Formula Funding
Challenge: Formula funding is the most crucial source of state revenue for higher education institutions. The formulas allocate money to universities primarily on the basis of student class enrollment and benefit every institution in the state. Although the legislature increased formula funding in the 2013 session, the rate at which student classroom hours and classroom space is funded is actually less today than it was in 2003. Yet, higher education serves 148,000 more students today with tuition rates below the national average when compared to other states.

Solution: Restore the formula funding rates to their 2011 levels to address the significant student growth and reduce pressure on student fees and tuition.

Facilities Funding – Capital Projects
Challenge: Even with the rapid expansion of online and distance learning programs, higher education institutions continue to face challenges related to aging facilities and insufficient classroom and lab space. These challenges have limited the capacity of many institutions to expand science, engineering, allied health and other high-demand programs.

Solution: Provide funding for much needed capital projects financed by Tuition Revenue Bonds/TRBs or other appropriate means. Increase funding for the Higher Education Assistance Fund (HEAF), which supports capital projects at institutions that are not eligible for Permanent University Fund (PUF) support.

Financial Aid
Challenge: Financial aid programs, such as the TEXAS Grant program, played a significant role in helping the state achieve its goals for ‘Closing the Gaps.’ Access will remain a priority as Texas continues to grow.

Solution: Prioritize funding for the TEXAS Grant program and provide institutions flexibility in tailoring financial aid awards to students’ individual needs.

Hazlewood Act
Challenge: The Hazlewood Act exempts military veterans and their dependents from paying tuition and mandatory fees at Texas public higher education institutions. The cost to institutions and tuition-paying students has risen to $169.1 million in 2014, and is projected to reach $286.2 million by 2017.

Solution: Support Governor-elect Abbott’s proposal to fully fund the Hazlewood Act, reducing the financial burden on institutions and tuition-paying students.