

Formula Funding Recommendations for the 2022-23 Biennium

April 2020

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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for the Texas higher education system and to promote access, affordability, quality, success, and cost efficiency through *60x30TX*, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board's core values are:

Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

Efficiency: We accomplish our work using resources in the most effective manner.

Collaboration: We develop partnerships that result in student success and a highly qualified, globally competitive workforce.

Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

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Authority for Formula Funding Development

Texas Education Code, Section 61.002

In the exercise of its leadership role, The Texas Higher Education Coordinating Board shall be an advocate for the provision of adequate resources to institutions of higher education, to the end that the State of Texas may achieve excellence for college education of its youth.

Texas Education Code, Section 61.059(b)

The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

Executive Summary

The Texas Higher Education Coordinating Board (THECB) is forwarding to the governor and the Legislature the recommendations of the formula advisory committees for the 2022-23 biennium, which it adopted without changes.

The three formula advisory committees (FAC) recommended rates for each formula for the 2022-23 biennium, as opposed to recommending funding levels. The recommended rates by sector are below:

Table 1. Funding Rates Recommended for Community, State, and Technical Colleges

Rates¹	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Community Colleges				
Average Rate per Contact Hour (Biennial)	\$5.44	\$5.83	\$0.39	7.1%
Bachelor of Applied Technology	40.70	41.66	0.96	2.4%
Student Success Points	202.53	215.00	12.47	6.2%
State Colleges				
Average Rate per Contact Hour (Biennial)	\$10.23	\$10.47	\$0.24	2.3%
E&G Space Support	5.33	5.45	0.12	2.3%
Small Institution Supplement	1,316,566	1,316,566	\$0	0.0%
Technical Colleges				
Percent of Returned-Value Funded (Biennial)	36.1%	36.1%	0%	0.0%
Dual Credit	\$8.39	\$8.59	\$0.20	2.3%
E&G Space Support	5.33	5.45	0.12	2.3%
Small Institution Supplement	658,283	658,283	0	0.0%

¹All rates are annual unless noted otherwise.

Table 2. Funding Rates Recommended for General Academic Institutions

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
General Academic Institutions				
Operations Support	\$55.85	\$57.28	\$1.43	2.6%
E&G Space Support	5.33	5.47	0.14	2.6%
Small Institution Supplement	1,316,566	1,350,797	34,231	2.6%
60x30TX Graduation Bonus – Not At-Risk		38.38	38.38	NA
60x30TX Graduation Bonus – At-Risk		76.75	76.75	NA

Table 3. Funding Rates Recommended for Health-Related Institutions

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Health-Related Institutions				
Instruction and Operations	\$9,622	\$11,383	\$1,761	18.3%
Research Enhancement	1.18%	2.85%	1.67%	141.7%
Graduate Medical Education	\$5,970	\$12,273	\$6,303	105.6%
Mission Specific	Increase is Tied to I&O Increase			
E&G Space Support	6.14	11.18	5.04	82.2%

The estimated funding levels required to fund these rates are below (Table 4). These levels, which are based on projected enrollment growth, will be updated when institutions submit enrollment data for the base period. The total increase recommended by the committees and the THECB is estimated to be \$1,272.5 million, or 14.1 percent.

Table 4. Estimated Funding Levels Required to Fund Rates in Previous Tables

Funding Levels	2020-21 Biennium (millions)	2022-23 Biennium (millions)	Change Amount (millions)	Percent Change
Community Colleges	\$1,833.3	\$2,038.6	\$205.3	11.2%
State Colleges	65.4	71.4	6.0	9.2%
Technical Colleges	163.8	164.1	0.4	0.2%
General Academic Institutions	4,937.2	5,242.5	305.3	6.2%
Health-Related Institutions*	2,046.9	2,802.3	755.4	36.9%
Total	\$9,046.4	\$10,318.9	\$1,272.5	14.1%

*Includes The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler mission specific formulas. Does not include the pilot mission specific formulas.

