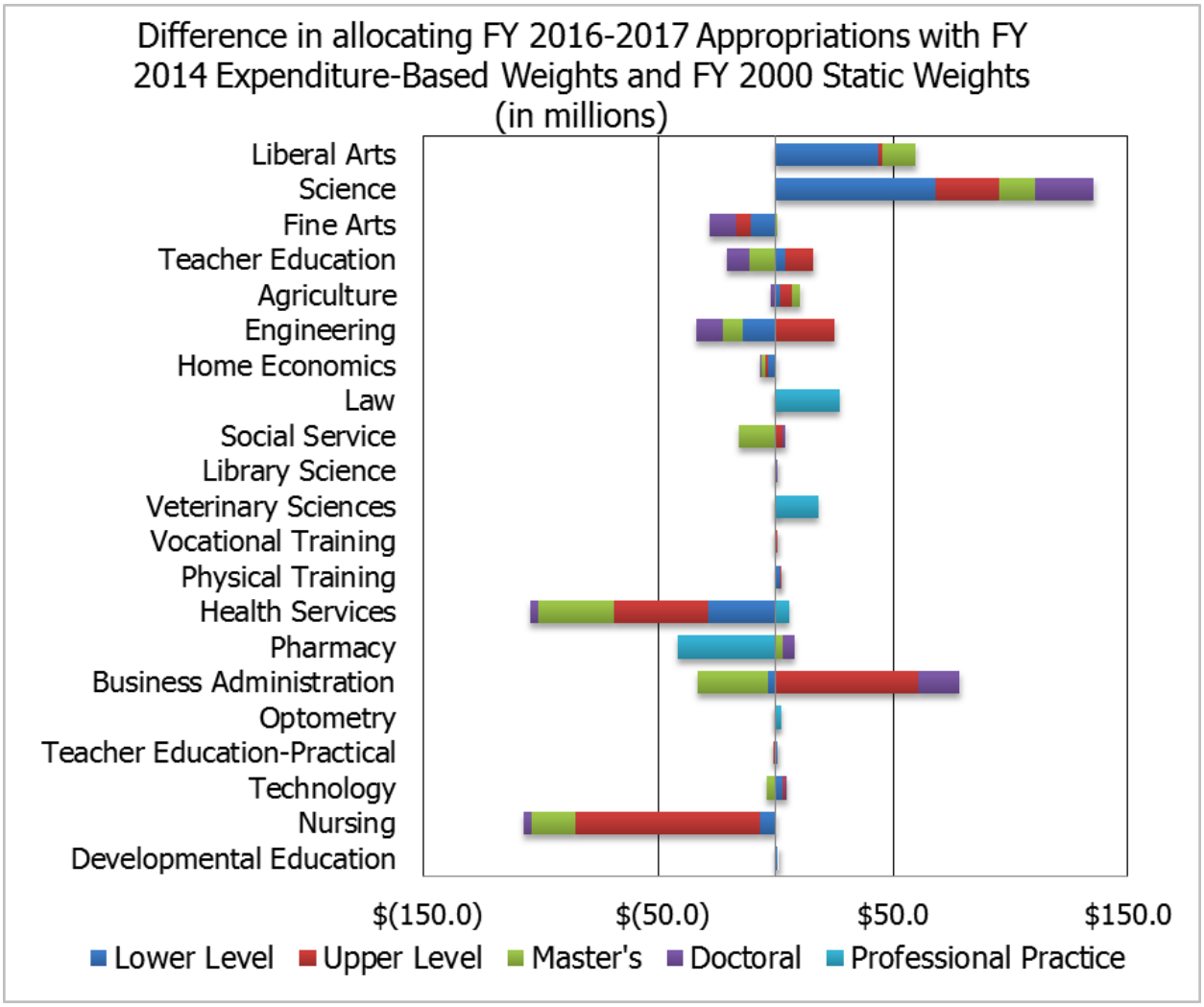
| Discipline (in millions) | Lower Level | Upper Level | Master's | Doctoral | Professional Practice | Total |
|---|---|---|---|---|---|---|
| Liberal Arts | $418 | $298 | $ 123 | $ 101 | | $939 |
| Science | 295 | 243 | 103 | 156 | | 797 |
| Engineering | 106 | 209 | 236 | 166 | | 718 |
| Business | 55 | 249 | 139 | 38 | | 480 |
| Teacher Ed | 15 | 73 | 85 | 47 | | 220 |
| Fine Arts | 83 | 63 | 24 | 12 | | 182 |
| Health | 21 | 46 | 29 | 8 | 6 | 110 |
| Nursing | 4 | 63 | 25 | 5 | | 97 |
| Agriculture | 18 | 28 | 15 | 7 | | 68 |
| Law | | | | | 63 | 63 |
| Veterinary | | | | | 58 | 58 |
| Technology | 14 | 23 | 7 | 0 | | 44 |
| Social | 3 | 13 | 20 | 3 | | 39 |
| Pharmacy | 0 | 1 | 4 | 9 | 23 | 37 |
| Home Economics | 11 | 16 | 5 | 3 | | 34 |
| Teacher Ed-P | 1 | 13 | | | | 13 |
| Optometry | | | | | 13 | 13 |
| Physical | 10 | 1 | | | | 11 |
| Library | 0 | 1 | 8 | 1 | | 10 |
| Developmental Ed | 5 | | | | | 5 |
| Vocational Training | 3 | 2 | | | | 4 |

## Comparison of Appropriations as Allocated using FY 2014 Expenditure-Based Weights to FY 2000 Static Weights

Applying expenditure-based weights created allocation shifts. This chart shows the difference between allocating the 2016-2017 appropriations using the base year 2015 semester credit hours and the FY 2014 weights and using the base year 2015 semester credit hours and the FY 2000 static weights.

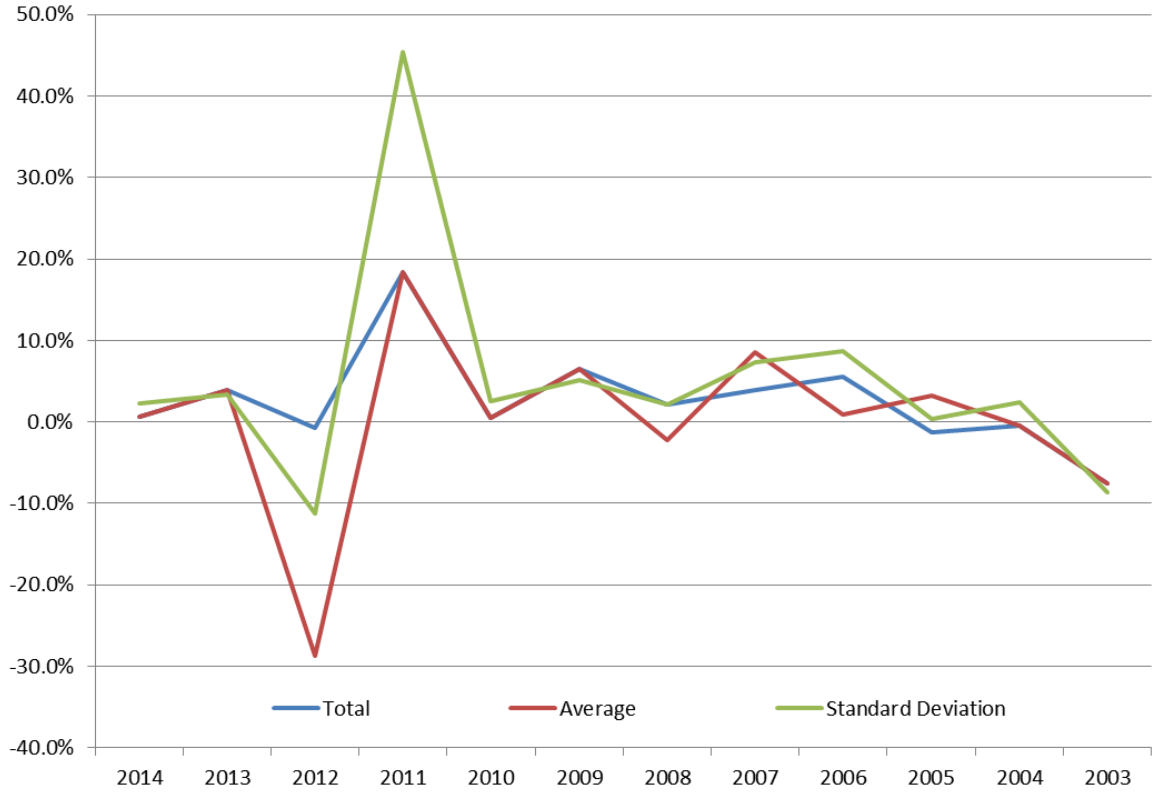
Bars to the right of center show that more of the appropriation is being allocated to a discipline at a given level using the expenditure-based weights than had the static weights been applied.

For example, the allocation to all levels of science increased nearly $140 million. Nursing on the other hand decreased $107 million.



| Discipline | Lower Level | Upper Level | Master's | Doctoral | Professional Practice | Total |
|---|---|---|---|---|---|---|
| Liberal Arts | $ 43.8 | $ 1.5 | $14.3 | $(0.3) | | $ 59.2 |
| Science | 68.3 | 27.2 | 15.0 | 25.1 | | 135.5 |
| Fine Arts | (10.5) | (6.5) | 0.8 | (11.3) | | (27.6) |
| Teacher Education | 4.3 | 11.5 | (11.2) | (9.6) | | (5.0) |
| Agriculture | 2.0 | 4.8 | 3.5 | (1.9) | | 8.3 |
| Engineering | (14.0) | 25.2 | (8.5) | (11.3) | | (8.6) |
| Home Economics | (3.1) | (1.4) | (1.4) | (0.3) | | (6.1) |
| Law | | | | | 27.4 | 27.4 |
| Social Service | 0.4 | 2.6 | (15.6) | 1.1 | | (11.4) |
| Library Science | 0.0 | 0.1 | (0.4) | 0.1 | | (0.2) |
| Veterinary Sciences | | | | | 18.4 | 18.4 |
| Vocational Training | 0.3 | 0.2 | | | | 0.5 |
| Physical Training | 1.9 | 0.0 | | | | 1.9 |
| Health Services | (28.9) | (40.2) | (31.8) | (3.6) | 5.9 | (98.6) |
| Pharmacy | (0.1) | 0.1 | 3.1 | 4.7 | (41.6) | (33.8) |
| Business Administration | (3.4) | 60.4 | (29.8) | 18.0 | | 45.2 |
| Optometry | | | | | 2.3 | 2.3 |
| Teacher Education-Practical | 0.0 | (1.0) | | | | (1.0) |
| Technology | 2.9 | 1.1 | (3.9) | 0.1 | | 0.1 |
| Nursing | (6.7) | (78.7) | (18.6) | (3.1) | - | (107.0) |
| Developmental Education | 0.5 | | | | | 0.5 |
| | $58 | $7 | $(85) | $8 | $12 | $(0) |

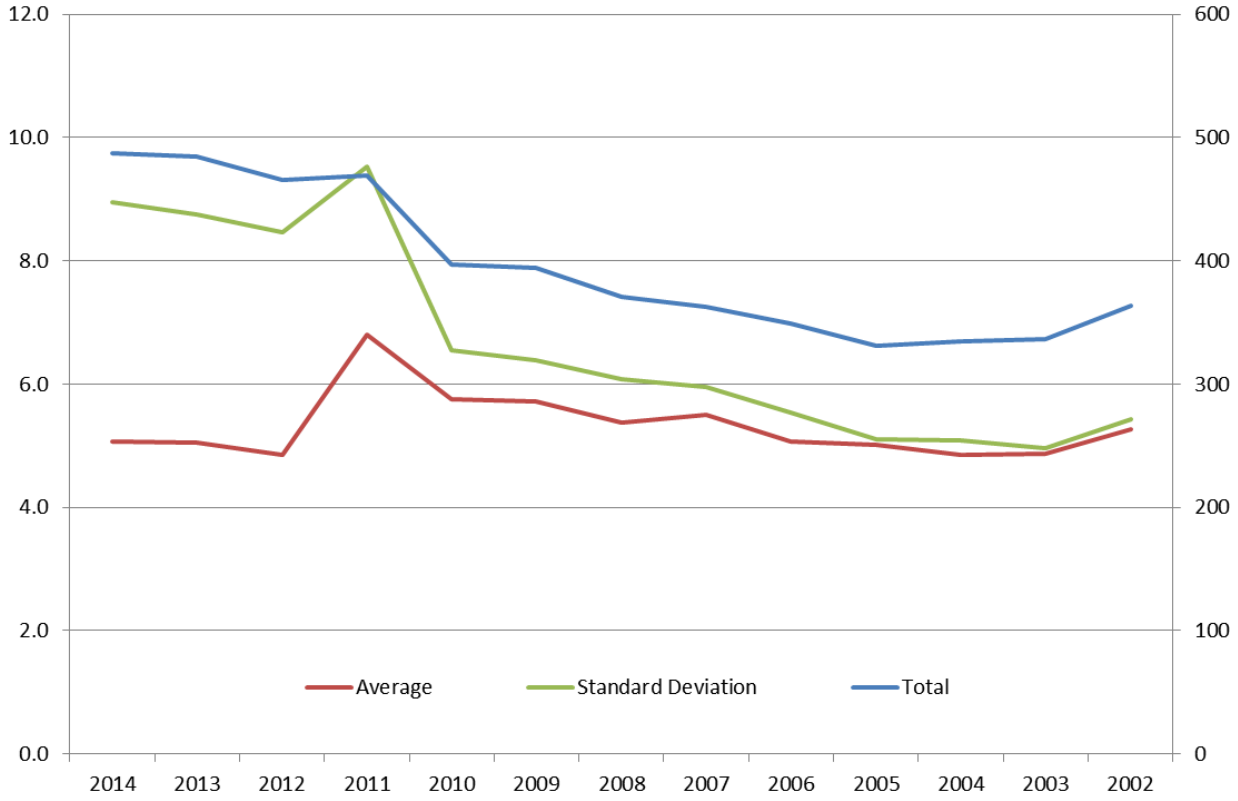
## Expenditure Study Relative Weight History Year-Over-Year Percent Change




| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 0.6% | 3.9% | -0.7% | 18.3% | 0.5% | 6% | 2% | 4% | 6% | -1% | 0% | -8% |
| Average | 0.6% | 3.9% | -28.6% | 18.3% | 0.5% | 6% | -2% | 9% | 1% | 3% | 0% | -8% |
| Standard Deviation | 2.2% | 3.4% | -11.2% | 45.4% | 2.5% | 5% | 2% | 7% | 9% | 0% | 2% | -9% |
| **Undergraduate Lower Level** | | | | | | | | | | | | |
| Science | -1% | 1% | 1% | 1% | 1% | 2% | 0% | 0% | 2% | -3% | -2% | -7% |
| Fine Arts | 1% | 0% | 1% | 1% | 1% | 1% | 1% | 0% | 1% | -1% | -1% | -3% |
| Teacher Education | 2% | 5% | 6% | 3% | 0% | -1% | 3% | 2% | 3% | -4% | -3% | -7% |
| Agriculture | 1% | -2% | 0% | 3% | 8% | 1% | -2% | -4% | 3% | -2% | 0% | -7% |
| Engineering | -3% | 0% | 1% | 0% | 0% | 0% | 2% | 4% | 16% | 8% | 7% | -6% |
| Home Economics | 5% | 2% | 1% | -1% | -1% | -2% | -1% | 3% | 0% | -2% | -4% | -3% |
| Social Service | 5% | -10% | 4% | -10% | -1% | -2% | 1% | -2% | -11% | -10% | -5% | 0% |
| Library Science | -5% | 3% | 1% | 4% | 8% | 17% | 13% | -3% | -10% | 2% | -3% | 9% |
| Vocational | -1% | 0% | 7% | -4% | -1% | -13% | -10% | -11% | 1% | -23% | -26% | -15% |
| Physical Training | 8% | 2% | 1% | -1% | 2% | 5% | 3% | -1% | 0% | -2% | 1% | -4% |
| Health Services | 0% | -2% | -4% | -4% | -3% | -1% | -5% | 0% | 2% | 0% | 0% | -6% |
| Pharmacy | 14% | 12% | -9% | 8% | 17% | 79% | -3% | -11% | -11% | -5% | -6% | -6% |
| Business Admin | 1% | 1% | 4% | 2% | 2% | -2% | 0% | 0% | 3% | 2% | 2% | 0% |
| Teacher Ed-Practical | 4% | 10% | 9% | 14% | 12% | 10% | 16% | 18% | 0% | -7% | -7% | 0% |
| Technology | -3% | -1% | 4% | 8% | 7% | 3% | 1% | 4% | 3% | 0% | -4% | -6% |
| Nursing | -5% | -4% | -2% | -5% | 4% | 1% | 2% | -4% | -1% | -6% | -4% | -5% |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Undergraduate Upper Level** | | | | | | | | | | | | |
| Liberal Arts | 1% | 2% | 1% | 0% | -1% | -1% | 0% | 0% | -2% | -2% | -2% | 0% |
| Science | -1% | 1% | 2% | 1% | -1% | -1% | 0% | 2% | 2% | -2% | -3% | -5% |
| Fine Arts | 2% | 2% | 3% | 2% | 1% | 0% | 0% | 0% | 0% | -1% | -1% | -3% |
| Teacher Education | 5% | 5% | 6% | 3% | 1% | -1% | 0% | 0% | -2% | -5% | -4% | -3% |
| Agriculture | 4% | 0% | 0% | 4% | 3% | -2% | -5% | -1% | 3% | 0% | 1% | -4% |
| Engineering | -2% | 0% | 0% | -3% | -3% | -1% | 3% | 6% | 11% | 6% | 3% | -4% |
| Home Economics | 5% | 1% | 1% | -1% | -1% | -1% | -2% | 0% | -2% | -4% | -3% | -4% |
| Social Service | 2% | -7% | 6% | -2% | 3% | -1% | 0% | -5% | -22% | -9% | -10% | 17% |
| Library Science | 4% | 11% | 13% | 7% | 4% | -1% | -3% | -2% | -11% | 0% | -6% | 10% |
| Vocational | 13% | 13% | 4% | 5% | 2% | -6% | -7% | -9% | 3% | -5% | 4% | 16% |
| Physical Training | 7% | 4% | 3% | -6% | -2% | -6% | -15% | -3% | 5% | 17% | 2% | 0% |
| Health Services | -3% | -2% | -2% | -3% | -4% | -5% | -5% | -2% | -1% | 0% | 0% | 0% |
| Pharmacy | -14% | 2% | 8% | 5% | 11% | 7% | 17% | 3% | 8% | -2% | 0% | -4% |
| Business Admin | 1% | 3% | 3% | 2% | 1% | -2% | 0% | 1% | 1% | 1% | 0% | 2% |
| Teacher Ed-Practical | 5% | 5% | 7% | 3% | 0% | -2% | -2% | 2% | 0% | 0% | 0% | -3% |
| Technology | -2% | 0% | -2% | 3% | 1% | 2% | -1% | 1% | 2% | 0% | -2% | -2% |
| Nursing | 1% | 3% | -2% | -7% | -6% | -4% | -3% | -1% | 2% | -3% | -1% | -8% |
| **Masters** | | | | | | | | | | | | |
| Liberal Arts | 2% | 2% | 0% | -1% | -4% | -3% | 1% | 3% | 5% | -4% | -1% | -10% |
| Science | 0% | -1% | -1% | -3% | -1% | 0% | 4% | 6% | 5% | -7% | -6% | -12% |
| Fine Arts | 4% | 5% | 1% | 1% | -1% | 0% | -1% | 2% | 8% | -1% | 0% | -12% |
| Teacher Education | 2% | 3% | 6% | 1% | -3% | -6% | -3% | 2% | 3% | -2% | -2% | -6% |
| Agriculture | -3% | 5% | 5% | 3% | 2% | -1% | -2% | 0% | 1% | 1% | 0% | -1% |
| Engineering | -7% | 0% | 1% | 2% | 0% | -2% | 1% | 6% | 17% | 5% | 3% | -11% |
| Home Economics | -3% | 0% | 2% | 4% | 0% | 1% | -3% | 4% | 2% | -6% | -6% | -11% |
| Social Service | 1% | -6% | 6% | -3% | 2% | -1% | -1% | -3% | -1% | -4% | -1% | -8% |
| Library Science | 7% | 7% | 12% | 5% | 4% | -2% | -1% | 0% | -1% | -7% | -6% | -6% |
| Health Services | -4% | -2% | -4% | -2% | -2% | 1% | -3% | -2% | -2% | -2% | 0% | -5% |
| Pharmacy | 10% | 14% | -2% | -1% | -1% | 18% | 18% | 0% | 5% | -6% | 14% | -3% |
| Business Admin | 1% | 3% | 2% | 1% | -3% | -5% | -2% | 2% | 6% | 1% | 0% | -5% |
| Optometry | -1% | 10% | -16% | 653% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Technology | 0% | 1% | 0% | 0% | -5% | -8% | -8% | 5% | 8% | -1% | -3% | -14% |
| Nursing | -4% | -1% | -6% | -8% | -8% | -6% | -5% | 0% | 3% | -3% | -2% | -13% |
| **Doctoral** | | | | | | | | | | | | |
| Liberal Arts | 5% | 5% | 4% | 1% | 0% | 0% | 0% | 1% | 5% | -3% | 0% | -12% |
| Science | -4% | -2% | 0% | 3% | 4% | -1% | -1% | 2% | 10% | 0% | 1% | -12% |
| Fine Arts | 1% | 3% | 3% | 3% | 2% | -2% | -2% | 1% | 8% | -1% | -1% | -11% |
| Teacher Education | -5% | -2% | 3% | 4% | -3% | -1% | 1% | 9% | 9% | -1% | -1% | -11% |
| Agriculture | 5% | 8% | 3% | 5% | 3% | -6% | -6% | 1% | 8% | 0% | 1% | -13% |
| Engineering | 0% | 3% | 4% | 4% | 1% | -1% | -1% | 4% | 11% | 0% | 0% | -14% |
| Home Economics | 1% | 2% | 8% | 7% | 4% | 5% | 3% | 9% | 7% | -6% | -5% | -17% |
| Social Service | 7% | 8% | 3% | 4% | 2% | 4% | 0% | 12% | 9% | -1% | -6% | -13% |
| Library Science | -3% | -3% | 7% | 24% | 29% | 13% | 5% | 2% | 13% | 5% | 2% | -7% |
| Health Services | 1% | 0% | -2% | 2% | 7% | 8% | 7% | 6% | -2% | -4% | -12% | -3% |
| Pharmacy | -6% | -3% | 7% | 5% | 12% | 3% | 1% | 7% | 9% | 3% | 3% | -4% |
| Business Admin | 2% | 1% | 1% | -1% | -4% | 1% | 7% | 12% | 17% | 3% | 4% | -12% |
| Optometry | 6% | 3% | -1% | 170% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Technology | 15% | 18% | -8% | 48% | -4% | -12% | | | | | | |
| Nursing | 2% | 3% | 1% | -8% | -7% | -7% | 1% | 2% | 7% | -4% | -1% | -15% |
| **Special Professional** | | | | | | | | | | | | |
| Law | 1% | 6% | 7% | 8% | 6% | 2% | 1% | 4% | 6% | 1% | 1% | -4% |
| Veterinary | 1% | 4% | 4% | 1% | 33% | -9% | 2% | 21% | 6% | -3% | 1% | -10% |
| Health Services | -4% | 1% | 2% | 3% | 7% | | | | | | | |
| Pharmacy | 2% | 1% | 4% | 2% | 5% | -1% | -1% | 0% | 4% | 3% | 0% | -2% |
| Optometry | 13% | 12% | 0% | -15% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |

## Expenditure Study Relative Weight History




| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total | 487 | 484 | 466 | 469 | 397 | 395 | 371 | 363 | 349 | 331 | 335 | 336 | 364 |
| Average | 5.1 | 5.0 | 4.9 | 6.8 | 5.7 | 5.7 | 5.4 | 5.5 | 5.1 | 5.0 | 4.9 | 4.9 | 5.3 |
| Standard Deviation | 8.9 | 8.7 | 8.5 | 9.5 | 6.6 | 6.4 | 6.1 | 5.9 | 5.5 | 5.1 | 5.1 | 5.0 | 5.4 |
| **Undergraduate Lower Level** | | | | | | | | | | | | | |
| Science | 1.78 | 1.79 | 1.78 | 1.76 | 1.75 | 1.74 | 1.71 | 1.71 | 1.71 | 1.68 | 1.73 | 1.76 | 1.89 |
| Fine Arts | 1.47 | 1.45 | 1.45 | 1.43 | 1.42 | 1.40 | 1.39 | 1.38 | 1.38 | 1.36 | 1.37 | 1.38 | 1.43 |
| Teacher Education | 1.63 | 1.60 | 1.53 | 1.45 | 1.41 | 1.41 | 1.42 | 1.38 | 1.35 | 1.31 | 1.36 | 1.40 | 1.50 |
| Agriculture | 2.07 | 2.04 | 2.08 | 2.09 | 2.03 | 1.88 | 1.87 | 1.90 | 1.97 | 1.91 | 1.95 | 1.95 | 2.10 |
| Engineering | 2.38 | 2.45 | 2.46 | 2.43 | 2.42 | 2.41 | 2.41 | 2.36 | 2.27 | 1.95 | 1.80 | 1.69 | 1.80 |
| Home Economics | 1.10 | 1.05 | 1.03 | 1.02 | 1.03 | 1.04 | 1.06 | 1.07 | 1.04 | 1.04 | 1.06 | 1.10 | 1.13 |
| Social Service | 1.68 | 1.60 | 1.77 | 1.70 | 1.88 | 1.90 | 1.94 | 1.91 | 1.96 | 2.19 | 2.42 | 2.56 | 2.57 |
| Library Science | 1.49 | 1.57 | 1.52 | 1.50 | 1.44 | 1.33 | 1.14 | 1.01 | 1.04 | 1.16 | 1.14 | 1.18 | 1.08 |
| Vocational Training | 1.45 | 1.46 | 1.46 | 1.37 | 1.42 | 1.44 | 1.66 | 1.84 | 2.06 | 2.03 | 2.63 | 3.54 | 4.16 |
| Physical Training | 1.51 | 1.40 | 1.37 | 1.36 | 1.38 | 1.35 | 1.29 | 1.25 | 1.26 | 1.26 | 1.29 | 1.28 | 1.34 |
| Health Services | 1.07 | 1.07 | 1.09 | 1.14 | 1.19 | 1.23 | 1.24 | 1.31 | 1.31 | 1.29 | 1.29 | 1.29 | 1.37 |
| Pharmacy | 1.86 | 1.63 | 1.45 | 1.60 | 1.48 | 1.27 | 0.71 | 0.73 | 0.82 | 0.92 | 0.97 | 1.03 | 1.09 |
| Business Administration | 1.19 | 1.18 | 1.17 | 1.13 | 1.11 | 1.09 | 1.11 | 1.12 | 1.12 | 1.09 | 1.07 | 1.05 | 1.05 |
| Teacher Education-Practical | 2.28 | 2.19 | 2.00 | 1.83 | 1.60 | 1.43 | 1.30 | 1.13 | 0.95 | 0.95 | 1.02 | 1.10 | 1.10 |
| Technology | 2.26 | 2.32 | 2.35 | 2.27 | 2.10 | 1.96 | 1.90 | 1.88 | 1.81 | 1.76 | 1.76 | 1.83 | 1.95 |
| Nursing | 1.72 | 1.81 | 1.88 | 1.92 | 2.03 | 1.96 | 1.95 | 1.91 | 1.98 | 1.99 | 2.12 | 2.20 | 2.31 |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Undergraduate Upper Level** | | | | | | | | | | | | | |
| Liberal Arts | 1.76 | 1.74 | 1.71 | 1.69 | 1.69 | 1.70 | 1.72 | 1.72 | 1.72 | 1.75 | 1.79 | 1.83 | 1.83 |
| Science | 3.02 | 3.04 | 3.02 | 2.95 | 2.93 | 2.95 | 2.97 | 2.97 | 2.92 | 2.86 | 2.93 | 3.01 | 3.16 |
| Fine Arts | 2.52 | 2.48 | 2.43 | 2.37 | 2.33 | 2.31 | 2.32 | 2.32 | 2.32 | 2.31 | 2.33 | 2.35 | 2.42 |
| Teacher Education | 2.08 | 1.99 | 1.89 | 1.79 | 1.74 | 1.73 | 1.74 | 1.73 | 1.74 | 1.78 | 1.87 | 1.94 | 1.99 |
| Agriculture | 2.75 | 2.65 | 2.66 | 2.65 | 2.54 | 2.46 | 2.52 | 2.64 | 2.68 | 2.59 | 2.59 | 2.56 | 2.66 |
| Engineering | 3.52 | 3.58 | 3.58 | 3.59 | 3.70 | 3.82 | 3.87 | 3.77 | 3.56 | 3.21 | 3.04 | 2.96 | 3.09 |
| Home Economics | 1.75 | 1.66 | 1.65 | 1.64 | 1.66 | 1.68 | 1.70 | 1.74 | 1.74 | 1.77 | 1.84 | 1.89 | 1.96 |
| Social Service | 2.05 | 2.01 | 2.16 | 2.04 | 2.09 | 2.03 | 2.05 | 2.05 | 2.17 | 2.78 | 3.05 | 3.39 | 2.90 |
| Library Science | 1.57 | 1.51 | 1.36 | 1.20 | 1.12 | 1.08 | 1.09 | 1.12 | 1.14 | 1.28 | 1.28 | 1.36 | 1.24 |
| Vocational Training | 2.64 | 2.33 | 2.06 | 1.98 | 1.89 | 1.86 | 1.97 | 2.12 | 2.32 | 2.25 | 2.37 | 2.28 | 1.96 |
| Physical Training | 1.26 | 1.18 | 1.14 | 1.11 | 1.18 | 1.20 | 1.28 | 1.50 | 1.55 | 1.47 | 1.26 | 1.23 | 1.23 |
| Health Services | 1.65 | 1.70 | 1.73 | 1.76 | 1.81 | 1.89 | 1.98 | 2.08 | 2.12 | 2.14 | 2.13 | 2.13 | 2.14 |
| Pharmacy | 5.02 | 5.85 | 5.71 | 5.28 | 5.02 | 4.53 | 4.24 | 3.62 | 3.52 | 3.26 | 3.33 | 3.32 | 3.45 |
| Business Administration | 1.88 | 1.86 | 1.81 | 1.75 | 1.71 | 1.70 | 1.73 | 1.74 | 1.72 | 1.70 | 1.68 | 1.68 | 1.65 |
| Teacher Education-Practical | 2.13 | 2.02 | 1.92 | 1.79 | 1.74 | 1.74 | 1.78 | 1.82 | 1.79 | 1.79 | 1.79 | 1.79 | 1.85 |
| Technology | 2.41 | 2.45 | 2.46 | 2.52 | 2.45 | 2.42 | 2.38 | 2.40 | 2.37 | 2.33 | 2.34 | 2.38 | 2.42 |
| Nursing | 2.11 | 2.08 | 2.01 | 2.06 | 2.21 | 2.35 | 2.45 | 2.52 | 2.55 | 2.51 | 2.59 | 2.62 | 2.86 |
| **Masters** | | | | | | | | | | | | | |
| Liberal Arts | 4.00 | 3.94 | 3.87 | 3.87 | 3.91 | 4.07 | 4.18 | 4.15 | 4.03 | 3.85 | 3.99 | 4.02 | 4.49 |
| Science | 7.53 | 7.54 | 7.59 | 7.70 | 7.97 | 8.07 | 8.09 | 7.76 | 7.30 | 6.93 | 7.43 | 7.92 | 9.00 |
| Fine Arts | 6.03 | 5.82 | 5.55 | 5.48 | 5.41 | 5.44 | 5.43 | 5.48 | 5.38 | 4.97 | 5.01 | 5.00 | 5.70 |
| Teacher Education | 2.56 | 2.51 | 2.43 | 2.30 | 2.27 | 2.34 | 2.48 | 2.56 | 2.50 | 2.43 | 2.49 | 2.55 | 2.71 |
| Agriculture | 7.80 | 8.08 | 7.71 | 7.33 | 7.13 | 7.01 | 7.07 | 7.20 | 7.23 | 7.15 | 7.09 | 7.11 | 7.16 |
| Engineering | 7.10 | 7.64 | 7.66 | 7.58 | 7.46 | 7.47 | 7.63 | 7.59 | 7.13 | 6.12 | 5.83 | 5.64 | 6.37 |
| Home Economics | 3.01 | 3.10 | 3.09 | 3.02 | 2.89 | 2.88 | 2.86 | 2.94 | 2.83 | 2.77 | 2.94 | 3.13 | 3.51 |
| Social Service | 2.93 | 2.89 | 3.07 | 2.89 | 2.98 | 2.93 | 2.97 | 3.00 | 3.08 | 3.11 | 3.25 | 3.28 | 3.55 |
| Library Science | 3.60 | 3.38 | 3.16 | 2.83 | 2.69 | 2.58 | 2.63 | 2.65 | 2.64 | 2.68 | 2.87 | 3.06 | 3.25 |
| Health Services | 2.79 | 2.90 | 2.96 | 3.08 | 3.15 | 3.23 | 3.21 | 3.32 | 3.40 | 3.47 | 3.53 | 3.54 | 3.71 |
| Pharmacy | 28.29 | 25.82 | 22.60 | 23.10 | 23.26 | 23.49 | 19.87 | 16.81 | 16.87 | 16.10 | 17.15 | 15.11 | 15.60 |
| Business Administration | 3.39 | 3.35 | 3.25 | 3.19 | 3.16 | 3.26 | 3.42 | 3.49 | 3.41 | 3.22 | 3.20 | 3.20 | 3.37 |
| Optometry | 37.52 | 37.77 | 34.48 | 41.14 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 | 5.46 |
| Technology | 3.89 | 3.90 | 3.86 | 3.87 | 3.86 | 4.07 | 4.41 | 4.81 | 4.57 | 4.25 | 4.29 | 4.40 | 5.13 |
| Nursing | 3.34 | 3.49 | 3.52 | 3.75 | 4.08 | 4.45 | 4.73 | 4.99 | 4.98 | 4.84 | 5.01 | 5.13 | 5.87 |
| **Doctoral** | | | | | | | | | | | | | |
| Liberal Arts | 10.77 | 10.22 | 9.72 | 9.33 | 9.22 | 9.26 | 9.29 | 9.31 | 9.19 | 8.72 | 9.02 | 9.00 | 10.20 |
| Science | 20.61 | 21.41 | 21.82 | 21.78 | 21.08 | 20.30 | 20.52 | 20.72 | 20.25 | 18.41 | 18.46 | 18.35 | 20.83 |
| Fine Arts | 7.95 | 7.89 | 7.64 | 7.44 | 7.21 | 7.07 | 7.19 | 7.32 | 7.23 | 6.70 | 6.78 | 6.82 | 7.69 |
| Teacher Education | 7.42 | 7.77 | 7.95 | 7.70 | 7.37 | 7.58 | 7.64 | 7.55 | 6.94 | 6.38 | 6.47 | 6.51 | 7.28 |
| Agriculture | 11.77 | 11.21 | 10.42 | 10.12 | 9.62 | 9.35 | 9.91 | 10.56 | 10.44 | 9.68 | 9.71 | 9.66 | 11.13 |
| Engineering | 17.98 | 17.92 | 17.34 | 16.75 | 16.03 | 15.81 | 15.96 | 16.16 | 15.55 | 14.00 | 14.07 | 14.14 | 16.35 |
| Home Economics | 8.67 | 8.55 | 8.37 | 7.77 | 7.24 | 6.97 | 6.62 | 6.41 | 5.88 | 5.48 | 5.84 | 6.13 | 7.40 |
| Social Service | 18.18 | 17.01 | 15.76 | 15.32 | 14.69 | 14.40 | 13.84 | 13.80 | 12.31 | 11.32 | 11.49 | 12.28 | 14.09 |
| Library Science | 12.06 | 12.41 | 12.74 | 11.95 | 9.64 | 7.50 | 6.65 | 6.32 | 6.17 | 5.45 | 5.20 | 5.10 | 5.48 |
| Health Services | 9.86 | 9.77 | 9.75 | 9.93 | 9.75 | 9.14 | 8.49 | 7.97 | 7.49 | 7.66 | 7.95 | 9.05 | 9.30 |
| Pharmacy | 35.14 | 37.34 | 38.52 | 36.07 | 34.22 | 30.57 | 29.55 | 29.37 | 27.34 | 25.19 | 24.39 | 23.58 | 24.63 |
| Business Administration | 23.92 | 23.52 | 23.21 | 23.05 | 23.34 | 24.41 | 24.27 | 22.73 | 20.27 | 17.31 | 16.82 | 16.14 | 18.37 |
| Optometry | 55.92 | 52.61 | 50.88 | 51.63 | 19.12 | 19.12 | 19.12 | 19.12 | 19.12 | 19.12 | 19.12 | 19.12 | 19.12 |
| Technology | 5.20 | 4.53 | 3.85 | 4.19 | 2.84 | 2.95 | 3.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nursing | 8.99 | 8.85 | 8.60 | 8.55 | 9.25 | 9.94 | 10.64 | 10.52 | 10.29 | 9.61 | 9.96 | 10.07 | 11.85 |
| **Special Professional** | | | | | | | | | | | | | |
| Law | 5.13 | 5.08 | 4.81 | 4.48 | 4.15 | 3.92 | 3.86 | 3.81 | 3.66 | 3.44 | 3.41 | 3.37 | 3.52 |
| Veterinary Sciences | 22.03 | 21.91 | 21.15 | 20.27 | 20.04 | 15.05 | 16.53 | 16.20 | 13.34 | 12.62 | 12.98 | 12.85 | 14.35 |
| Health Services | 2.64 | 2.74 | 2.72 | 2.67 | 2.60 | 2.42 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Pharmacy | 4.32 | 4.25 | 4.20 | 4.03 | 3.97 | 3.77 | 3.79 | 3.84 | 3.85 | 3.69 | 3.58 | 3.57 | 3.64 |
| Optometry | 7.58 | 6.71 | 5.98 | 5.98 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |

## Fiscal Year 2012 Expenditure Study Counts of Institutions Reporting Hours for Discipline and Level Combinations

| Discipline | UGL | UGU | MAS | DOC | SP |
|---|---|---|---|---|---|
| Liberal Arts | 37 | 38 | 38 | 23 | |
| Science | 37 | 38 | 36 | 17 | |
| Fine Arts | 35 | 35 | 27 | 7 | |
| Teacher Education | 36 | 37 | 37 | 24 | |
| Agriculture | 15 | 16 | 15 | 8 | |
| Engineering | 36 | 37 | 31 | 16 | |
| Home Economics | 31 | 30 | 26 | 7 | |
| Law | | | | | 5 |
| Social Service | 25 | 26 | 10 | 3 | |
| Library Science | 9 | 8 | 10 | 3 | |
| Veterinary Science | | | | | 1 |
| Vocational Training | 13 | 9 | | | |
| Physical Training | 28 | 4 | | | |
| Health Services | 34 | 35 | 28 | 11 | 6 |
| Pharmacy | 1 | 3 | 4 | 3 | 3 |
| Business Administration | 37 | 38 | 38 | 18 | |
| Optometry | | | | | 1 |
| Teacher Ed-Practical | 9 | 37 | | | |
| Technology | 35 | 35 | 24 | 3 | |
| Nursing | 19 | 22 | 18 | 6 | |

### Veterinary Science

- Provided by Texas A&M University
- The Association of American Veterinary Medical Colleges lists 30 U.S. veterinary medical colleges. Efforts to include these cost data into our study have been unsuccessful due to our specific reporting requirements. Other states' institutions do not collect the data, do not discretely categorized the colleges, or report with categories too different to convert.
- The semester credit hours used for this discipline's expense per semester credit hour are the program's reported headcount times 24 instead of the Class Report (CBM004) semester credit hours. This adjustment allows the formula to more closely match the general revenue funded by the Legislature prior to merging the program into the relative weight matrix. The program's class report hours are used in the base year data.
- For the 2016-2017 biennium, the program accounted for 23,676 hours included in the 14,452,702 base year hours (0.16 percent). These hours generated $57,783,216 in formula funding (23,676 semester credit hours at a weight of 22.03 and a funding rate of $55.39) and accounted for 1.5 percent of the $3.942 billion appropriated to the operations support formula and teaching experience supplement.

### Pharmacy Undergraduate Lower-Level

- One course offered in base year 2015 by The University of Texas at Austin - PHR 338 – Introduction to Pharmacology.
- The two sections included 66 undergraduate lower-level students and 112 undergraduate upper-level students. They generated 537 undergraduate lower-level semester credit hours, 999 weighted semester credit hours, and $110,654 in formula funding (537 semester credit hours at a weight of 1.86 and a rate of $55.39).

### Optometry

- Provided by the University of Houston
- Cost-based weight implemented in 2014-2015.
- The Association of Schools and Colleges of Optometry lists 21 U.S. optometry schools. Attempts to include their cost data into our expenditure study have been unsuccessful for the same reasons as with Veterinary Medicine.
- The program had 7,482 enrollments in 583 courses for base year 2015. These enrollments generated 15,987 semester credit hours, 121,181 weighted semester credit hours, and $13,425,024 in formula funding (121,181 semester credit hours at a weight of 7.58 and a rate of $55.39). This was about 0.3 percent of the $3.942 billion appropriated to the operations support formula and teaching experience supplement.

**Charge 2** – Study and make recommendations for alternative approaches to incorporating undergraduate student success measures into the funding formulas and compare the effects of funding the success measures within the formula versus applying the success measures as a separate formula. (TEC, Section 61.0593)

TEC, Section 61.0593 requires the THECB to consider incorporating undergraduate success measures into its formula funding recommendation to the legislature. See appendix A on the specifics of those requirements.

The committee last recommended outcomes to be funded at $235 million in addition to the other formulas and after those formulas were funded at the levels recommended by the committee. The recommended amount was 10 percent of the undergraduate operations support funding. The funding was to be allocated by the points generated by the three-year average of seven factors:

1. **Total Undergraduate Degrees** – undergraduate degrees awarded at the institution.
2. **Total Undergraduate Degrees adjusted by 6-Year Graduation Rate** – Undergraduates degrees awarded times the institution's six-year graduation rate.
3. **Total Undergraduate Degrees per 100 Undergraduate FTSE** – Undergraduate degrees awarded per 100 full-time student equivalents (FTSE).
4. **At-Risk Student** – Undergraduate degrees awarded to students who meet federal criteria for being at-risk of not completing.
5. **Retention** – Students who complete their 30th, 60th, and 90th hour at the institution.

These metrics were scaled for comparability.

| Metric | Scale |
|---|---|
| Total Undergraduate Degrees | 1.0 |
| Total Undergraduate Degrees, adjusted by 6-Year Graduation Rate | 7.0 |
| Total Undergraduate Degrees, per 100 Undergraduate FTSE | 25.0 |
| At-Risk Students | 7.0 |
| Retention to 30 Semester Credit Hours | 1.5 |
| Retention to 60 Semester Credit Hours | 2.5 |
| Retention to 90 Semester Credit Hours | 4.0 |

Additionally, institutions were permitted to weight each metric to customize the model to best fit the institutions' mission using the following set of weights.

| Selection | Weight |
|---|---|
| 1 | 25% |
| 2 | 25% |
| 3 | 20% |
| 4 | 15% |
| 5 | 10% |
| 6 | 5% |
| 7 | 0% |
| Total | 100% |

The model was to include a phase-in so that no institution's percentage of the outcomes-based funding would be more than 0.5 percent less than its percentage of the operations support funding.

The Board endorsed the recommendation and forwarded it unchanged to the Legislature.

Outcomes-based formula allocations distributed funds for both the community and technical college sectors in the 2016-2017 biennium. Student success points allocated ten percent of community college contact hour funding. All technical college instruction and administration funding was allocated using the value-add formula, which uses average post award student wages to distribute funding.

## Other State's Current Use of Outcomes-Based Funding

The National Conference of State Legislatures offers the following design tips for establishing outcomes-based funding:

- Put enough funding at stake to create an incentive for institutions to improve results, and decide whether the funding will come from new money or base funds. Most states are putting aside 5 percent to 25 percent of higher education dollars for performance funding.
- Allow postsecondary institutions with different missions to be measured by different standards. For example, research universities could be rewarded for research and development performance, while community colleges could be rewarded for workforce training results.
- Engage all stakeholders—policymakers, higher education leaders and faculty members—in the design of the funding system.
- Phase in the performance funding system to make the transition easier.
- Keep the funding formula simple, with unambiguous metrics, so expectations are clear to everyone.
- Maintain focus on the goal of improving college completion, while rewarding both progress and success. States can reward colleges not only for increased degree production, but also for retaining students year to year and for helping students transfer between institutions.
- Include a measure to reward colleges that graduate low-income, minority and adult students to ensure that institutions keep serving these populations.
- Align the funding formula with state economic and workforce needs by providing performance funding to those colleges that are graduating students in high-priority fields.
- Preserve academic quality by incorporating student learning measurements into the performance funding system.

Additionally, the organization has compiled a list of states' use of outcomes-based funding. http://www.ncsl.org/issues-research/educ/performance-funding.aspx.

