



Formula Funding

Funding for the costs of educating students comes almost entirely from two sources: general revenue, appropriated by the state, and the tuition/fees paid by students. These two funding streams are inversely related; as support from the state has declined in recent years, tuition and fees have been raised to make up for this shortfall.

Each biennium, available state funds are distributed to colleges and universities using a **funding formula** based primarily on enrollment and the average cost of a program. In other words, this formula determines how much state support Texas A&M receives for every student enrolled in a course.

As explained by the [Legislative Budget Board](#) (LBB), the Instruction and Operations formula is calculated as:

$$\text{Semester Credit Hours (SCH)} \times \text{Program and Level Weight} \times \text{Rate}$$

LBB defines **Semester Credit Hours** as "*a measurement of how many classes, and the number of students enrolled in those classes, (that) an institution delivers*" in an academic year.

These are next "**weighted**" by **program and level**. This is an acknowledgment that some courses cost more to teach. A doctoral nursing course, for example, costs more than a lower-level liberal arts course; for this reason, in the 2022-23 biennium, the lower-level liberal arts course received a weight of 1.0 while the doctoral nursing course received a weight of 10.71. (See the full matrix of weights on page 491 of the 87th General Appropriations Act, found [here](#).)

The formula is calculated by the Texas Higher Education Coordinating Board (THECB) in the summer of even-numbered years. THECB recommends a **rate**, and the Legislature sets

the rate based on the available funding. For the 2022-23 biennium, this rate was set at \$52.31.

In looking at the rate over the last several sessions, a worrisome trend is revealed:

- Texas' population has grown significantly, and this is reflected in college enrollment.
- With more students enrolled across all institutions of higher education, the general revenue is spread across more students. Thus, the rate will go down unless additional general revenue is appropriated to account for that growth.
- While some years have seen additional general revenue put toward this funding, it has unfortunately not been enough to sustain the rate in the face of this enrollment growth.
- Steep cuts to the formula funding were made in the 82nd Legislature (2011) in the face of a recession — the rate that year was set at \$53.71, down from the rate of \$62.19 set in the 81st Legislature in 2009. The rate has remained around this same level ever since.
- The negative impact of this decreased weight has been exacerbated by inflation and overall increased costs of educating today's students.
- For this reason, formula funding is a top priority for Texas A&M in the 88th Legislature.

Formula funding is the foundation for Texas public institutions of higher education, flowing directly into college classrooms and labs. Additional general revenue in the formulas will help cover student enrollment growth and help offset record inflation and the resulting pressure on tuition and fees.