

**The University of Texas System
Summary of 2008-09
House Appropriations Committee Substitute to House Bill 1
and Comparison to 2006-07**

For the University of Texas General Academic Institutions, Health-related Institutions, and System Administration, the House Appropriations Committee recommendations represent a net increase of \$254.6 million in General Revenue for the 2008-09 biennium compared to 2006-07. This funding includes an increase of \$107.5 million for operating funds, including formula funding, the new Texas Competitive Knowledge Fund, formula hold harmless, and increases to special items, plus an increase of \$147.1 million for debt service on new and existing tuition revenue bonds (TRB). The operating fund increases (increases net of TRB debt service) of \$107.5 million can be seen on page 6 and include General Academic Institutions' increases of \$44.9 million, or 3.62 percent, and Health-related Institutions' increases totaling \$62.5 million, or 4.14 percent.

Highlights of the General Revenue increases to higher education are summarized below.

GENERAL ACADEMICS

Formula Funding

Statewide, formula funding recommendations increase by \$26.2 million for the general academic institutions due to enrollment growth of 1.1 percent calculated by the Legislative Budget Board (LBB). The LBB recommendations allocate enrollment growth funding only to the Instruction & Operations formula, as has been done historically.

Instruction & Operations formula funds are allocated using the cost-based formula matrix at a 75 percent phase-in (with no hold harmless built into the matrix). Funds are allocated based on semester credit hours from the spring, summer, and fall 2006 semesters. If past procedures are followed, spring 2006 enrollment will be replaced with spring 2007 during Conference Committee as the semester credit hour base period typically used to allocate the formula appropriations.

Overall formula hold harmless of \$28.4 million is provided for General Academics and Texas State Technical Colleges to bring institutions to 97 percent of their current biennial formula funding amount. Three UT institutions (UT Arlington, UT Austin, and UT Tyler) benefit from formula hold harmless.

Five UT General Academic Institutions receive formula increases that total \$16.1 million: UT Dallas, UT Pan American, UT Brownsville, and UT San Antonio.

Four UT institutions receive a net decrease in formula funding (including hold harmless) of \$20.3 million: UT Arlington, UT Austin, UT El Paso, and UT Tyler.

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Texas Competitive Knowledge Fund

A new Texas Competitive Knowledge Fund is created, to be funded through reallocation of \$66.2 million of funds from UT Austin, Texas A&M and Texas Tech universities and the University of Houston and an additional \$49.4 million in new General Revenue. The resulting \$115.6 million is allocated among all 35 general academic institutions generally based on a formula of \$1 million for each \$10 million in research over the last three years (2003-2005). This results in allocations for the biennium to System institutions as follows:

- UT Arlington \$2.6 million
- UT Austin \$39.3 million
- UT Dallas \$3.5 million
- UT El Paso \$3.1 million
- UT Pan American \$420,000
- UT Brownsville \$340,000
- UT Permian Basin \$139,000
- UT San Antonio \$1.8 million
- UT Tyler \$60,000

Tuition Revenue Bond Debt Service

Consistent with the LBB recommendations, the House Appropriations Committee fully funds debt service on existing TRBs and on new TRBs authorized by House Bill (HB) 153, 79th Legislature, Third Called Session, 2006.

Research Development Fund

Although the total amount of the Research Development Fund (RDF) has decreased by \$2 million, the UT academic institutions benefit from the RDF by an additional \$0.9 million in 2008-09.

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New or Additional Funding for Special Items

Several special items receive new or additional funding at UT System academic institutions:

- \$3 million at UT Austin for the McDonald Observatory
 - \$362,500 at UT Austin for the Garner Museum
 - \$9 million at UT Permian Basin for Instructional Program Support
 - \$500,000 at UTPB for the Performing Arts Center Start-up
- In general, the top three or four exceptional item requests at all institutions are left for future consideration via Article XI.

HEALTH-RELATED INSTITUTIONS

Formula Funding

Consistent with LBB recommendations, enrollment growth based on the funding weight of 1.000 is funded for the Health-related Institutions for a General Revenue increase of \$22.3 million for all nine health-related institutions. An additional \$5 million in General Revenue enhancement funding is also provided for the Instruction and Operations formula.

An additional \$18.7 million in General Revenue is provided to increase the Biomedical Science and Nursing Graduate weights. Institutions that qualify for these weights will not be eligible to receive the Small Class Supplement.

An additional \$47 million is provided for the Graduate Medical Education (GME) formula. Of this amount, \$3 million is from funds previously trusted at the Higher Education Coordinating Board and \$44 million is new General Revenue. Total GME funding is \$72 million for the biennium.