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| Arizona | In place at four-year institutions | For Fiscal Years 2013 and 2014, $5 million per year was allocated through the performance formula. Beginning in Fiscal Year 2016 all budget requests and allocations above the base funding amount will | • Degrees awarded<br>  ○ 15% bonus for certain high demand degrees<br>• Completed student credit hours measured in milestones of 24 completed credit hours<br>• External research and public service dollars brought into the university system | Ariz. Rev. Stat. Ann. § 15-1626<br><br>Arizona Board of Regents Performance Funding Model |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | be allocated according to the performance funding formula developed by the Board of Regents. | Metrics are based on a three-year rolling average of data and are weighted based on institutional mission. Degrees awarded and completed student credit hours are also weighted by cost and degree level. | |
| Arkansas | In place at two- and four-year institutions | Five percent of funding in the 2012-2013 school year, and increasing by 5% increments until capped at 25% during the 2017-2018 school year. The remaining 75 percent of funding will be based on enrollment and institutional needs. | Performance measures are organized into mandatory, compensatory, and optional categories. Mandatory measures vary by institutional type and account for forty percent of all performance funding with the remainder based on optional measures selected by each institution. The four mandatory measures for four-year institutions are:<br>• Bachelor credentials earned<br>• Total credentials earned<br>• Student progression toward degree completion<br>• STEM credentials earned<br>The number of undergraduates receiving Pell Grants is the compensatory measure and is an adjustment that rewards institutions for the success low-income students.<br>Four-year institution optional measures include: high demand credentials, minority graduates, non-traditional graduates, remedial graduates, Pell Grant (low income) graduates, transfer graduates, course completion, remedial/developmental course completion, progression rate, regional economic needs programs, expenditure of federal awards, patents, and new company start-ups. | 2011 SB 766<br><br>Department of Higher Education performance funding website |
| Colorado | In transition | The Colorado Commission on Higher Education has proposed a formula that will begin in 2016-17 if | The Colorado Commission on Higher Education proposed metrics for retention and completion with additional weights for type of credential earned. | 2014 HB 1319<br>Department of Higher Education outcomes-based funding website |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | approved by the Legislature. Under the proposed formula, 56% of funding will be a College Opportunity Fund stipend. The remaining funding will be allocated as follows:<br>60% for Role and Mission<br>40% for Performance | | |
| Florida | In place at four-year institutions | For FY 2015, $200 million was allocated according to the performance funding formula—$100 million in new state funding, $65 million from institutional base budgets, and $35 million from University System of Florida initiatives.<br>In January 2014, the Board of Governors adopted a revised performance funding formula. Under the new formula, the amount of new state funding appropriated by the Legislature for performance funding will be matched by an equal amount reallocated from the university's base funding. Each institution is assigned a value between 1 | The new model adopted by the Board of Governors uses the following 10 metrics.<br>• Percent of bachelor's graduates employed and/or continuing their education further one year after graduation<br>• Median average full-time wages of undergraduates employed in Florida one year after graduation<br>• Average cost per undergraduate to the institution<br>• Six Year Graduation Rate<br>• Academic Progress Rate (2nd Year Retention with GPA Above 2.0)<br>• Bachelor's Degrees Awarded in Areas of Strategic Emphasis<br>• University Access Rate (Percent of Undergraduates with a Pell-grant)<br>• Graduate Degrees Awarded in Areas of Strategic Emphasis (applies to all institutions except New College)<br>  ○ Freshman in Top 10% of Graduating High School Class (only applies to New College) | Fla. Stat. § 1011.905<br>New model adopted January, 2014<br>Board of Governors performance-based funding website |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | and 5 based on performance of the 10 metrics. To receive the new performance funding, institutions must earn more than 25 points. Any institution not receiving at least 25 points or the three lowest score institutions will not receive any new funds. To retain base funding, institutions must earn more than 25 points. If institutions earn at least 26 points, then they are eligible to receive additional funding with the highest scoring universities eligible for more funding. Institutions not earning more than 25 points will incur a reduction in base funding that will be capped at 1 percent in the first year of the formula. | • Metric chosen by Board of Governors<br>• Metric chosen by Board of Trustees | |
| Georgia | In transition | Beginning in FY 2016, all new money appropriated will be based on institutional performance. | While the specific measures are still being developed, the following elements are being considered:<br>• Student progression<br>• Degrees conferred<br>• Success of low-income and adult learners | Higher Education Funding Commission Report |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | • Institution specific measures to account for different missions and strategic initiatives | |
| Hawaii | In place at two-year institutions | | | |
| Illinois | In place at two- and four-year institutions | Less than 1% of base funding | Measures for four-year institutions:<br>• Bachelor's degrees<br>• Master's degrees<br>• Doctoral and professional degrees<br>• Undergraduate degrees per 100 FTE<br>• Research and public service expenditures<br>• Graduation rate - 150% of time<br>• Persistence-completed 24 semester hours in one year<br>• Cost per credit hour<br>• Cost per completion<br>Measures for two-year institutions:<br>• Degree and certificate completion<br>• Degree and certificate completion of "At Risk" students<br>• Transfer to a four-year institution<br>• Transfer to a community college<br>• Remedial and adult education advancement<br>• Momentum points<br><br>Additional weight is provided for graduates who are low-income, adult, Hispanic, African American, majored in a STEM or health care field. | Public Act 97-320 Higher Education Performance Funding Steering Committee |
| Indiana | In place at two- and | 6% for FY 2014 and FY 2015 | Metrics for two- and four-year institutions include:<br>• Degree completion<br>• At-risk degree completion | Indiana Commission for Higher Education |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | four-year institutions | | • High impact degree completion<br>• Persistence<br>• Remediation success<br>• On-time graduation<br>• Institution selected measure | performance funding website |
| Iowa | In transition | The Iowa Board of Regents approved a new funding model that will allocate 40 percent of state funding based on outcomes metrics and the remaining 60 percent on in-state enrollment. Iowa is expected to transition to the new formula over the next three years. | Metrics for the four-year universities include:<br>• 15% for progress and attainment<br>• 10% for access<br>• 5% proportional weighting of all graduate and professional students based on FTE enrollment<br>• 10% based on Regent-selected metrics<br>The remaining 60% of funding will be based on resident FTE enrollment. | Performance-based funding taskforce report |
| Kansas | In place at two-year and four-year institutions | New state funds | Institutions submit a Performance Agreement to the Board of Regents for approval once every three years—performance is evaluated annually. The metrics used to evaluate performance are specific to each institution.<br>Four-year institutions must include at least three indicators below in the performance agreements. One of those indicators must include Goal Three. In addition, institutions must also include three indicators specific to the institution, which support the state's current 10-year strategic agenda.<br>1. Increasing Higher Education Attainment<br>  ○ First to second year retention rates<br>  ○ Number of certificates and degrees awarded | Kan. Stat. Ann. § 74-3302d<br>Kansas Board of Regents Performance Agreements |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | ○ Six-year graduation rates<br>2. Meeting the Needs of the Kansas Economy<br>○ Performance of students on institutional assessments<br>○ Percent of certificates and degrees awarded in STEM fields<br>3. Ensuring State University Excellence<br>○ Selected regional and national rankings (research universities only)<br>○ Performance on quality measures compared to peers (comprehensive universities only) | |
| Louisiana | In place at two- and four-year institutions | 15% of base appropriations—institutions can also receive permission to raise tuition by 10% without legislative approval. | Institutions enter into performance agreements with the Louisiana Board of Regents. These agreements establish annual performance targets that are unique to each institution's mission and based on objectives established in the GRAD Act.<br>• Metrics address the following categories:<br>○ Student success<br>○ Change in retention<br>○ Number of degree and certificate completers<br>○ Increase passage rates on licensure and certification exams<br>• Articulation and transfer<br>• Workforce and economic development<br>○ Employment of degree and certificate earners<br>○ Research productivity<br>• Institutional efficiency and accountability | 2014 SB 337<br>GRAD Act<br>Board of Regents Master Plan |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| Maine | In place at four-year institutions | Starting with 5% of base funding in FY 2014 and increasing by 5% increments each year until 30% of base funding is allocated based on performance. | Metrics include:<br>• Degrees awarded—additional points awarded for community college transfer students, adults over age 30 earning degrees, and Pell Grant recipients<br>• Degrees in STEM, Allied Health, and other high priority fields<br>• Number of research grants and contracts received during the year<br>• Dollar value of research grants and contracts received during the year<br>• Number of degrees awarded per $100,000 of net tuition and fee revenues and State Education and General appropriations scaled by matriculated FTE | University of Main System Outcomes-Based Funding Report<br>FY 2015 formula modifications |
| Massachusetts | In place at two-year institutions | After an amount is set aside for operational support, 50% of the remaining funding is considered base funding and allocated according to the number of completed semester credit hours. The remaining 50% of funding is awarded based on performance metrics. | Metrics include:<br>• Certificate completions<br>• Associate completions<br>• Transfers<br>• 30 credits achieved<br>• First full math and English courses completed<br>• Degrees and certificates per 100 FTE students<br>• Degrees and certificates awarded to Pell Grant recipients and in high demand fields are weighted more | FY 2014 Budget --see 7100-4000 |
| Michigan | In place at two- and four-year institutions | For FY 2014-15, $37.3 million in new appropriations for universities was allocated | In order to receive performance funding, universities had to meet four requirements:<br>1. Limit resident tuition increases to 3.2% or lower | FY2014-15 Higher Education Budget and Performance Funding |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | based on performance metrics.<br>For FY 2014-15, $8.9 million in new appropriations for community colleges was allocated based on performance metrics. | 2. Participate in at least three reverse transfer agreements with community colleges<br>3. Maintain a dual enrollment credit policy that does not consider whether credits were used toward high school graduation<br>4. Participate in the Michigan Transfer Network<br><br>Performance metrics for universities:<br>• Undergraduate degree completions in critical skill areas<br>• Research and development expenditures<br>• National comparisons to Carnegie peers on the following measures:<br>o six-year graduation rate<br>o total degree completions<br>o institutional support as a percentage of core expenditures<br>o Pell Grant recipients | |
| Minnesota | In place at two- and four-year institutions | 5% of base funding is reserved until institutions meet three out of five performance goals. | Performance goals for Minnesota State Colleges and Universities:<br>• Increase degrees, diplomas, and certificates by at least four percent<br>• Increase persistence and completion rate by at least one percent<br>• Increase employment rate for graduates by at least four percent<br>• Collect data on the number of Open Educational Resources tools and services offered and formulate a plan to actualize a one percent reduction in expenses directly | 2013 SF 1236 |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | related to the cost of instruction incurred by students<br>• Reallocate $22,000,000 that became available through expense realignment<br><br>Performance goals for the University of Minnesota system:<br>• Increase graduation rates for low-income students by one percent<br>• Increase total number of STEM degrees by three percent<br>• Increase graduation rates by one percent<br>• Decrease administrative costs by $15 million<br>• Increase invention disclosures by three percent | |
| Mississippi | In place at four-year institutions | After a base amount is set aside for operational support, the remaining funding is divided as follows: 90% of funding is allocated based on the number of credit hours completed and the remaining 10% of funding is allocated based on progress toward priorities established by the Board of Trustees. | The following metrics are used to allocate the 10% of funding based on progress toward priorities established by the Board of Trustees.<br>1. Attainment Outcomes<br>a. Degrees Awarded<br>b. At-Risk Students (Pell Recipient, ACT score of less than 19, 25 years and older)<br>c. Priority Fields (STEM, Health, Education)<br>2. Intermediate Outcomes<br>a. Number of students with anACT score of 19 or lower who successfully complete first college-level English or math course<br>b. Number of students who complete 30 credit hours | 2011 HB 875 Performance Allocation Model Summary |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | c. Number of students who complete 60 credit hours<br>3. Research Activity<br>a. Includes research expenditures, technology transfer/ entrepreneurship data and patents/licenses—research universities only<br>4. Productivity Outcomes<br>a. Number of undergraduate degrees awarded per 100 FTE<br>b. Number of graduate degrees awarded per 100 FTE<br>c. Number of degrees award per $100,000 in revenue | |
| Missouri | In place at two- and four-year institutions | The current formula only applies to new appropriations. | Metrics for four-year institutions:<br>• Student Success and Progress (institutions will choose one):<br>○ Freshman to sophomore retention,<br>○ First-time, full-time freshmen successfully completing 24 hours in their first academic year.<br>• Increased Degree Attainment (institutions will choose one):<br>○ Total degrees awarded<br>○ Six-year cohort graduation rates<br>• Quality of Student Learning (institutions will choose one):<br>○ Improvements in assessments of general education<br>○ Improvements in assessments in the major field | Missouri Department of Higher Education Performance Funding Model<br>2014 SB 492 |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | ○ Improvements on Professional/occupational licensure tests<br>• Financial Responsibility and Efficiency (institutions will choose one):<br>○ Percent of total education and general expenditures expended on the core mission (instruction, research, and public service)<br>○ Increase in educational revenue (state appropriations plus net tuition revenue) per full-time equivalent student at or below the increase in the consumer price index.<br>• One institution-specific measure approved by the Coordinating Board.<br>Under 2014 Senate Bill 492, each institution is required to add a metric for student job placement in a field or position associated with the student's degree level and pursuit of a graduate degree. | |
| Montana | In place at two- and four-year institutions | 5% of base funding will be at stake during the FY2015 trial phase. | Metrics for the FY15 trial phase include:<br>• Number of undergraduate and certificates awarded<br>• Retention defined as the percent of first-time, full-time freshmen returning for a second year of enrollment in the Montana University System | Montana University System Performance Funding Website |
| Nevada | In place at two- and four-year institutions | 5% of base funding will be at stake during FY2015. The amount of performance funding increases in 5% | Metrics will be specific to each institution and include:<br>• Number of certificates, associate's degrees, bachelor's degrees, master's degrees, doctoral degrees | 2011 SB 374<br>New Model for Funding Higher Education in Nevada |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | increments until reaching 20% in FY 2018. | • Number of students who transfer to a four-year institution with an associate's degree<br>• Number of students who transfer to a four-year institution with at least 24 credits<br>• Number of degrees or certificates awarded per 100 FTE<br>• The total amount expended on sponsored programs/projects of research and other scholarly activities for the fiscal year.<br>• Number of students who successfully complete a college level English or mathematics course<br>• Economic Development – Number of STEM and allied health degrees and certificates<br>• Economic Development – total number of certificates and degrees awarded in an institution-selected discipline, which aligns with the state's economic development plan. | |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| New Mexico | In place at two- and four-year institutions | Performance-based funding is 5%, and increasing, of instruction and general formula funding to colleges and universities. | The formula focuses on the following four outputs for all institutions:<br>• Course completion rate;<br>• Number of certificates and degrees awarded<br>• Number of certificates and degrees awarded in state workforce priority areas;<br>• Number of certificates and degrees earned by financially at-risk students.<br>For FY15, the formula will also include funding for mission-specific measures:<br>• Research universities: a percent of prior year grant/contract funding<br>• Comprehensive institutions: 30 and 60 credit momentum points<br>• Community colleges: 30 credit momentum points and completed dual credit courses | Performance funding is included in the annual higher education appropriations. (Laws 2013, chp. 227). For general descriptions of the formula, see pp. 87, 88 and pp. 341-43 |
| North Carolina | In place at two- and four-year institutions | In FY 2014-15, a total of $24 million will be allocated to community colleges based on their performance.<br><br>In FY 2014-15, $1 million will be allocated to four-year institutions based on performance. | North Carolina established a set of system-wide baselines and goals for each measure. Based on three years of historical data, baselines were set two standard deviations below the system mean, and the goals were set one standard deviation above the system mean. These baselines and goals remain static for three years and will be reset in 2016. Baselines and goals were set for the following measures:<br>• First Year Progression—Percent of first-time fall credential-seeking students who successfully complete at least twelve hours<br>• Licensure and certification passing rate<br>• Developmental student success rate in college-level English courses | N.C. Gen. Stat. § 115D-31.3<br>North Carolina Community Colleges Performance Measures and Funding<br>2011 SL 145 – see Section8.14 |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | • Developmental student success rate in college-level Math courses<br>• Curriculum completion—percent of first-time fall credential-seeking students who graduate, transfer, or are still enrolled with 36 hours after six years<br>• College transfer performance—percent of community college associate degree completers and those who have completed 30 or more credit hours with a GPA of 2.00 or better at a North Carolina four-year college or university after two consecutive semesters within the academic year.<br>• Basic Skills Student Progress<br>• GED diploma passing rate | |
| North Dakota | In place at two- and four-year institutions | Nearly all base funding is calculated by the number of credit hours completed. | The funding formula is based on the number of credit hours completed by students. A completed credit hour is one for which a student met all institutional requirements and obtained a passing grade. | North Dakota Cent. Code § 15-18.2 |
| Ohio | In place at two- and four-year institutions | Ohio is in the process of phasing in changes to the state's performance funding model. In FY 2014, 50% of funding for four-year institutions will be based on degree completion and 30% will be based on course completion. | For FY 2015, two-year colleges are funded as follows:<br>50% course completions<br>25% Completion Milestones—defined as<br>• Associate degrees<br>• Certificates over 30 credit hours approved by the Board of Regents<br>• Students transferring to any four-year institution with at least 12 credit hours earned at that community college, state community college, or technical college<br>25% Success Points—defined as: | Ohio performance-based funding website<br>Student Success Initiative 2014 HB 484 |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | • Students earning their first 15 credit hours.<br>• Students earning their first 30 credit hours.<br>• Students earning at least one associate degree.<br>• Students completing their first developmental course.<br>• Students completing any developmental English in the previous year and attempting any college level English either in the remainder of the previous year on any term this year.<br>• Students completing any developmental Math in the previous year and attempting any college level Math either in the remainder of the previous year on any term this year.<br>• Students enrolling for the first time at a University System of Ohio main campus or branch this year and have previously earned at least 15 college level credits at this community college.<br>Additional weights are applied to students who are Pell Grant eligible, Native American, African American, or Hispanic, or are 25 years of age or older when they first enroll at a state institution of higher education.<br>Four-year colleges are funded as follows:<br>• 50% Degree completion<br>• 30% Course completion<br>• 20% Doctoral and Medical Set Aside | |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | Additional weights are awarded for degree completion in STEM fields. Course and degree completions are calculated on a three-year average. | |
| Oklahoma | In place at two- and four-year institutions | Performance funding only applies to new appropriations | The performance factors are:<br>• First-year retention<br>• First-year retention for Pell recipients<br>• 24 credits in first academic year<br>• Cohort graduation rates anywhere in the system<br>• Degrees granted<br>• Program accreditation | |
| Oregon | In place at four-year institutions | For FY15, $3,506,345 was set aside for performance funding | Two metrics were used to allocate FY 2015 performance funding:<br>• 50% for the number of degrees each institution awarded (both graduate and undergraduate)<br>• 50%for the number of degrees each institution awarded to underrepresented and/or rural Oregonians (both graduate and undergraduate) | Oregon University System 2014-15 Budget Report Summary |
| Pennsylvania | In place at four-year institutions | 2.4% of the Pennsylvania State System of Higher Education's total educational and general revenue | 2011-2017 Revised Metrics include:<br>Mandatory (5 measures)<br>• Student Success: degrees conferred and closing achievement gap<br>• Access: close access gap and faculty diversity<br>• Stewardship: private support dollars raised<br><br>Optional (chose 3-5 but at least one indicator must be from the Stewardship category) | Pennsylvania State System of Higher Education 2011–2017 Performance Funding Program |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | • Success: deep learning scale results; senior survey; student persistence; value added; and STEM degrees<br>• Access: faculty career advancement; employment diversity; student experience with diversity; and student diversity<br>• Stewardship: facilities investment; admin. expenditures as a % of educational costs; faculty productivity; and employee productivity<br>University-specific: may create no more than 2 indicators | |
| South Dakota | In transition | | Beginning in FY 2016, performance funding will be awarded based on criteria established by the newly created Council of Higher Education Policy Goals, Performance and Accountability. Until then, funds appropriated for performance funding will be awarded based on improvements in two areas:<br>• One-half of performance funding will be based on the number of new degrees awarded with special emphasis on degrees in science, technology, engineering, and mathematics (STEM) or other critical need areas.<br>• One-half of the funding will be based on the growth of expenditures for research. | South Dakota Codified Laws Ann. §13-48A |
| Tennessee | In place at two- and four-year institutions | After a base amount is set aside for operational support, 100% of state funding is allocated based on institutional outcomes. | Adults (over 25) and low-income students completing any of the metrics are more heavily weighted. Additional weights are applied to each outcome depending on the priority and institutional mission. Points are awarded based on outcomes metrics, which are then multiplied by the SREB | 2010 Complete College Tennessee Act<br>Tennessee Higher Education Commission Fiscal Affairs |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | average salary to monetize the formula. Fixed costs and the Quality Assurance program funds (accreditation, student satisfaction, and licensure exam pass rate) are added on.<br>University Metrics<br>• Students accumulating: 24, 48, and 72 hours<br>• Bachelor's, Master's, Doctoral, and law degrees<br>• Research/grant funding<br>• Transfers out with 12 hours<br>• Degrees per 100 full-time equivalent (FTE)<br>• Six-year graduation rate<br>Community College Metrics<br>• Student accumulating: 12, 24, and 36 hours<br>• Dual enrolled students<br>• Associated degrees<br>• Graduates placed in jobs<br>• Remedial and development success<br>• Transfers out with 12 credit hours<br>• Workforce training (contact hours)<br>• Award per 100 FTEs | |
| Texas | In place at two-year institutions | | | |
| Utah | In place at two- and four-year institutions | For Fiscal Year 2015, $1.5 million in one-time funding was allocated based on performance. | The following performance metrics were used to allocate the one-time FY 2015 funding:<br>• Graduation rates (100 percent, 150 percent, and 200 percent) by cohort<br>• Retention and transfer rates, by cohort | 2014-2015 Appropriations Report (see pp. 119-122)<br>2014 HB 2 |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| | | | • Job placement rates following graduation<br>• Cost per degree<br>• Percentage of students enrolling in, and successfully completing, developmental mathematics course who immediately or concurrently enroll in college level math<br>• The amount of grant money applied for and received and the number of research/outreach initiatives funded by non-state-funded grants | |
| Virginia | In place at two-year and four-year institutions | Under the incentive-funding model, institutions that meet certain performance targets are able to retain unexpended funds. | Incentive funding metrics include:<br>• In-State Enrollment<br>• Underrepresented enrollment<br>• Degree awards<br>• Affordability<br>• Need-based borrowing<br>• Tuition assessment<br>• SACS program review<br>• Degrees per FTE faculty<br>• Retention rate<br>• Degrees per FTE students<br>• Transfer agreements<br>• Degree transfers<br>• Dual enrollment<br>• Research expenditures<br>• Patents and licenses<br>• K-12 partnerships<br>• Campus Safety and Security | Virginia Higher Education Opportunity Act of 2011 |
| Washington | In place at two-year institutions | | | |