Four Health-Related Institutions received Pilot Mission Specific funding for the 2020-21 biennium totaling \$471.9 million. Of this amount, \$431.8 million was reallocated from non-formula funding. The Health-Related Institutions Formula Advisory Committee (HRIFAC) discussed this funding in its report and noted that the formulas are set to expire at the end of the fiscal year ending August 31, 2021; however, if the pilot programs are renewed, the committee recommends no change to the "may not exceed" limits in the General Appropriations Act.

The following report contains the formula recommendations of the formula advisory committees, which the THECB adopted without changes.

Recommendations - Community and Technical Colleges

Overview of the Formula Advisory Committee's Recommendations

Community college formula funding. Since Fiscal Year 2014, community college formula funding has consisted of three major components. Contact hour funding reflects enrollment and allocates funds based on each institution's proportion of the statewide total of weighted contact hours. Student Success Points funding allocates funds among institutions based on their performance on certain defined student success metrics. Core operations funding provides an equal amount to each community college district to help cover basic operating costs.

For the 2022-23 biennium, the Community and Technical Colleges Formula Advisory Committee (CTCFAC) recommendation is to:

- Fund growth in contact hours, which is projected to be 0.56 percent, and increase the rate from \$5.44 per contact hour to \$5.83.
- Increase Student Success Points to \$215 per point from \$202.53 and fund growth, which is projected to be 7.5 percent. The committee recommends updating Targeted Fields and adding weights to existing metrics for dual credit students earning 15 hours and for academically and economically disadvantaged students earning a credential or transferring to a university.
- Increase core operations from \$1,360,812 per community college district per biennium to \$2,000,000.

The committee also recommends funding growth in semester credit hours for the Bachelor of Applied Technology, which is projected to be 14.7 percent, and fund inflation at a rate of 2.3 percent. The total increase is \$205.3 million, or 11.2 percent. The recommended rates and estimated funding levels are below.

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Average Rate per Contact Hour (Biennial)	\$5.44	\$5.83	\$0.39	7.1%
Bachelor of Applied Technology	40.70	41.66	0.96	2.4%
Student Success Points	202.53	215.00	12.47	6.2%

Funding (millions)	Est. Unit Growth	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Core Operations		\$68.0	\$100.0	\$32.0	47.0%
Student Success Points	7.5%	228.3	282.8	54.5	23.9%
Contact Hours	0.6%	1,533.7	1,652.2	118.4	7.7%
Bachelor of Applied Technology	14.7%	3.2	3.7	0.5	14.7%
Total		\$1,833.3	\$2,038.6	\$205.3	11.2%

State college formula funding. Funding for the Lamar State Colleges is provided through an enrollment-based Contact Hour formula, an E&G Space Support formula for infrastructure needs, and a supplement for institutions of less than 10,000 students. For the 2022-23 biennium, the committee's recommendations are to:

- Increase contact hour funding to reflect growth, which is projected to be 8.9 percent, and to fund inflation at a rate of 2.3 percent.
- For infrastructure (E&G Space Support), fund projected growth of 0.9 percent, and increase the rate by 2.3 percent for inflation. Split the recommended E&G Space Support rate using the FY 2020 utilities expenditures.
- Fund the Small Institution Supplement using the same methodology and funding levels as the 2020-21 biennium.

The total increase is \$6.0 million, or 9.2 percent. The recommended rates and estimated funding levels are below.

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Average Rate per Contact Hour (Biennial)	\$10.23	\$10.47	\$0.24	2.3%
E&G Space Support	5.33	5.45	0.12	2.3%
Small Institution Supplement	1,316,566	1,316,566	0	0%

Funding (millions)	Est. Unit Growth	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Instruction and Operations	8.9%	\$50.7	\$56.5	\$5.8	11.4%
E&G Space Support	0.9%	6.7	6.9	0.2	3.2%
Small Institution Supplement		7.9	7.9	0	0%
Total		\$65.4	\$71.4	\$6.0	9.2%

Technical college formula funding. Texas State Technical College (TSTC) funding includes a Returned-Value formula that compares their former students' average wages to the minimum wage to determine the additional value from attending a TSTC institution. A percentage of this "returned value" is appropriated as instruction and administration funding. For the 2022-23 biennium, the committee recommends:

- Fund 36.1 percent of the Returned-Value formula, which is the percent funded for the 2020-21 biennium.
- Fund the Small Institution Supplement using the same methodology and rate as the 2020-21 biennium.
- Fund the change in dual credit contact hours, which is projected to be -2.5 percent, and fund inflation at a rate of 2.3 percent.