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New or Additional Funding for Special Items

- \$1 million at UT Southwestern for the Center for Treatment and Research on Sickle Cell Disease.
- \$5 million at UT HSC San Antonio for the Regional Academic Health Center.
- The pilot program of the mission-specific formula for UT MD Anderson is adopted.
- All other exceptional item requests are left for future consideration via Article XI.

HIGHER EDUCATION FUND

Funding for the Higher Education Fund (HEF) increased by \$175 million in General Revenue Funds for a total of \$525 million due to the implementation of House Bill 3001, Seventy-ninth Legislature, Regular Session, 2005. The University of Texas at Brownsville and the University of Texas Pan American are the two institutions within the University of Texas System that are eligible for HEF appropriations.

HIGHER EDUCATION COORDINATING BOARD

Consistent with LBB recommendations, funding includes an increase of \$10.8 million to fund the College Readiness Initiative adopted by the 79th Legislature, Third Called Session, 2006.

Funding for the Higher Education Coordinating Board increased for the following programs:

- An increase of \$9 million in General Revenue for the Professional Nursing Shortage Reduction Program.
- An increase of \$150 million in General Revenue for Student Financial Aid programs. This increase includes:
 - \$120 million for TEXAS Grants
 - \$ 5 million for the B-on-Time Loan Program
 - \$ 5 million for College Work Study

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- \$ 5 million for the Texas Education Opportunity Grants
- \$15 million to provide a state match for the statutorily required designated tuition set-asides. Funds are to be distributed in a pro rata manner to the institutions in an amount equal to the amount of tuition set aside by each institution.
- An increase of \$1.9 million in General Revenue for new community college campuses.

Trusted funds for the Graduate Medical Education (GME) program in the amount of \$3 million are transferred to the GME formula for the Health-related Institutions. \$600,000 remains trusted at the Coordinating Board to fund unaffiliated independent residency programs.

PUBLIC COMMUNITY AND JUNIOR COLLEGES

The LBB recommendations reduce General Revenue funding to the public community and junior colleges by \$57.6 million due primarily to a reduction in contact hours. Current funding recommendations increase formula General Revenue by \$108.5 million, including formula hold harmless so that all public community and junior community colleges are at 97 percent of the 2006-07 appropriations levels.

HIGHER EDUCATION EMPLOYEES GROUP HEALTH INSURANCE

Consistent with LBB recommendations, funding for higher education group health insurance has increased by \$34.1 million in General Revenue to bring the state's premium contribution rate to 90 percent of the contribution rate for state agency employees.

TEACHERS RETIREMENT SYSTEM

Funding for the Teacher Retirement System has increased by \$135 million to reflect the decision to increase the state contribution rate from 6.00 percent to 6.70 percent of payroll for each fiscal year.

**The University of Texas System
2008-09 General Revenue Appropriations
HB1 - House Committee Substitute
(Does Not Include Higher Education Group Insurance Contributions)**