| State | Status | Funding Amount | Metrics | Supporting Documents |
|---|---|---|---|---|
| Wisconsin | In place at technical colleges | | | |
| Wyoming | In place at two-year institutions | $ | | |

## Charge 3 – Study and make recommendations on the treatment of competency-based courses in formula allocations.

Competency-based education (CBE) programs are designed to enable students to complete a degree program through mastery of the competencies required for that degree. Generally, a student demonstrates a level of mastery in a series of modules (grouped by competencies). The demonstration of mastery can occur before or after instruction of the module material. Some modules in the program may be completed with knowledge previously attained allowing the student to simply demonstrate mastery and forego the need for any instruction. Other modules may require the student to engage in instruction on the material before demonstrating mastery. Additionally, modules may be completed by the student independently reviewing materials and then demonstrating mastery.

1. Texas A&M Commerce and South Texas College began their competency-based education (CBE) pilot programs in spring 2014. The university reported courses when students completed all the modules associated with a course on the class report (CBM004).
2. The university provided a breakout of its expenditure study data to separate the expenses and hours associated with the program.

The 2016-2017 GAIFAC recommended CBE be included in the operations support formula as students completed all the modules associated with a course with the understanding that hours would not be reported for courses completed entirely through testing with no instruction.

The 2016-2017 GAIFAC requested Texas A&M University at Commerce to provide an expenditure study of its competency-based education program. Dr. Hendrix from Texas A&M Commerce has offered to present the study result to the committee.

The U.S. Department of Education recently authorized three two-year institutions in Texas to operate as experimental sites for non-course competency-based education programs. This enables students to receive financial aid for programs that are not based on semester credit hour progress.

## Charge 4 – Study and make recommendations on the treatment of pharmacy hours for professional practice pharmacy courses.

**Issues:**

1. Undergraduate pharmacy content is not funded at the undergraduate science weight as stated in the published Pharmacy Funding Policy.
2. Students enrolled in Pharm-D courses and classified at enrollment levels other than professional practice are being funded at the professional practice level weight.

**Options:**

1. Update the policy to state undergraduate pharmacy content is funded at the undergraduate pharmacy-funding weight (versus science).
2. Remove the enrollment classification adjustment from the "formula funding hours" calculation and add an edit check to the class report to prevent institutions from reporting enrollments other than professional practice in Pharm-D courses.

**Considerations:**

1. Four public universities in Texas offer Doctor of Pharmacy degrees (Pharm-D): Texas Southern University, The University of Texas at Austin, The University of Texas at Tyler, and the University of Houston (and three health-related institutions) offer this credential.
2. Currently, undergraduate pharmacy courses are funded at the undergraduate pharmacy weights (1.86 and 5.02) and not the undergraduate science weights (1.78 and 3.02).
    a. For the 2015 base year (used in the 2016-2017 biennium appropriations), the universities reported 534 lower-level and 966 upper-level undergraduate pharmacy hours resulting in 5,843 weighted semester credit hours.
    b. According to the policy, 3,868 should have been funded.
3. Currently, the university formula funding program calculates weighted semester credit hours (WSCH) for the 'Pharm-D program courses' by adjusting the reported enrollment levels (undergraduate to professional practice) for Pharm-D courses to the professional practice level so that all enrollments in Pharm-D courses are funded at the professional practice weight.
    a. For the 2015 base year, the 36,149 students who enrolled in Pharm-D courses attended 48,606 semester credit hours (SCH) or 209,978 WSCH. Of the 36,149 enrollments, 39 (who generated SCH) were classified at levels other than professional practice (5 undergraduate upper-level, 33 master's, and 1 doctoral). An additional 35 enrollments attended courses reported with zero SCH.
    b. Calculated without enrollment adjustments, the 2016-2017 allocation would have included an additional 3,061 WSCH, for 213,039 Pharm-D WSCH.

| Enrollment Classification Level | Enrollments | Semester Credit Hours | Weight | Weighted Semester Credit Hours |
|---|---|---|---|---|
| Undergraduate Upper-Level | 10 | 15 | 5.02 | 75 |
| Master's | 63 | 126 | 28.29 | 3,565 |
| Doctoral | 1 | 1 | 35.14 | 35 |
| Professional Practice | 36,075 | 48,464 | 4.32 | 209,364 |
| Total | 36,149 | 48,606 | | 213,039 |
| Total for Formula Funding | 36,149 | 48,606 | 4.32 | 209,978 |

The current formula funding calculation is an interpretation of the following:

Pharmacy Funding Policy (Revised 9/22/02)

1. All pharmacy courses at general academic institutions that are part of a Pharm-D degree program will be funded at the Doctor's Level-Professional Practice rate. *Note: Reporting non-Pharm-D undergraduate courses as level 7 courses (see description of levels below) is an auditable error.*

2. Courses in master's and doctoral pharmacy programs will continue to be funded at their assigned rates.

3. Other undergraduate pharmacy content courses will be funded at the undergraduate ~~science~~ pharmacy rate. This will be done at the Coordinating Board by applying the science weights in the formula matrix to undergraduate pharmacy courses.

4. Pre-pharmacy courses will continue to be funded at the liberal arts rate. Students taking pre-pharmacy courses should not be reported as doctor's level-professional practice students.

5. All students in Pharm-D programs should be reported in the doctor's level-professional practice enrollment category on the class report. On the student report (CBM001), the students in Pharm-D programs are classified with a code '~~9~~' '8'.

6. All pharmacy-related courses should be coded on the course inventory based on their content and level of the courses where:

| Level | Use |
|---|---|
| 7 | Is only for courses that are part of the Pharm-D curriculum |
| 6 | For doctoral courses |
| 5 | For master's courses |
| 3 and 4 | For upper-division undergraduate courses |
| 1 and 2 | For lower-division undergraduate courses |

Doctor's Level-Professional Practice – Pharmacy (Pharm-D) – a student admitted to an approved Pharm-D program at the institution; prior to admission to pharmacy school, a student must complete at least 60 semester credit hours (SCH) of pre-pharmacy coursework (Student Report - CBM001 manual).

Prior to 9/22/02

Pharmacy Formula Funding Policy

1. The entry-level Pharm-D program must include:

    a. A pre-professional program of at least 60 hours of baccalaureate-level courses,

    b. At least 60 hours of baccalaureate-level professional pharmacy courses,

    c. No more than 36 hours of masters-level professional pharmacy courses, and

    d. No more than 40 hours of special professional pharmacy courses.

2. The Post-B.S. Pharm-D program must include:

    a. A B.S. in Pharmacy as a condition of admission,

b. Baccalaureate-Level and masters-level professional pharmacy courses as required,

c. No more than 40 hours of special professional pharmacy courses.

3. Courses designated as doctoral level shall be reserved for doctoral students pursuing the Ph.D. in Pharmacy.

**Charge 5 – Study and make recommendations on changes to the funding model that will enable institutions to meet the goals of 60x30TX.**

Download a copy of *60x30TX* at http://www.thecb.state.tx.us/

## Appendix A: Formula Funding Statutes and Rules

### TEC Sec. 61.059 Appropriations

(a) To finance a system of higher education and to secure an equitable distribution of state funds deemed to be available for higher education, the board shall perform the functions described in this section. Funding policies shall:
  (1) allocate resources efficiently and provide incentives for programs of superior quality and for institutional diversity;
  (2) provide incentives for supporting the five-year master plan developed and revised under Section 61.051;
  (3) discourage unnecessary duplication of course offerings between institutions and unnecessary construction on any campus; and
  (4) emphasize an alignment with education goals established by the board.

(b) The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

(b-1) A committee under Subsection (b) must be composed of representatives of a cross-section of institutions representing each of the institutional groupings under the board's accountability system. The commissioner of higher education shall solicit recommendations for the committee's membership from the chancellor of each university system and from the president of each institution of higher education that is not a component of a university system. The chancellor of a university system shall recommend to the commissioner at least one institutional representative for each institutional grouping to which a component of the university system is assigned. The president of an institution of higher education that is not a component of a university system shall recommend to the commissioner at least one institutional representative for the institutional grouping to which the institution is assigned.

(b-2) The board shall include in its periodic review of formulas under Subsection (b) recommendations for changes in funding formulas for developmental education programs based on the results of the study conducted under Section 51.3062(u) and the report submitted under Section 51.3062(v). This subsection expires January 1, 2015.

(c) Formulas for basic funding shall:
  (1) reflect the role and mission of each institution;
  (2) emphasize funding elements that directly support faculty;
  (3) reflect both fixed and variable elements of cost; and

(4) incorporate, as the board considers appropriate, goals identified in the board's long-range statewide plan developed under Section 61.051.

(d) Not later than June 1 of every even-numbered calendar year, the board shall notify the governing boards and the chief administrative officers of the respective institutions of higher education and university systems, the governor, and the Legislative Budget Board of the formulas designated by the board to be used by the institutions in making appropriation requests for the next succeeding biennium and shall certify to the governor and the Legislative Budget Board that each institution has prepared its appropriation request in accordance with the designated formulas and in accordance with the uniform system of reporting provided in this chapter. The board shall furnish any other assistance to the governor and the Legislative Budget Board in the development of appropriations recommendations as either or both of them may request. However, nothing in this chapter shall prevent or prohibit the governor, the Legislative Budget Board, the board, or the governing board of any institution of higher education from requesting or recommending deviations from any applicable formula or formulas prescribed by the board and advancing reasons and arguments in support of them.

(e) The board shall present to the governor and to each legislature a comprehensive summary and analysis of institutional appropriation requests, and for that purpose each institution's request must be submitted to the board at the same time at which the request is submitted to the Legislative Budget Board. Nothing in this subsection shall be construed as supplanting the duty, responsibility, and authority of an institution of higher education or the governing board thereof to express its appropriative needs directly to the legislature or any committee thereof.

