Texas Higher Education
Coordinating Board

General Academic Institution

Program Funding Estimation Tool

Instructions

May 2011

Division of Planning and Accountability
Finance and Resource Planning

Texas Higher Education Coordinating Board

Mission of the Coordinating Board

The Texas Higher Education Coordinating Board's mission is to work with the Legislature, Governor, governing boards, higher education institutions and other entities to help Texas meet the goals of the state's higher education plan, *Closing the Gaps by 2015*, and thereby provide the people of Texas the widest access to higher education of the highest quality in the most efficient manner.

Philosophy of the Coordinating Board

The Texas Higher Education Coordinating Board will promote access to quality higher education across the state with the conviction that access without quality is mediocrity and that quality without access is unacceptable. The Board will be open, ethical, responsive, and committed to public service. The Board will approach its work with a sense of purpose and responsibility to the people of Texas and is committed to the best use of public monies. The Coordinating Board will engage in actions that add value to Texas and to higher education. The agency will avoid efforts that do not add value or that are duplicated by other entities.

Foreword

The estimation tool enables institutions a consistent means of completing the program revenue section of the Texas Higher Education Coordinating Board's Academic Affairs New Program Request Form. While not intended for general use, it can be applied to other uses as long as the listed assumptions hold true.

Comments, questions, and concerns can be submitted in writing to the attention of Campus Condition Index at this address:

> Texas Higher Education Coordinating Board
> Division of Planning and Accountability
> P.O. Box 12788
> Austin, TX 78711

The fax number is 512-427-6147.

If you have questions concerning the use of the tool or this manual, contact Paul Turcotte at 512-427-6235.

Program Funding Estimation Tool Instructions

Publication Schedule

The estimation tool is scheduled to be revised at the start of each even fiscal year. New publications will include the latest funding from the General Appropriations Act.

The publication will be revised without notices to correct errors between publications. Users should download the template from the website below with each use as to ensure the most accurate revenue estimations.

http://www.thecb.state.tx.us/reports/Docfetch.cfm?Docid=2291&Format=XLS

Purpose

The estimation tool is designed to project an institution's proposed program potential revenue from State appropriations and student tuition and fees. The calculated revenue does not take into account non-student based revenues generated by the program (i.e. grants). The calculator does not account for revenues that are remitted or discounted.

Use this tool to project the student driven revenue of a prospective program by entering the required courses for the program and the pro forma of student course enrollment for the next 15 semesters.

The tool uses the data provided in the semester credit hour pro forma section to calculate the formula funding and student statutory and designated tuition. Total student-based funding includes the amounts mentioned above and the user provided student fees and board-authorized tuition.

The tool provides a fiscal year summary, which accounts for the biennial appropriation of formula funding.

Note: The tool is protected without a password to prevent inadvertent changes to the tool. Users may change the template, however, only results from unaltered templates will be accepted by the Board staff for submission with program request forms. Submitting estimates to the Board staff from a modified template will be considered fraudulent.

Assumptions

Preservation of the following assumptions is essential for accurate calculations. However, there is an inherent immeasurable margin of error associated with the generation of the relative weight matrix used to estimate the formula funding.

Calculations are based on hours taken, not FTSE or headcount. This model accounts for credit hours taken at different academic levels, across various disciplines, and at different loads during the fall, spring, and summer semesters.

Hours used to calculate formula funding are based on the summer and fall of even numbered years and the spring of odd numbered years. For example, summer and fall 2010 and spring 2011 (Base Year 2011) are used to allocated funds for both fiscal years 2012 and 2013 (September 1, 2011 through August 31, 2013).

The program's formula funding forecast will include hours from the various disciplines that a student must take to complete the degree, not just hours from the named discipline of the program.

The level of the hours funded is the level of the course or the student's enrollment classification, whichever is lowest.

The program's new cost to the state is the funding rate reduced by the institution's estimated statutory tuition.