The total increase is \$0.4 million, or 0.2 percent. The recommended rates and estimated funding levels are below.

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Percent of Returned-Value Funded (Biennial)	36.1%	36.1%	0%	0%
Dual Credit	\$8.39	\$8.59	\$.20	2.3%
E&G Space Support	5.33	5.45	0.12	2.3%
Small Institution Supplement	658,283	658,283	0	0.0%

Funding (millions)	Est. Unit Growth	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Instruction and Administration	0.1%	\$140.9	\$141.0	\$0.1	0%
Dual Credit	-2.5%	2.2	2.2	0	-0.3
E&G Space Support	-0.1%	12.7	13.0	0.3	2.3%
Small Institution Supplement		7.9	7.9	0	0%
Total		\$163.8	\$164.1	\$0.4	0.2%

Critical Need Fields as they relate to Success Point funding (applies to community colleges). The committee recommends that "Critical Fields" be renamed "Targeted Fields," which is in line with the Texas Workforce Commission's language of Targeted Occupations. For the 2022-23 biennium, the committee recommends adding nine new fields to the existing 25 and removing 16 fields in the 2024-25 biennium.

The committee recommends the creation of a Targeted Fields Identification Task Force (TFITF), which will work in conjunction with CTCFAC to biennially review Targeted Fields and ensure they include certificates and degrees that continue to be in high demand in the workforce. The TFITF will include at least one representative from the THECB and a standing Task Force of the Texas Association of Community Colleges (currently the TACC Metrics Task Force).

The Task Force will identify potential Targeted Fields that meet at least two of three criteria:

- top 20+ largest-growth occupations generally needing certificates or associate degrees,
- top 20+ fastest-growth occupations generally needing certificates or associate degrees,
- top targeted occupations identified by the Texas Workforce Commission or as identified by 11 or more workforce boards.

Occupations so identified will have their fields recommended for addition to or continuation on the Targeted Field list in cases where demand exceeds supply and wages are above the state median or demand exceeds supply, wages are below the state median, and the TFITF articulates a clear and convincing case to the Commissioner of Higher Education that adding the field is important for the state. Once a field is added, it will remain for at least four years (two biennia) before being eligible for removal. This is done to create consistency across the fields, prevent the addition/removal of fields as they move in and out of the targeted

occupations list, and provide institutions assurance that programs developed in support of the state's Targeted Fields will lead to predictable funding.

Critical Need Fields as they relate to contact hour funding (applies to community colleges). Make no changes for the 2022-23 biennium. The CTCFAC recommends further study to develop a system to update Critical Fields for contact hour reimbursement (related to courses) that will lead to alignment of fields with the needs of the state each biennium.

Points awarded for each Success Point metric (applies to community colleges). Update points as follows:

- Targeted Fields (formerly Critical Fields): Add 0.50 points to the 2.25 points earned in cases where students are academically disadvantaged and add 0.50 points in cases where they are economically disadvantaged. A maximum of 3.25 points could be earned.
- Credentials awarded: Add to the 2.00 points earned in cases where students are academically disadvantaged (0.50 points) or economically disadvantaged (0.50 points). A maximum of 3.00 points could be earned.
- Successful transfer after 15 hours (including students who transfer from co-enrollment programs): Add to the 2.00 points earned in cases where students are academically disadvantaged (0.50 points) or economically disadvantaged (0.50 points). A maximum of 3.00 points could be earned.
- Progress toward a credential after students complete 15 semester hours: Add to the 1.0 points for completion an additional 0.50 points in cases where all the earned hours are dual credit. A total of 1.50 points would be earned if this criteria is met.