(f) The board shall recommend to the governor and the Legislative Budget Board supplemental contingent appropriations to provide for increases in enrollment at the institutions of higher education. Contingent appropriations may be made directly to the institutions or to the board, as the legislature may direct in each biennial appropriations act. In the event the contingent appropriation is made to the board, the funds shall be allocated and distributed by the board to the institutions as it may determine, subject only to such limitations or conditions as the legislature may prescribe.

(g) The board shall recommend to the institutions, the governor, and the Legislative Budget Board tuition policies for public technical institutes, public junior colleges, public senior colleges and universities, medical and dental units, and other agencies of higher education and vocational and technical programs receiving support from state funds.

(h) The board shall distribute funds appropriated to the board for allocation for specified purposes under limitations prescribed by law and the rules and regulations of the board in conformity therewith, provided that no distribution or allocation may be made to any institution of higher education which has failed or refused to comply with any order of the board as long as that failure or refusal continues.

(i) Repealed

(i-1) Repealed

(j) Funds appropriated to the coordinating board for vocational-technical education may be transferred by interagency contract between the two boards as required to carry out an effective and efficient transition of the administration of postsecondary vocational-technical education.

(k) The legislature shall promote flexibility in the use of funds appropriated to institutions of higher education by:
  (1) appropriating base funding as a single amount that is unrestricted to use among the various funding elements of the formula used to determine base funding; and
  (2) appropriating to institutions the unexpended balance of appropriations made for the preceding fiscal year.

(l)
  (1) Except as provided by Subdivision (2), the board may not include in any formula under this section funding based on the number of doctoral students who have a total of 100 or more semester credit hours of doctoral work at an institution of higher education.
  (2) Notwithstanding Subdivision (1), the board may approve formula funding for semester credit hours in excess of 100, not to exceed 130 total semester credit hours, for a doctoral student if the institution:
    (A) provides the board with substantial evidence that the particular field of study in which the student is enrolled requires a higher number of semester credit hours to maintain nationally competitive standards;
    (B) provides the board with evidence that the student's program or research is likely to provide substantial benefit to medical or scientific advancement and that the program or research requires the additional semester credit hours; or
    (C) provides the board with other compelling academic reasons that support the finding of an exception.
  (3) The board shall report to the Legislative Budget Board, as part of its report on formula funding recommendations, a listing of the exceptions approved under Subdivision (2) and the associated costs in formula-based funding.

(m) For an institution that charges a reduced nonresident tuition rate under Section 54.0601, the board may not include in a formula under this section funding based on the number of nonresident students enrolled at the institution in excess of 10 percent of the total number of students enrolled at the institution.

(n) In the formula applicable to Texas A&M University--Texarkana for funding instruction and operations, the board shall include any semester credit hours taught through distance education to students enrolled at that university who reside in another state and:

(1) as permitted by Section 54.060(a), pay tuition at the rate charged to residents of this state; and
(2) reside in a county in the other state that is contiguous to the county in which the university is located.

(o) In addition to the other funding recommendations required by this section, biennially the board shall determine the amount that the board considers appropriate for purposes of providing funding under Section 61.0596 in the following state fiscal biennium to carry out the purposes of that section and shall make recommendations to the governor and the Legislative Budget Board for funding those programs in that biennium. To the extent the board considers appropriate, the board may include in the formulas established under this section the funding to be provided under Section 61.0596.

(p) In its instruction and operations formula applicable to an institution of higher education, the board may not include any semester credit hours earned for dual course credit by a high school student for high school and college credit at the institution unless those credit hours are earned through any of the following:
(1) a course in the core curriculum of the institution providing course credit;
(2) a career and technical education course that applies to any certificate or associate's degree offered by the institution providing course credit; or
(3) a foreign language course.

(q) Subsection (p) does not apply to a course completed by a student as part of the early college education program established under Section 29.908.

### TEC Sec. 61.0592 Funding for Courses Provided During Off-Peak Hours At Certain Institutions

(a) The purposes of this section are:

(1) to ensure that student demand for courses is met; and

(2) to encourage the efficient use of existing instructional facilities while reducing the need for new instructional facilities.

(b) This section applies only to funding for a course provided by:

(1) The University of Texas at Austin;

(2) Texas A&M University; or

(3) Texas Tech University.

(c) To carry out the purposes of this section, for each institution of higher education listed under Subsection (b), the board shall include in the formulas established under Section 61.059 funding in amounts sufficient to cover the institution's revenue loss resulting from any reduction in tuition rates under Section 54.061.

(d) In addition to the funding included under Subsection (c), in the formulas established under Section 61.059, as an incentive for the institutions to reduce tuition rates under Section 54.061, the board may include additional funding that represents a portion of the savings to the state resulting from the institution's efficient use of resources.

## TEC Sec. 61.0593 Student Success-Based Funding Recommendations

(a) The legislature finds that it is in the state's highest public interest to evaluate student achievement at institutions of higher education and to develop higher education funding policy based on that evaluation. Funding policies that promote postsecondary educational success based on objective indicators of relative performance, such as degree completion rates, are critical to maintaining the state's competitiveness in the national and global economy and supporting the general welfare of this state. Therefore, the purpose of this section is to ensure that institutions of higher education produce student outcomes that are directly aligned with the state's education goals and economic development needs.

(b) In this section:

(1) "At-risk student" means an undergraduate student of an institution of higher education:

(A) who has been awarded a grant under the federal Pell Grant program; or

(B) who, on the date the student initially enrolled in the institution:

(C) was 20 years of age or older;

(D) had a score on the Scholastic Assessment Test (SAT) or the American College Test (ACT) that was less than the national mean score for students taking that test;

(E) was enrolled as a part-time student; or

(F) had not received a high school diploma but had received a high school equivalency certificate within the last six years.

(2) "Critical field" means a field of study designated as a critical field under Subsection (c).

(c) Except as otherwise provided under Subdivision (2), the fields of engineering, computer science, mathematics, physical science, allied health, nursing, and teaching certification in the field of science or mathematics are critical fields. Beginning September 1, 2012, the board, based on the board's determination of those fields of study in which the support and development of postsecondary education programs at the bachelor's degree level are most critically necessary for serving the needs of this state, by rule may:

(1) designate as a critical field a field of study that is not currently designated by this subsection or by the board as a critical field; or

(2) remove a field of study from the list of fields currently designated by this subsection or by the board as critical fields.

(d) This subsection applies only to a general academic teaching institution other than a public state college. In devising its funding formulas and making its recommendations to the legislature relating to institutional appropriations of funds under Section 61.059 for institutions to which this subsection applies, the board, in the manner and to the extent the board considers appropriate and in consultation with those institutions, shall incorporate the consideration of undergraduate student success measures achieved during the preceding state fiscal biennium by each of the institutions. At the

time the board makes those recommendations, the board shall also make recommendations for incorporating the success measures, to the extent the board considers appropriate in consultation with those institutions, into the distribution of any incentive funds available for those institutions, including performance incentive funds under Subchapter D, Chapter 62. The board's recommendations must provide alternative approaches for applying the success measures and must compare the effects on funding of applying the success measures within the formula for base funding to applying the success measures as a separate formula. The success measures considered by the board under this subsection may include:

(1) the total number of bachelor's degrees awarded by the institution;

(2) the total number of bachelor's degrees in critical fields awarded by the institution;

(3) the total number of bachelor's degrees awarded by the institution to at-risk students; and

(4) as determined by the board, the six-year graduation rate of undergraduate students of the institution who initially enrolled in the institution in the fall semester immediately following their graduation from a public high school in this state as compared to the six-year graduation rate predicted for those students based on the composition of the institution's student body.

(e) Notwithstanding Subsection (d):

(1) not more than 10 percent of the total amount of general revenue appropriations of base funds for undergraduate education recommended by the board for all institutions to which Subsection (d) applies for a state fiscal biennium may be based on student success measures; and

(2) the board's recommendation for base funding for undergraduate education based on student success measures does not reduce or otherwise affect funding recommendations for graduate education.

(f) This subsection applies only to public junior colleges, public state colleges, and public technical institutes...

(g) Biennially, the board, in consultation with institutions to which Subsections (d) and (f) apply, shall review the student success measures considered by the board under those subsections.

(h) The board shall include in its findings and recommendations to the legislature under Section 61.059:

(1) an evaluation of the effectiveness of the student success measures described by this section in achieving the purpose of this section during the preceding state fiscal biennium; and

(2) any related recommendations the board considers appropriate.

(i) The board shall adopt rules for the administration of this section, including rules requiring each institution of higher education to submit to the board any student data or other information the board considers necessary for the board to carry out its duties under this section.

## TEC Sec. 61.0595 Funding For Certain Excess Undergraduate Credit Hours

(a) In the formulas established under Section 61.059, the board may not include funding for semester credit hours earned by a resident undergraduate student who before the semester or other academic session begins has previously attempted a number of semester credit hours for courses taken at any institution of higher education while classified as a resident student for tuition purposes that exceeds by at least 30 hours the number of semester credit hours required for completion of the degree program or programs in which the student is enrolled, including minors and double majors, and for completion of any certificate or other special program in which the student is also enrolled, including a program with a study-abroad component.

(b) For purposes of Subsection (a), an undergraduate student who is not enrolled in a degree program is considered to be enrolled in a degree program requiring a minimum of 120 semester credit hours.

(c) For a student enrolled in a baccalaureate program under Section 51.931, semester credit hours earned by the student 10 or more years before the date the student begins the new degree program under Section 51.931 are not counted for purposes of determining whether the student has previously earned the number of semester credit hours specified by Subsection (a).

(d) The following are not counted for purposes of determining whether the student has previously earned the number of semester credit hours specified by Subsection (a):

(1) semester credit hours earned by the student before receiving a baccalaureate degree that has previously been awarded to the student;

(2) semester credit hours earned by the student by examination or under any other procedure by which credit is earned without registering for a course for which tuition is charged;

(3) credit for a remedial education course, a technical course, a workforce education course funded according to contact hours, or another course that does not count toward a degree program at the institution;

(4) semester credit hours earned by the student at a private institution or an out-of-state institution; and

(5) semester credit hours earned by the student before graduating from high school and used to satisfy high school graduation requirements.

(e) Subsection (a) applies only to funding for semester credit hours earned by a student who initially enrolled as an undergraduate student in any institution of higher education during or after the 1999 fall semester, except that with respect to semester credit hours earned by a student who initially enrolls as an undergraduate student in any institution of higher education before the 2006 fall semester, the board may not reduce funding under this section until the number of semester credit hours previously attempted by the student as described by this section exceeds the number of semester credit hours required for the student's degree program by at least 45 hours.

(f) In the formulas established under Section 61.059, the board shall include without consideration of Subsection (a) funding for semester credit hours earned by a student who initially enrolled as an undergraduate student in any institution of higher education before the 1999 fall semester.

(g) To the extent practicable, the savings to the state resulting from the exclusion of funding for excess undergraduate semester credit hours from the funding formulas of the board as required by this section shall be used to finance the Toward EXcellence, Access, & Success (TEXAS) grant program under Subchapter M, Chapter 56.

### TEC Sec. 51.3062 Success Initiative

(m) The board may develop formulas to supplement the funding of developmental academic programs by institutions of higher education, including formulas for supplementing the funding of non-course-based programs. The board may develop a performance funding formula by which institutions may receive additional funding for each student who completes the Success Initiative established under this section and then successfully completes college coursework. The legislature may appropriate the money required to provide the additional funding under those formulas.

### TEC Sec. 51.307 Rules

The Texas Higher Education Coordinating Board shall adopt rules necessary for the administration of this subchapter.

### TAC Sec. 31.20 Formula Funding Purpose

The purpose of this subchapter is to establish procedures for making formula funding recommendations to the Governor and the Legislature and to except from such funding certain semester credit hours or contact hours.

### TAC Sec. 31.21 Formula Funding Authority

Texas Education Code, §61.059 directs the Texas Higher Education Coordinating Board to review and revise formulas for use of the Governor and the Legislative Budget Board in making appropriations recommendations. Texas Education Code, §51.307, authorizes the Board to implement the provisions of the Texas Success Initiative.

### TAC Sec. 31.23 Formula Funding General Academic Institution Formulas

(a) Formula Advisory Committee.

(1) Not later than September 1 of each odd-numbered year, the Commissioner shall appoint an advisory committee to review the funding formulas used by the Governor and the Legislature for making appropriations to general academic institutions.

(2) The formula advisory committee appointed by the Commissioner shall consist of senior administrators at Texas general academic institutions, members of the faculty, and members of the general public.

(3) The committee shall elect its own chair and vice chair.

(4) Meetings of the committee shall be open to the public. The committee shall publish minutes of all meetings, and the minutes shall be public documents.

(5) The committee shall identify funding incentives that would encourage implementation by general academic institutions of the state's plan for higher education as specified in the Texas Education Code, §61.051(a-3).

(6) The committee shall provide an opportunity for institutions, the general public and other interested persons to provide testimony.

(7) The formula advisory committee may appoint two study committees, one for the instructional and operations formula and another for the infrastructure formula. The study committees may include members from the formula advisory committees and other institutional representatives as appropriate. The infrastructure study committee will include at least one representative from the Texas State Technical College System or the two-year colleges in the Texas State University System.

(8) The formula study committees shall make their recommendations to the formula advisory committee no later than the January 15 of the year following its appointment.

(9) The formula advisory committee shall make its recommendations to the Commissioner no later than the February 1 of the year following its appointment.

(b) General Academic Institution Formula Recommendation.

(1) At the quarterly meeting of the Coordinating Board in April of even-number years, the Commissioner shall recommend a funding formula for the next biennium for general academic institutions. The Commissioner shall also report the recommendations of the formula advisory committee.

(2) In making recommendations, the Commissioner shall consider the financial needs of affected institutions, funding levels at peer institutions in other states, and other factors as appropriate.

(3) The Commissioner shall recommend an all funds appropriation.

(4) After adoption, the Commissioner shall transmit the Board's recommendations to the Governor, the Legislature, and the Legislative Budget Board no later than June 1 of each even-numbered year.

### TGC Sec. 2110. State agency advisory committees

### TGC Sec. 2110.001. Definition.

In this chapter, "advisory committee" means a committee, council, commission, task force, or other entity with multiple members that has as its primary function advising a state agency in the executive branch of state government.

### TGC Sec. 2110.0011. Applicability of chapter.

This chapter applies unless and to the extent:

(1) another state law specifically states that this chapter does not apply; or

(2) a federal law or regulation:

(a) imposes an unconditional requirement that irreconcilably conflicts with this chapter; or

(b) imposes a condition on the state's eligibility to receive money from the federal government that irreconcilably conflicts with this chapter.

### TGC Sec. 2110.0012. Establishment of advisory committees.

For purposes of this chapter, a state agency has established an advisory committee if:

(1) state or federal law has specifically created the committee to advise the agency; or

(2) the agency has, under state or federal law, created the committee to advise the agency.

### TGC Sec. 2110.002. Composition of advisory committees.

(a) An advisory committee must be composed of a reasonable number of members not to exceed 24.

(b) The composition of an advisory committee that advises a state agency regarding an industry or occupation regulated or directly affected by the agency must provide a balanced representation between:

(1) the industry or occupation; and

(2) consumers of services provided by the agency, industry, or occupation.

(c) This section does not apply to an advisory committee established by the Texas Department of Motor Vehicles.

### TGC Sec. 2110.003. Presiding officer.

(a) An advisory committee shall select from among its members a presiding officer.

(b) The presiding officer shall preside over the advisory committee and report to the advised state agency.