Funding is not generated for the first two years the program generates semester credit hours.

The funding rate is held constant into future years.
This model's information and assumptions are subject to change, and the estimates are not a guarantee of funding.

Designated Tuition Rate

Designated tuition is a tuition charge authorized under TEC, section 54.0513 that institutions other than public community colleges may impose on any graduate or undergraduate, resident or nonresident student, in an amount that the governing board of the institution considers necessary for the effective operation of the institution.

Enter the institution's Designated Tuition Rate in cell B15.

Statutory Tuition Rate

Statutory tuition is a tuition charge authorized under TEC, Section 54.051, in an amount determined by the Texas Legislature for resident or nonresident students. This includes the charge for state-funded continuing education courses.

The tool assumes all students are Texas residents and the statutory tuition rate is set at $50 per semester credit hour. Introducing the assumption that some students will be nonresidents is not a variability the Board would like to see in the new degree program applications.

No entry required.

All Funds Rate
The All Funds Rate is applied to the semester credit hours provided later in the template. The product of the rate, the weights (provided with this tool), and the semester credit hours equals the estimated formula funding. The All Funds Rate and weights are reset with each publication of the General Appropriations Act by the Board staff. The tool assumes future years will receive the same rate and weights as the most current allocation. This is not true but valid for the margin of error associated with this tool.

No entry required.

Five-Year Total

The five-year total table converts the calendar year costs to fiscal year. The general revenue presented in this table represents the estimated allocated portion based on the "Base Year." General revenue is appropriated biennially, funded for two years starting September on odd years, and is based only on the semester credit hours generated by the institution the spring, fall, and summer preceding the start of the appropriation cycle. Only a single year's semester credit hours are used to allocate the formula funds.

The table consists of five revenue streams: Student Fees, Board Authorized Tuition, Designated Tuition, General Revenue, and Statutory Tuition. Initially, an institution is likely to have other revenue streams to fund a program. This table represents the student driven funding to indicate how a program will become self-sustaining within the first five years.

No entry required.

Starting (Calendar) Year

The calendar year of the first semester courses listed in the Course List on this form will be taught. Enter a four-digit whole number greater than 2010. Numbers less than 2010 and nonnumeric characters will not pass the validation rules.

This field updated the year headers for all tables on the form. The formula funding base year includes summer and fall hours generated in even years and spring hours generated in odd years.

If an even year is entered, the hours from the summer and fall entered for the first year will be considered for formula funding and the spring hours for the first year will not be included. The spring hours for the following calendar year spring will be included in the formula allocation.

 If an odd year is entered, the hours from the spring semester only will be considered for the formula funding. The hours for the summer and fall semesters of that year will not be used to calculate the formula allocation for the next two-year cycle that starts in the first year fall semester.

Enter the calendar year course start.

Starting Semester

This is the first semester the first course is taught to the first set of student in new program for which the application is being submitted.

Choose one of the three semester options in the dropdown menu.

Total Student Based Funding

The sum of all student based funding listed below.

No entry required.

Student Fees

Any student fee revenues generated due to enrollment in the new degree program. Statutory and non-statutory fees should be reported (TEC, Chapters 51, 54, and 55). The fees reported do not have to be newly introduced for the program, but the monies paid should directly or indirectly fund the program or the institution overhead.

Do not enter amounts for semesters where no semester credit hours are entered in the Course List table or for semesters before the Start Semester.

Enter the total fees to be collected for this program by semester.

Board-Authorized Tuition

Board authorized tuition is a tuition charge that a general academic teaching institution or a medical and dental unit may impose on any graduate resident or nonresident student in an amount as specified in TEC, Section 54.008.

Do not enter amounts for semesters where no semester credit hours are entered in the Course List table or for semesters before the Start Semester.

Enter the total Board-Authorized Tuition to be collected for this program by semester.

Designated Tuition

As defined earlier, this tuition is semester credit hour driven. The rate entered in the Designated Tuition Rate cell is multiplied by the semester credit hours entered in the Course List table.