Methodology for including the second 8-week courses in the base period if the reporting of actuals is not an option (applies to community colleges). To fill the missing second 8-week data for the initial run, staff will use previously certified data from the prior fall 8-week sessions, using those data to proxy the missing data using a ratio approach. For the final run, previous spring data will be used to proxy the missing data using a ratio approach.

Definition of a student in a structured co-enrolled program successfully completing at least 15 semester credit hours at the community college, as it relates to Success Point funding. Define as follows: "A Texas Higher Education Coordinating Board recognized program structured through a binding written agreement between a general academic institution and a community college. Under such a program, students will be admitted to both institutions and recognized as having matriculated to both institutions concurrently."

The CTCFAC's recommendations begin on page 12.

The THECB's Recommendations for the Community and Technical Colleges

The THECB adopts the CTCFAC's recommendations for the community and technical colleges.

Recommendations - General Academic Institutions

Overview of the Formula Advisory Committee's Recommendations

Formula funding. General academic institutions are supported through an Operations Support formula based on cost-weighted enrollments, E&G Space Support for infrastructure needs, and a small institution supplement for institutions with less than 10,000 student enrollments. For the 2022-23 biennium, the committee recommends:

- For operations support, fund inflation at a rate of 2.6 percent using the Higher Education Price Index (HEPI), and growth using a growth rate of 2.8 percent in weighted semester credit hours.
- For E&G Space support, likewise, fund inflation using HEPI and growth at 4.8 percent in predicted square feet. Split the recommended E&G Space Support rate using the FY 2020 utilities expenditures.
- Fund the Small Institution Supplement using the same methodology as the 2020-21 biennium with a 2.6 percent inflation adjustment.

The total increase is \$305.3 million, or 6.2 percent. The recommended rates and estimated funding levels are below.

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Operations Support	\$55.85	\$57.28	\$1.43	2.6%
E&G Space Support	5.33	5.47	0.14	2.6%
Small Institution Supplement	1,316,566	1,350,797	34,231	2.6%
60x30TX Graduation Bonus - Not At-Risk		38.38	38.38	NA
60x30TX Graduation Bonus – At-Risk		76.75	76.75	NA

Funding (millions)	Est. Unit Growth	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Operations Support	2.8%	\$4,145.8	\$4,371.4	\$225.6	5.4%
E&G Space Support	4.8%	763.9	818.3	54.3	7.1%
Small Institution Supplement		27.4	27.3	-0.2	-0.5%
60x30TX Graduation Bonus			25.6	25.6	NA
Total		\$4,937.2	\$5,242.5	\$305.3	6.2%

Expenditure study. Institutions should allocate department operating expenses (DOE) directly, to the extent possible, and allocate the remaining DOE based on faculty salaries rather than semester credit hours (SCH). The spreadsheet to collect DOE should default to faculty salaries and not SCH, as it is today. Additionally, the Texas Association of State Senior College and University Business Officers (TASSCUBO) work group should continue their discussion and analysis of the expenditure study, keeping the THECB informed of any additional recommendations that may be considered by a future General Academic Institutions Formula Advisory Committee (GAIFAC).

Space projection model. Include all hours with no adjustment related to online courses.

B-On-Time account balance allocation. The committee recommends returning the underutilized portion of B-On-Time funds to the 27 affected institutions and allocating the remaining funds (estimated at \$25.6 million) using a new Graduation Bonus formula. This formula would help fund advising, tutoring, and other interventions many students need to earn a degree. Funding would be based on a three-year average of undergraduate degrees awarded to both non-at-risk and at-risk students, with twice as much money awarded per at-risk student.

The GAIFAC's recommendations begin on page 47.

The THECB's Recommendations for the General Academic Institutions

The THECB adopts the GAIFAC's recommendations for the general academic institutions.