### TGC Sec. 2110.004. Reimbursement of members' expenses; appropriations process.

(a) Notwithstanding other law, the manner and amount of reimbursement for expenses, including travel expenses, of members of an advisory committee may be prescribed only:

(1) by the General Appropriations Act; or

(2) through the budget execution process under Chapter 317 if the advisory committee is created after it is practicable to address the existence of the committee in the General Appropriations Act.

(b) A state agency that is advised by an advisory committee must request authority to reimburse the expenses of members of the committee through the appropriations or budget execution process, as appropriate, if the agency determines that the expenses of committee members should be reimbursed. The request must:

(1) identify the costs related to the advisory committee's existence, including the cost of agency staff time spent in support of the committee's activities;

(2) state the reasons the advisory committee should continue in existence; and

(3) identify any other advisory committees created to advise the agency that should be consolidated or abolished.

(c) As part of the appropriations and budget execution process, the governor and the Legislative Budget Board shall jointly identify advisory committees that should be abolished. The comptroller may recommend to the governor and the Legislative Budget Board that an advisory committee should be abolished.

(d) The General Appropriations Act may provide for reimbursing the expenses of members of certain advisory committees without providing for reimbursing the expenses of members of other advisory committees.

(e) This section does not apply to an advisory committee the services of which are determined by the governing board of a retirement system trust fund to be necessary for the performance of the governing board's fiduciary duties under the state constitution.

### TGC Sec. 2110.005. Agency-developed statement of purpose and tasks; reporting requirements.

A state agency that establishes an advisory committee shall by rule:

(a) state the purpose and tasks of the committee; and

(b) describe the manner in which the committee will report to the agency.

### TGC Sec. 2110.006. Agency evaluation of committee costs and effectiveness.

A state agency that has established an advisory committee shall evaluate annually:

(a) the committee's work;

(b) the committee's usefulness; and

(c) the costs related to the committee's existence, including the cost of agency staff time spent in support of the committee's activities.

### TGC Sec. 2110.007. Report to the legislative budget board.

A state agency that has established an advisory committee shall report to the Legislative Budget Board the information developed in the evaluation required by Section 2110.006. The agency shall file the report biennially in connection with the agency's request for appropriations.

### TGC Sec. 2110.008. Duration of advisory committees.

(a) A state agency that has established an advisory committee may designate the date on which the committee will automatically be abolished. The designation must be by rule. The committee may continue in existence after that date only if the agency amends the rule to provide for a different abolishment date.

(b) Unless the state agency that establishes an advisory committee designates a different date under Subsection (a), the committee is automatically abolished on the later of:

(1) September 1, 2005; or

(2) the fourth anniversary of the date of its creation.

(c) An advisory committee that state or federal law has specifically created as described in Section 2110.0012

(d) is considered for purposes of Subsection (b)

(e) to have been created on the effective date of that law unless the law specifically provides for a different date of creation.

This section does not apply to an advisory committee that has a specific duration prescribed by statute.

## Appendix B: Tentative Schedule of Future Meetings

| Sunday | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday |
|---|---|---|---|---|---|---|
| **August** | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | **10** | **11** | **12** | **13** | **14** | 15 |
| 16 | **17** | **18** | **19** | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | **27** | 28 | 29 |
| 30 | 31 | | | | | |
| **September** | | 1 | 2 | 3 | 4 | 5 |
| 6 | **7** | **8** | **9** | **10** | **11** | 12 |
| 13 | **14** | **15** | 16 | **17** | **18** | 19 |
| 20 | **21** | **22** | **23** | **24** | **25** | 26 |
| 27 | **28** | 29 | **30** | | | |
| **October** | | | | **1** | 2 | 3 |
| 4 | **5** | **6** | **7** | **8** | **9** | 10 |
| 11 | **12** | **13** | **14** | 15 | 16 | 17 |
| 18 | 19 | **20** | **21** | **22** | **23** | 24 |
| 25 | 26 | **27** | 28 | **29** | **30** | **31** |
| **November** | | | | | | |
| 1 | **2** | 3 | **4** | **5** | **6** | 7 |
| 8 | 9 | **10** | **11** | 12 | 13 | 14 |
| 15 | 16 | 17 | **18** | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | **26** | **27** | 28 |
| 29 | 30 | | | | | |
| **December** | | **1** | **2** | **3** | 4 | 5 |
| 6 | 7 | **8** | 9 | 10 | 11 | 12 |
| 13 | **14** | **15** | **16** | **17** | **18** | 19 |
| 20 | 21 | 22 | 23 | **24** | **25** | 26 |
| 27 | 28 | 29 | 30 | 31 | | |
| **January** | | | | | **1** | 2 |
| 3 | 4 | 5 | **6** | **7** | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | **18** | **19** | **20** | **21** | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

| Tentative Meeting | Board Room Unavailable | State Holiday |
|---|---|---|

## Appendix C: Prior Committee Members

Ms. B. J. Crain (2016), Texas A&M University
Dr. F. Dominic Dottavio (2014), Tarleton State University
Dr. Scott Kelley (2012), The University of Texas System
Ms. Martha Hilley (2014), The University of Texas at Austin
Mr. Jim McShan (2014), Texas Southern University
Dr. John Opperman (2014), Texas Tech University System
Ms. Cynthia Villa (2014), The University of Texas at El Paso
Ms. Jean R. Bush (2014), University of North Texas
Dr. Rodney Mabry (2014), The University of Texas at Tyler
Dr. John Antel (2012), University of Houston
Dr. John Price (2012), University of North Texas at Dallas
Dr. Baker Pattillo (2012), Stephen F. Austin State University
Mr. Mike Reid (2012), Angelo State University
Mr. Paul Woodfin (2012), Texas State Technical College System
Dr. Alba Ortiz, (2012), The University of Texas at Austin
Ms. Rosemary Martinez (2010), The University of Texas at Brownsville
Dr. Rodney Mabry (2010), The University of Texas at Tyler
Dr. Mike McKinney (2010), Texas A&M University System
Mr. Gary Barnes (2010), West Texas A&M University
Ms. Michelle Dotter (2010), University of Houston Clear Lake
Dr. Jesse Rogers (2010), Midwestern State University
Mr. Jim Brunjes (2010), Texas Tech University System
Dr. Robert Smith (2010), Texas Tech University
Mr. Bill Nance (2010), Texas State University San Marcos
Ms. Cynthia Villa (2010), The University of Texas at El Paso
Ms. Lauri Deviney (2010), Texas A&M University System
Mr. Richard Escalante (2010), University of North Texas
Dr. Brenda Floyd (2010), Texas Woman's University
Dr. Ann Stuart (2010), Texas Woman's University
Ms. Susan Lee (2010), Texas A&M University at Galveston
Mr. Kerry Kennedy (2008), The University of Texas at San Antonio
Dr. Ray Keck (2008), Texas A&M International University
Dr. Donald Foss (2008), University of Houston System
Dr. Celia Williamson (2008), University of North Texas
Dr. William Marcy (2008), Texas Tech University
Dr. James Simmons (2008), Lamar University
Dr. David Daniel (2008), The University of Texas at Dallas
Dr. Dennis McCabe (2008), Tarleton State University

## Appendix D: 2016-2017 Texas Higher Education Coordinating Board Formula Funding Recommendations (Includes Formula Advisory Committee Recommendations)

http://www.thecb.state.tx.us/reports/pdf/3487.pdf

# GENERAL ACADEMIC INSTITUTION

# FORMULA FUNDING OVERVIEW

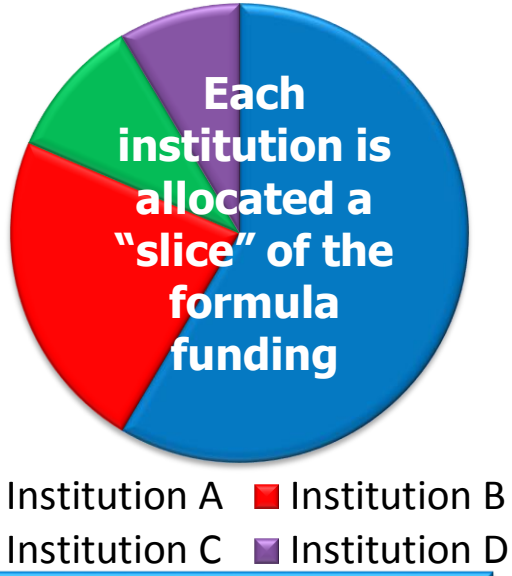
*August 2015*

TEXAS HIGHER EDUCATION
COORDINATING BOARD

# What are the formulas and how are they used?

**Legislature decides the total amount to fund the formulas**

**Using data runs from the THECB, LBB divides this total among the institutions**




- Formulas give legislators an objective and equitable way to allocate a set amount of funding among institutions in a given sector
- Each institution's funding is proportional to its share of statewide enrollments (with some notable adjustments)
- Formula funding is appropriated directly to the institutions in the General Appropriations Act

# Appropriations Timeline and Process

**Fall 2015 -** The three Formula Advisory Committees (FACs), composed of institutional representatives for each sector, consider the Commissioner's charges to examine specific elements of the formulas. Committee members meet repeatedly to examine and consider potential changes to the formulas. Final recommendations are provided to the Commissioner in February 2016.

**March 2016 -** The FAC recommendations with the Commissioner's recommended amendments are considered by the Board's Committee on Affordability, Accountability and Planning (CAAP). The modified recommendations are adopted by the CAAP.

**April 2016 -** The Full Board considers the CAAP recommendation and the Board adopts its final recommendation, which is provided to the Legislative Budget Board (LBB) and Governor's Office of Budget, Planning and Policy (GOPP).

# Appropriations Timeline and Process … Continued

**June 2016 -** Staff forwards Formula Recommendations to LBB and GOBP on June 1st.

**November 2016–January 2017-** staff transmits the initial formula run to the LBB on the first. Using data from the spring, summer, and fall 2016 semesters, LBB determines institutions' formula funding allocation for the 85th Legislature's recommended budget. Draft appropriations bills are introduced to each chamber and referred to committee.

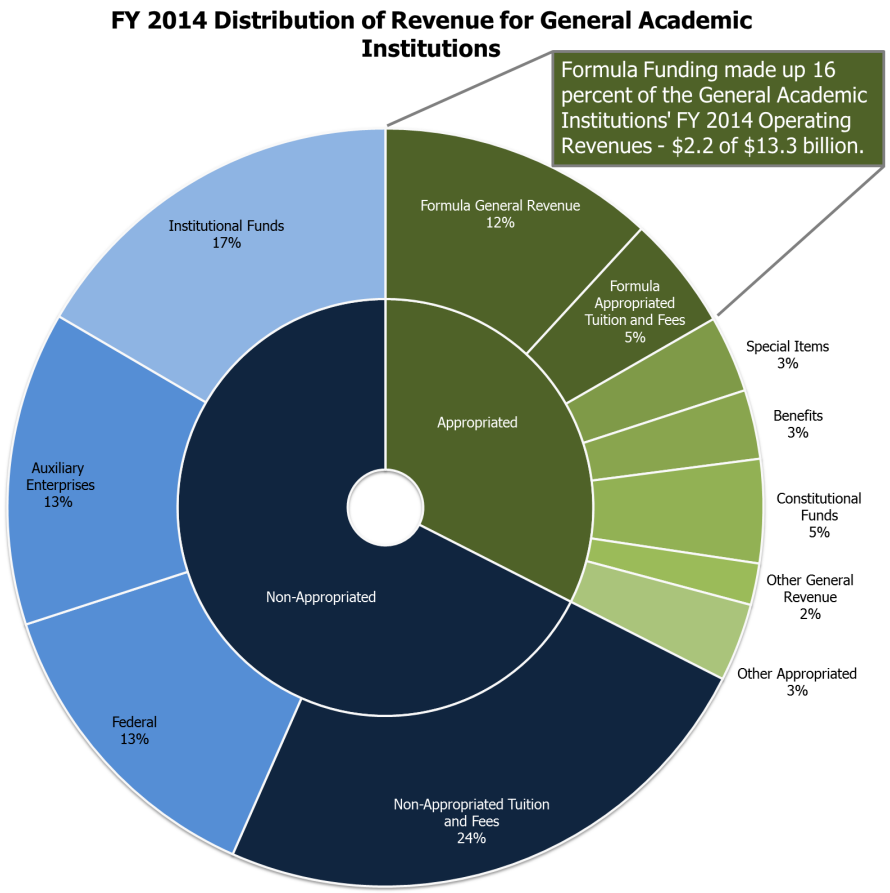
**February–May 2017 -** House Appropriations and Senate Finance Committees consider and approve appropriations bills. Texas Senate and House of Representatives each adopt their versions of the appropriations act. An appointed Conference Committee resolves differences.

# Appropriations Timeline and Process … Continued

**March 2017** – staff transmits the final formula run to the LBB on the first.

**April-May 2017** - Using updated data to include Spring 2017 enrollments, LBB updates the formula runs. Conference committee decides total amount to flow through the formulas. Formulas determine final allocations to each institution included in the General Appropriations Act.

# General Academic Institutions Receive Funds from Many Sources




## Formulas Provide Funding for:

- Faculty Salaries
- Department Operating Expense
- Libraries
- Instructional Administration
- Student Services
- Institutional Support
- Research Enhancement
- Infrastructure Support

## Ineligible Expenses

- Auxiliary enterprises (student housing, parking facilities, food service, intercollegiate athletics)
- Certain fringe benefits
- Special Items
- TRB Debt Service
- New construction and major repairs

# General academics are supported by two formulas and two supplements

## Operations Support Formula

- Based on student enrollments on the 12th class day (summer and fall 2016 and spring 2017)
- Expenditure study used to adjust funding on a cost-weighted basis
- Teaching Supplement incentivizes the use of tenured and tenure-track faculty in undergraduate courses with a 10 percent bonus to weighted semester credit hours

## Space Support Formula

- Provides per square foot support for maintenance and operations
- Provides support for utilities
- Uses Coordinating Board Space Model Predicted Square Feet
- Small Institution Supplement distributes additional resources for the reduced economies of scale associated with operating smaller institutions

# Operations support formula

**[R] X [RW] X [SCH]**

[R] = Funding Rate was $55.39 per weighted semester credit hour per year for the 2016 - 2017 biennium

[RW] = Relative Weight

[SCH] = Semester Credit Hours taught in the summer and fall 2014 and spring 2015

# Teaching experience supplement formula

**[R] X [RW] X [SCH] X [10%]**

[R] = Funding Rate was $55.39 per weighted semester credit hour per year for the 2016 - 2017 biennium

[RW] = Relative Weight

[SCH] = Undergraduate Semester Credit Hours taught by tenured and tenure-track faculty

# General academic space support formula

**[R] X [E&G NASF] X ([O&M] + [U] X [IAUR])**

[R] = Funding Rate was $5.55 per adjusted predicted square foot per year for the 2016-2017 biennium.

[E&G NASF] = The Coordinating Board's Space Model predicts an institution's Educational and General Net Assignable Square Feet.

The infrastructure formula has two parts

- [O&M] = Operations and Maintenance – 43.5 percent of funded rate.
- [U] = Utility – 56.5 percent of funded rate.

[IAUR] = Institution Adjusted Utility Rate – Sources and Uses.