No entry required.

Formula Funding Estimate

The tool estimates formula funding using the Funding Rate at the top of the form, the Weights scheduled on the second sheet, and the user supplied semester credit hours. This formula calculation is used to determine the estimated general revenue by subtracting the calculated statutory tuition.

No entry required.

General Revenue Estimate (State's Portion)

The estimated general revenue is the formula funding amount less the statutory tuition.

No entry required.

Statutory Tuition Estimate (Student's Portion)

As defined above, the statutory tuition is the amount required to be charged to all students attending public institutions in Texas. This tool sets this tuition to the resident amount making the assumption all students are residents of Texas as defined in statute. Nonresident tuition is more than seven time the resident tuition. Assuming all students are a resident does not change the total revenue generated by the program, but does increase the estimated general revenue generated by the program. This is the result of general revenue being the difference of formula funding and statutory tuition.

No entry required.

Full-Time Student Equivalents

Calculated from the semester credit hours entered in the Course List table, the full-time student

equivalents are equal to the following values:

Level of Instruction	Semester Credit Hours Per Full-Time Equivalent (Fall and Spring)	Semester Credit Hours Per Full-Time Equivalent (Summer)
Undergraduate Lower-Level	15	12
Undergraduate Upper-Level	15	12
Master's	12	10
Doctoral	9	7
Special Professional	12	10

These calculations are not used the estimated funding, but should match the numbers reported on the New Degree Program Application.

No entry required.

Semester Credit Hours

Total semester credit hours by semester as entered in the Course List table.

These calculations are not used the estimated funding, but should match the numbers reported on the New Degree Program Application.

No entry required.

Course List Table

Formula funding is driven by the semester credit hours generated by courses in specific disciplines at specific levels. Use the dropdown menus provided and create a row in the table for each discipline and level combination the program will require.

Note: When a student's enrollment classification varies from the course instruction level, the lower of the two is used to calculate the formula. If a mixture of enrollment classifications will participate in the course, create separate rows to define the combinations.

Discipline

Disciplines are defined by Classification of Instructional Program (CIP) codes. While National Center for Educational Statistics (NCES) defines more than 50 CIP groups, the formula translates those into 20 disciplines. The reporting manual appendices contain a crosswalk of the CIP codes to disciplines. (http://www.txhighereddata.org/ReportingManuals.cfm)

Note: If a valid discipline is not entered, formula will not be calculated for the hours entered on the row.

Use Liberal Arts for developmental education.

Use the dropdown menu and select a discipline for each row semester credit hours are entered.

Level

The formula is calculated with semester credit hours categorized in to five course instruction levels. Translate the level of instruction the course would be reported on the Course Inventory to the following values.

Formula Level of Instruction	Course Inventory Level of Instruction
Undergraduate Lower-Level	1 Freshman 2 Sophomore
Undergraduate Upper-Level	3 Junior 4 Senior
Master's	5 Master's
Doctoral	6 Doctoral
Special Professional	7 Special Professional (Law, Optometry, Veterinary Medicine)

Note: If a valid level is not entered, formula will not be calculated for the hours entered on the row.

Use Undergraduate Lower-Level for developmental education.

Use the dropdown menu and select a level for each row semester credit hours are entered.

Course List Semester Credit Hours Field

Enter the semester credit hours to be generated by the courses by semester for the next five years.

Estimated Formula Funding Table

This table mimics the discipline and level entries of the Course List Table. The formulas in the table field create the product of the semester credit hours, funding rate, and appropriate weight based on the chosen discipline and level. The weights are listed on the Weight worksheet in the tool and are updated each biennium.

No entry required.

At the completion of semester credit hour entry, transfer the result in the Five-Year Total table to the New Degree Program form.

This document is available on the Texas Higher Education Coordinating Board
Website: **http://www.thecb.state.tx.us**

For more information, contact:

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