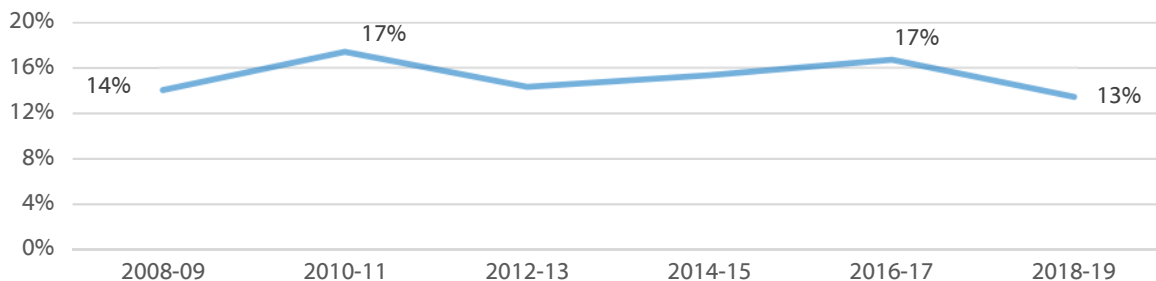


Decrease in Non-Formula Funding Causes Net Appropriations Decrease for Texas Academic Institutions

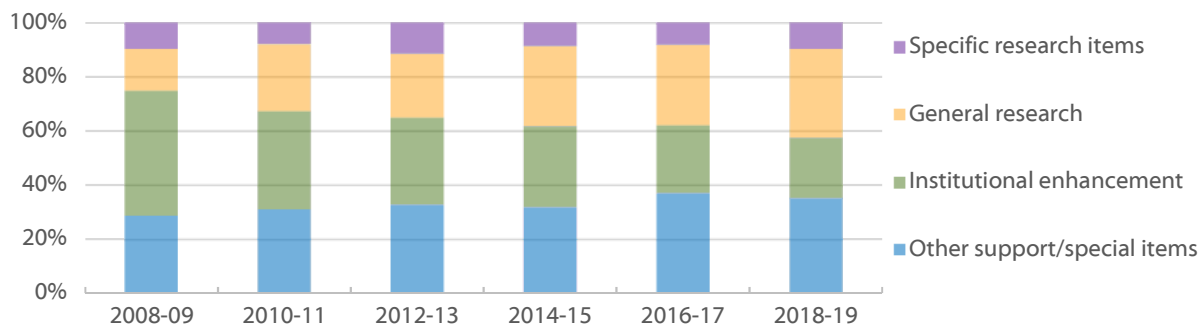
Although it rejected proposed changes to the way the state of Texas funds institutions of higher education, the 85th Texas Legislature (2017) passed a General Appropriations Act (budget) that lowered the proportion of appropriations to General Academic Institutions (GAI) covered by non-formula funding to its lowest level in the past 12 years.

Non-Formula Funding as Percentage of TX Legislative Appropriations to GAIs, by Biennium



The drop in the percentage of non-formula GAI appropriations is due to the increase in formula funds by about \$85 million and decrease in non-formula funds by about \$198 million from the 2016-17 budget, resulting in a net decrease of GAI appropriations of about \$123 million. Appropriations decreased in every major category of non-formula funding, but the bulk of the decrease occurred in Institutional Enhancement (down about 30 percent from \$235 million to \$166 million) and other support items (down about 25 percent from \$346 million to \$258 million). As shown in the chart below, the decrease in Institutional Enhancement reflects the historical trend, while the decrease in other support items represents a partial return to the historical norm after a spike in 2016-17.

Composition of TX Non-Formula Funding to GAIs, by Subcategory and Biennium



The two major trends in the composition of non-formula appropriations are the growth of general research funds, which have roughly doubled to 33 percent since 2008-09, and the decrease in Institutional Enhancement, cut by more than half to 22 percent over the same period.

Notes: These subcategories compare to the structure of the General Appropriations Act as follows: Institutional Enhancement is a single line item under Non-Formula Support Items; specific research items are line items under the Research subheading of Non-Formula Support Items; other support items are all other items under Non-Formula Support Items; and general research funds includes the Research Development Fund, the Comprehensive Research Fund, Core Research Support, and the Competitive Knowledge Fund. These items have not all existed or been funded in every budget since 2008-09, and only some fall under Non-Formula Support Items.

Sources: Legislative Budget Board, General Appropriations Act for the 2018-19 Biennium, http://www.lbb.state.tx.us/Documents/GAA/General_Appropriations_Act_2018-2019.pdf; Summary of Higher Education Non-formula Support Items, http://www.lbb.state.tx.us/Documents/Publications/Presentation/Summary_Higher_Education_Non-formula_Support.pdf; Texas Higher Education Coordinating Board, Overview of Formula Funding, <http://www.thecb.state.tx.us/index.cfm?objectid=4EA741D3-C76D-FBC5-04F664C233E8802B>