Institution	2006-07 Biennium				2008-09 Biennium				Biennial Change
	GR Appropriations	TRB Debt Service	GR Appropriations (less TRB)	Base GR Appropriations	Competitive Knowledge Fund	TRB Debt Service	GR Appropriations (less TRB)	\$ Increase (Decrease)	
The University of Texas at Arlington	168,926,264	(7,685,103)	161,241,161	175,730,636	2,651,968	(19,502,101)	158,880,503	(2,360,658)	-1.46%
The University of Texas at Austin	502,352,548	(11,939,880)	490,412,668	493,982,539	39,388,772	(29,721,062)	503,650,249	13,237,581	2.70%
The University of Texas at Dallas	121,806,873	(6,262,648)	115,544,225	127,824,124	3,564,418	(7,998,432)	123,390,110	7,845,885	6.79%
The University of Texas at El Paso	126,365,695	(5,177,668)	121,188,027	138,296,568	3,197,616	(18,415,388)	123,078,796	1,890,769	1.56%
The University of Texas - Pan American	109,764,585	(8,642,314)	101,122,271	117,767,167	443,962	(15,206,914)	103,004,215	1,881,944	1.86%
The University of Texas at Brownsville	41,175,178	(7,975,249)	33,199,929	50,659,372	340,210	(13,081,599)	37,917,983	4,718,054	14.21%
The University of Texas of the Permian Basin	28,825,384	(3,628,961)	25,196,423	56,728,493	139,148	(20,758,612)	36,109,029	10,912,606	43.31%
The University of Texas at San Antonio	162,694,553	(13,727,978)	148,966,575	181,611,480	1,822,334	(26,575,802)	156,858,012	7,891,437	5.30%
The University of Texas at Tyler	50,349,087	(4,080,907)	46,268,180	57,591,547	60,220	(12,405,738)	45,246,029	(1,022,151)	-2.21%
Total - General Academics	1,312,260,167	(69,120,708)	1,243,139,459	1,400,191,926	51,608,648	(163,665,648)	1,288,134,926	44,995,467	3.62%
UT Southwestern Medical Center at Dallas	258,317,283	(19,898,985)	238,418,298	283,825,872	-	(25,973,567)	257,852,305	19,434,007	8.15%
UT Medical Branch at Galveston	438,237,056	(3,527,222)	434,709,834	458,774,024	-	(13,074,006)	445,700,018	10,990,184	2.53%
UT Health Science Center at Houston	261,484,971	(18,427,444)	243,057,527	285,528,391	-	(27,464,979)	258,063,412	15,005,885	6.17%
UT Health Science Center at San Antonio	257,887,159	(12,746,046)	245,141,113	281,379,564	-	(22,655,827)	258,723,737	13,582,624	5.54%
UT M.D. Anderson Cancer Center	288,536,514	(6,522,882)	282,013,632	298,320,552	-	(13,064,640)	285,255,912	3,242,280	1.15%
UT Health Center at Tyler	65,874,223	(1,746,262)	64,127,961	69,788,060	-	(5,431,588)	64,356,472	228,511	0.36%
Total - Healths	1,570,337,206	(62,868,841)	1,507,468,365	1,677,616,463	-	(107,664,607)	1,569,951,856	62,483,491	4.14%
UT System Administration <u>1</u>	6,815,071	(5,300,000)	1,515,071	14,643,988	-	(13,081,200)	1,562,788	47,717	3.15%
GRAND TOTAL	2,889,412,444	(137,289,549)	2,752,122,895	3,092,452,377	51,608,648	(284,411,455)	2,859,649,570	107,526,675	3.91%

Notes:

1 Debt service included in the TRB column for U. T. System Administration is for the NSERB at UT Dallas.

Amounts shown for UT MB Galveston do not include funds appropriated elsewhere in SB 1 for Correctional Managed Care.

**The University of Texas System
Group Insurance Appropriations - HB 1 House Committee Substitute
2006-07 Biennium vs. 2008-09 Biennium**

	2006-07 Biennium	FY 2008	FY 2009	2008-09 Biennium	Increase (Decrease)	Percent Change
The Univ of Texas at Arlington	\$ 18,286,656	8,277,164	8,277,164	16,554,328	(1,732,328)	-9.5%
The Univ of Texas at Austin	48,994,443	25,301,095	25,301,095	50,602,190	1,607,747	3.3%
The Univ of Texas at Dallas	8,879,160	5,249,036	5,249,036	10,498,072	1,618,912	18.2%
The Univ of Texas at El Paso	14,539,253	8,345,594	8,345,594	16,691,188	2,151,935	14.8%
The Univ of Texas - Pan American	10,582,765	5,233,614	5,233,614	10,467,228	(115,537)	-1.1%
The Univ of Texas at Brownsville	7,555,559	3,697,905	3,697,905	7,395,810	(159,749)	-2.1%
The Univ of Texas of the Permian Basin	2,172,434	1,316,365	1,316,365	2,632,730	460,296	21.2%
The Univ of Texas at San Antonio	14,045,846	7,887,041	7,887,041	15,774,082	1,728,236	12.3%
The Univ of Texas at Tyler	4,008,814	2,516,593	2,516,593	5,033,186	1,024,372	25.6%
Subtotal	129,064,930	67,824,407	67,824,407	135,648,814	6,583,884	5.1%
UT Southwestern Medical Center at Dallas	15,881,545	8,543,270	8,543,270	17,086,540	1,204,995	7.6%
UT Medical Branch at Galveston	76,679,627	32,718,562	32,718,562	65,437,124	(11,242,503)	-14.7%
UT Health Science Center at Houston	21,192,650	10,802,644	10,802,644	21,605,288	412,638	1.9%
UT Health Science Center at San Antonio	23,869,469	14,823,882	14,823,882	29,647,764	5,778,295	24.2%
UT M.D. Anderson Cancer Center	12,450,798	6,453,567	6,453,567	12,907,134	456,336	3.7%
UT Health Center at Tyler	7,247,664	2,613,416	2,613,416	5,226,832	(2,020,832)	-27.9%
Subtotal	157,321,753	75,955,341	75,955,341	151,910,682	2,197,185	1.4%
UT System Administration	99,967	52,837	52,837	105,674	5,707	5.7%
TOTAL	\$ 286,486,650	143,832,585	143,832,585	287,665,170	8,786,776	3.1%