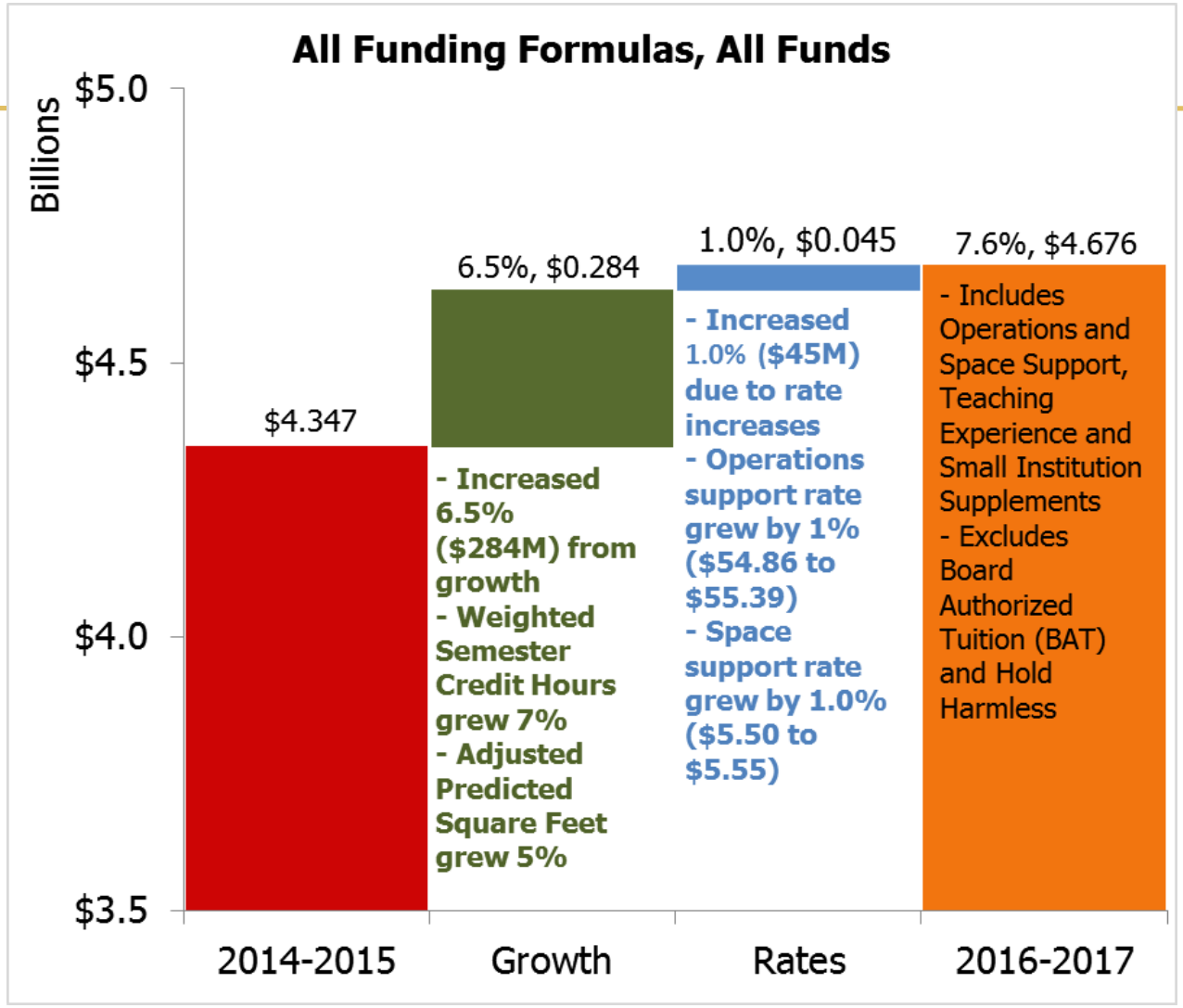
# Small institution supplement formula

**(10,000 - [Students Enrolled]) X $150**

[Students Enrolled] – Fall 2014 certified enrollment.

- Institutions with less than 10,000 students receive up to $1,500,000 in funding based on this formula.
- Institutions with 10,000 or more students do not receive small institution supplement.

# 2016-2017 Formula Funding - $4.7B, up 7.6% from 2014-2015



# 2016-2017 Formula Funding – Formula Breakdown

**Operations Support**

$3.8B funded, a 8.2% increase over the prior $3.6B

- 7.2% or $254M for growth in Weighted Semester Credit Hours
- 1.0% or $37M for rate increases
- A rate of $55.39, a 1% increase over the prior $54.86

**Space Support**

$734M funded, a 5.4% increase over the prior $697M

- 4.4% or $30M for growth in adjusted predicted square feet
- 1.0% or $7M for rate increases
- A rate of $5.55, a 1% increase over the prior $5.50

**Teaching Experience Supplement**

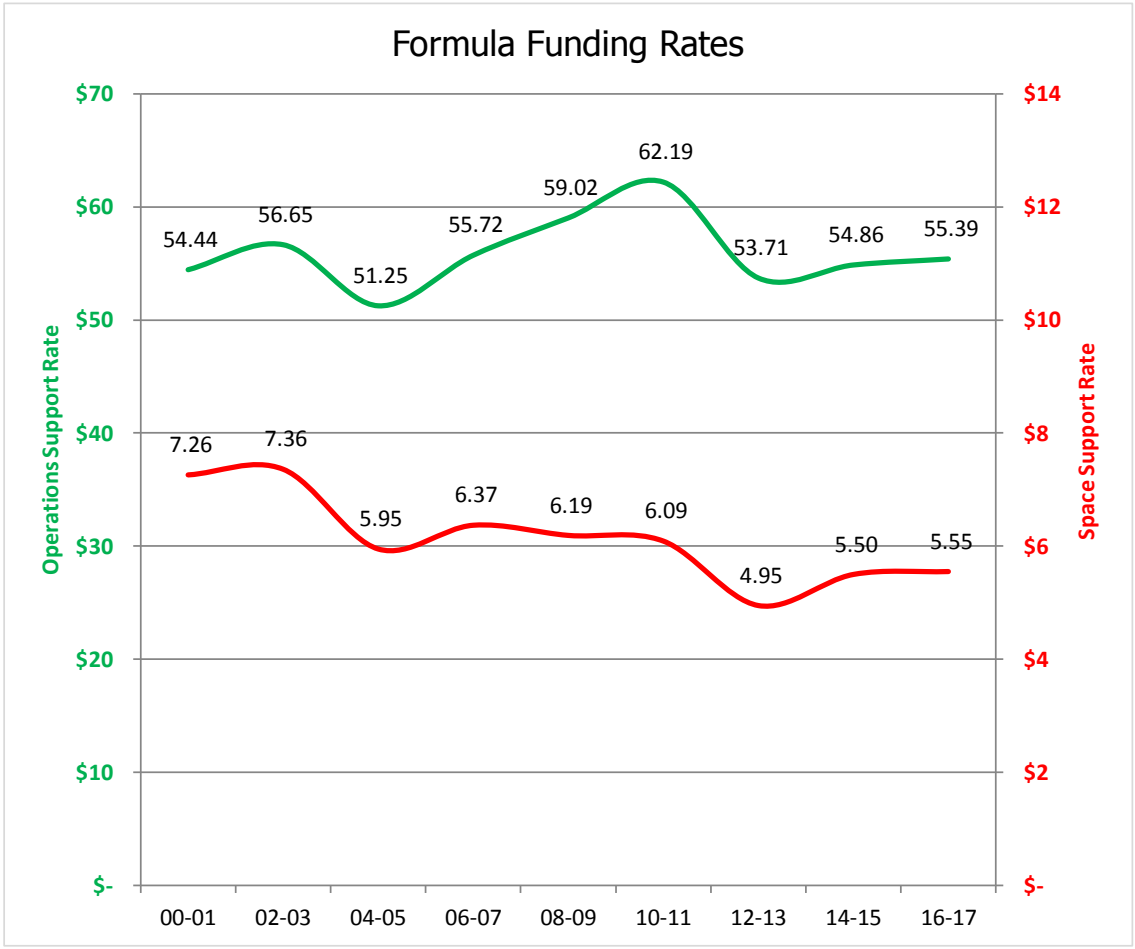
$99M funded, a 1.4% increase over the prior $98M

- -0.3% or ($288K) for a decline in Weighted Semester Credit Hours
- 1.0% or $954K for rate increases
- 10 percent of undergraduate hours taught by tenured and tenure-track faculty funded at operations support rate

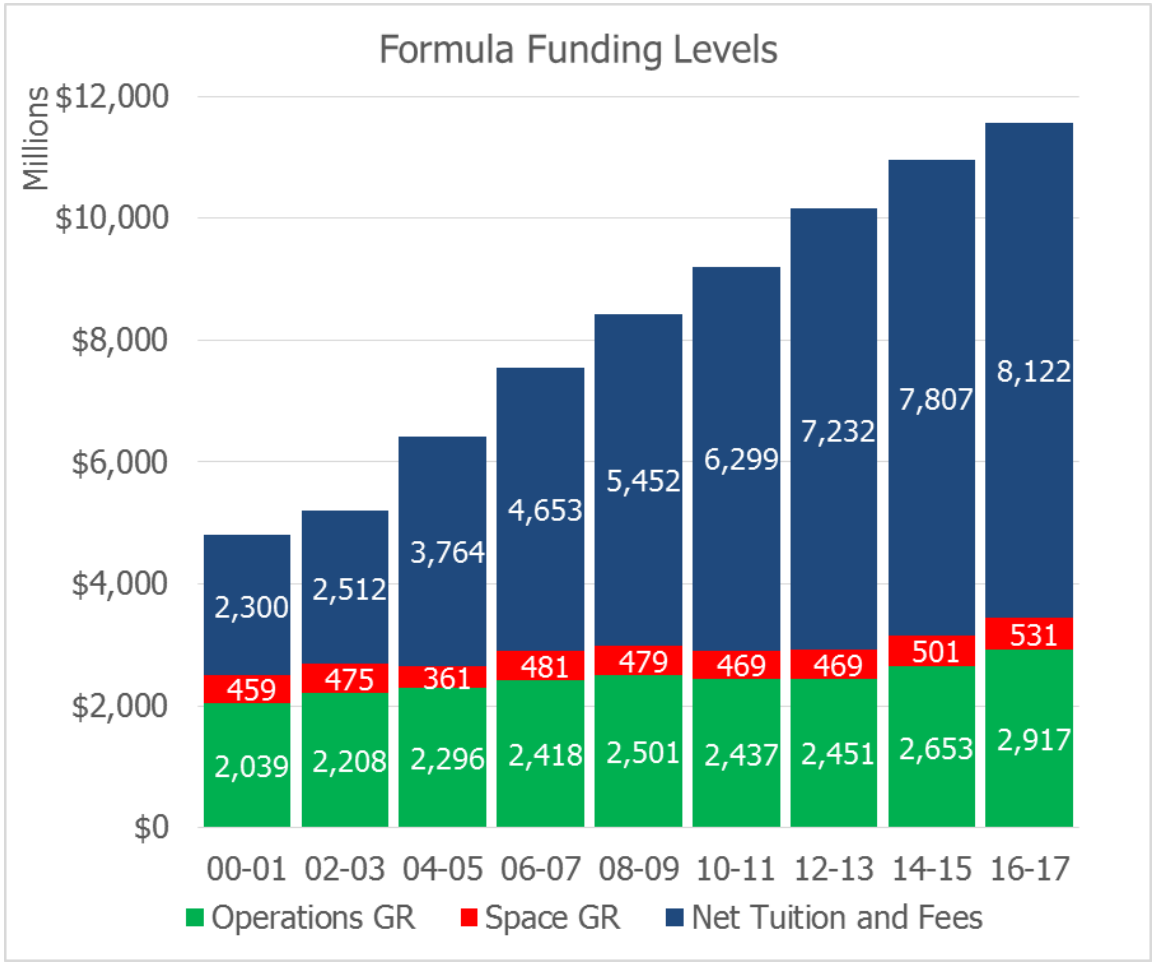
**Small Institution Supplement**

$18.9M funded, a 8.9% decrease from the prior $20.7M. (included above)

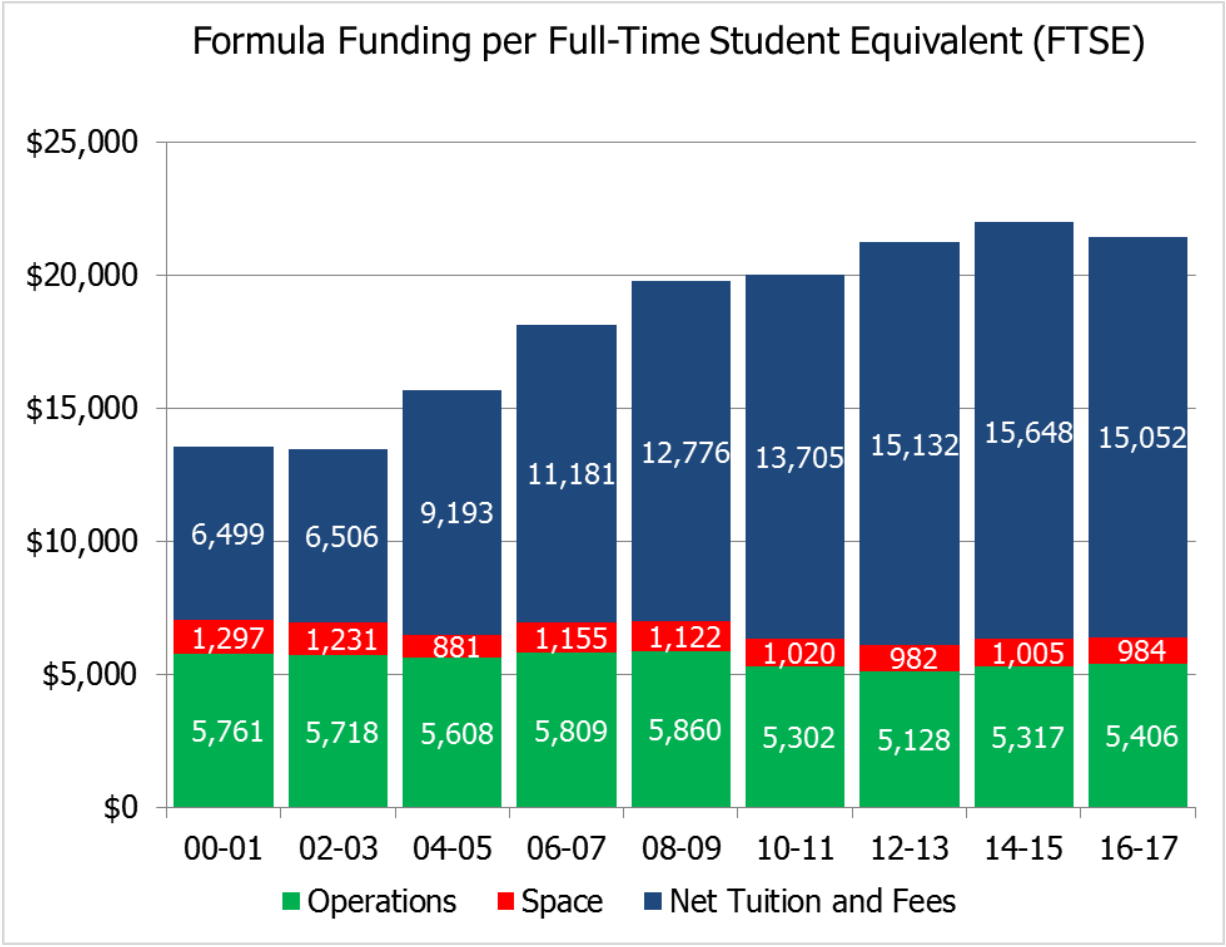
# Operations support rate increased 2% from 2000-2001.



# Changes in Formula Funding – Total Formula Funding up 38% from 2000-2001



# Changes in Formula Funding – FTSE Funding down 9% from 2000-2001



This document is available on the Texas Higher Education Coordinating Board Website: **http://www.thecb.state.tx.us/formulafunding**

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