

Summary of Formula Funding in the Committee Substitute for HB 1 (CSHB 1)

Key Points

- The bill increases formula funding for all sectors of higher education by \$400.5 million, or 4.6 percent, from the 2018-19 biennium. This compares to an increase of \$659.1, or 7.6 percent recommended by the Board. Please note the following:
 - The Board recommended levels were calculated using the final LBB run provided on March 1, 2019; therefore, they are different from the original estimated levels.
 - CSHB 1 was calculated using the initial LBB runs provided on November 1, 2018. Historically, the final LBB runs are not used until the Conference Committee bill.
 - Texas State Technical College (TSTC) reclassified some of its statutory tuition, which is run through the formulas, as designated tuition, which is not run through the formulas. Therefore, the numbers in this summary do not accurately reflect the true change for TSTC. Without this change, TSTC would show an increase instead of a decrease.
- To fund the formulas at the Board recommended levels, \$258.6 million would need to be added to CSHB 1. Of the amount not funded, \$171.8 million is for the Graduation Supplement for the General Academic Institutions.
- The bill funds the growth indicated in the initial LBB formula runs, and it provides additional increases for most formulas.
- The bill increases the threshold for the Small Institution Supplement from 10,000 students to 20,000 students.

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Funding Summary by Sector

(Funding in Millions)	2018-19 Biennium Appropriated	2020-21 Biennium Final LBB Run (Board Rec.)	2020-21 Biennium CSHB 1
Health Related Institutions			
Amount	\$1,927.9	\$2,057.5	\$2,045.7
\$ Change from 2018-19		\$129.6	\$117.8
% Change from 2018-19		6.7%	6.1%
General Academic Institutions			
Amount	\$4,751.7	\$5,172.1	\$4,952.6
\$ Change from 2018-19		\$420.4	\$200.9
% Change from 2018-19		8.8%	4.2%
Technical Colleges			
Amount	\$143.2	\$155.8	\$131.8
\$ Change from 2018-19		\$12.6	-\$11.4
% Change from 2018-19		8.8%	-8.0%
State Colleges			
Amount	\$44.1	\$47.5	\$62.1
\$ Change from 2018-19		\$3.4	\$18.0
% Change from 2018-19		7.7%	40.8%
Community Colleges			
Amount	\$1,767.4	\$1,860.5	\$1,842.6
\$ Change from 2018-19		\$93.1	\$75.2
% Change from 2018-19		5.3%	4.3%
Total, All Sectors			
Amount	\$8,634.3	\$9,293.4	\$9,034.8
\$ Change from 2018-19		\$659.1	\$400.5
% Change from 2018-19		7.6%	4.6%

Highlights of THECB Appropriations in Committee Substitute for House Bill 1

- **\$1.7B All Funds** appropriations for the THECB
 - Includes \$1.5B in General Revenue, an increase of \$133M or 9.5% over the current biennium
- **\$80M increase for TEXAS Grants** for a total of **\$866.4M**
 - Will serve an estimated 70 percent of new eligible students at a \$5,000 target award amount
- **\$1,040,000** one-time appropriation for IT Application Portfolio Modernization
- Increase to the cap for the commissioner's annual salary from \$212,135 to **\$242,119**, which is equal to the State Auditor's Office market average salary
- Developmental education rider revision which allows the THECB to **retain \$200,000** for the biennium in addition to the \$2,250,000 in the base appropriation
- All remaining Exceptional Item Requests were adopted in Article XI, known as the **"Wish List"**

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Highlights of Committee Substitute for Senate Bill 500, Supplemental Appropriations for FY 19

- Appropriates **\$344.4M** in Economic Stabilization Funds to various agencies and institutions of higher education
 - **\$182.5M for the Texas Research Incentive Program;**
 - \$58.8M to institutions of higher education for expenses related to Hurricane Harvey;
 - \$57.4M to Texas A&M Forest Service for wildfire and Hurricane Harvey-related costs;
 - \$29.6M to the Texas State Technical College Waco Campus for abatement and demolition of certain facilities; and
 - \$16.0M to Texas Southern University for deferred maintenance.

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Highlights of THECB Appropriations HB 1 and SB 1 (Introduced)

House Bill 1

- Overall, a \$36.6M or 2.5% increase
- Increase of \$60M for GME (maintains 1.1 to 1 ratio)
- Increase TEG by \$6.8M (serves 996 more students for a total of 26,200 students per year)
- Decreased Northeast Texas Initiative and TC3 by \$2.5M and transferred \$2.5M to Angelina College

Senate Bill 1

- Overall, a \$133M or 9% increase
- Increase of \$60M for GME (maintains 1.1 to 1 ratio)
- Increase TEG by \$5.8M (serves 853 more students for a total of 26,057 students per year)
- Zero-funded \$5M for Northeast Texas Initiative and TC3
- \$100M for Texas Mental Health Care Consortium, contingent on passage of SB 63 by Nelson

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Highlights of THECB Appropriations HB 1 and SB 1 (Introduced)

HB 1 and SB 1

- No increase for TEXAS Grants (\$786.5M)
- Decrease for Baylor College of Medicine (BCOM) Undergraduate Medical Education by \$3.7M
- Increase for BCOM Graduate Medical Education by \$1.4M
- Decrease BOT to cover renewal students (no impact)
- Zero-funded Top 10% (there are no more renewal students; no impact)
- Decrease for Information Resources by \$139K (DCS costs declined; no impact)
- Decrease in Federal Funds by \$5.5M, primarily due to the discontinuation of Teacher Quality Grant Program
- Decrease in Other Funds by \$18.4M, primarily due to aligning funding levels with projected distributions from certain tobacco funds

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