Recommendations - Health-Related Institutions

Overview of the Formula Advisory Committee's Recommendations

Formula funding. Restore the per-unit rates for the Instruction and Operations (I&O), Infrastructure, and Research formulas back to the 2000-01 levels. Increase the Graduate Medical Education (GME) rate by an increment equivalent to one-third of the difference between the 2020-21 rate and the CPI-adjusted 2005 GME cost study rate of \$24,879. Also, increase Mission Specific funding at The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler by the average growth in funding recommended for the I&O formula, and remain consistent with the "may not exceed" limits in the General Appropriations Act (GAA). Additionally, if the four Pilot Mission Specific programs for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, and The University of Texas Health Science Center at San Antonio, which are set to expire on August 31, 2021, are renewed, continue the "may not exceed" limits in the GAA. The total increase is \$755.4 million, or 36.9 percent. The recommended rates and estimated funding levels are below.

Rates	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Health-Related Institutions				
Instruction and Operations	\$9,622	\$11,383	\$1,761	18.3%
Research Enhancement	1.18%	2.85%	1.67%	141.7%
Graduate Medical Education	\$5,970	\$12,273	\$6,303	105.6%
Mission Specific	Increase is Tied to I&O Increase			
E&G Space Support	6.14	11.18	5.04	82.2%

Funding (millions)	Est. Unit Growth	2020-21 Biennium	2022-23 Biennium	Change Amount	Percent Change
Instruction and Operations	5.8%	\$1,259.3	\$1,515.7	\$256.4	20.4%
E&G Space Support	3.7%	278.7	526.4	247.7	88.9%
Research Enhancement	6.4%	84.5	167.0	82.4	97.5%
Mission Specific*		343.0	412.8	69.8	20.4%
Graduate Medical Education	7.9%	81.3	180.5	99.1	121.8%
Total		\$2,046.9	\$2,802.3	\$755.4	36.9%

*Includes The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler mission specific formulas. Does not include the pilot mission specific formulas.

Funding of students pursuing dual degrees. Currently, students concurrently enrolled in dual degree programs at different institutions (i.e. MD and MPH) are funded for both programs, whereas students concurrently enrolled in dual degree programs at the same institution are only funded for the first (MD) program. The committee recommends providing formula funding for all semester credit hours taken by students concurrently enrolled in dual degree programs regardless of whether the enrollment is at the same institution or a different institution. If a student is receiving credit for the same course in both degree programs, the course is only to be funded once at the rate of the student's primary degree program.

Adjustments to the Texas Higher Education Coordinating Board reporting requirements will be necessary to implement this recommendation.

The Health-Related Institutions Formula Advisory Committee's (HRIFAC) recommendations begin on page 63.

The THECB's Recommendations for the Health-Related Institutions

The THECB adopts the HRIFAC's recommendations for the health-related institutions.

Appendix A - Community and Technical Colleges Formula Advisory Committee (CTCFAC)

Recommendation Report for the FY 2020-2021 Biennium

In accordance with the biennial Formula Advisory Committee process, the Community and Technical Colleges (CTCs) submit their report for consideration by the Commissioner of the Texas Higher Education Coordinating Board (THECB).

Committee Background

The Commissioner of the THECB delivered his charge to the CTCFAC at its first meeting on August 14, 2019. The committee elected Dr. Pamela Anglin, President of Paris Junior College, as the chair and Dr. Jeremy McMillen, President of Grayson College, as the vice chair.

The CTCFAC held four additional meetings between October 2019 and January 2020. A list of CTCFAC members is provided in Attachment A. The minutes of the meetings are provided in Attachment B.

Commissioner Charges and Committee Recommendations

The Community and Technical Colleges Formula Advisory Committee (CTCFAC), conducted in an open and public forum, is charged with proposing a set of formulas that provide the appropriate funding levels and financial incentives necessary to best achieve the goals of *60x30TX*. The CTCFAC's specific charges are to:

Charge 1

Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding.

Committee Recommendation for Community Colleges

Community Colleges	2020-2021 Appropriations (millions)	2022-23 Appropriations (millions)	Change Amount (millions)	Percent Change
Core Operations	\$68.0	\$100.0	\$32.0	47.0%
Success Points	\$228.3	\$282.8	\$54.5	23.9%
Contact Hour	\$1,533.7	\$1,652.2	\$118.4	7.7%
Bachelor of Applied Technology	\$3.2	\$3.7	\$0.5	14.7%
Total	\$1,833.2	\$2,038.6	\$205.3	11.2%

- The committee recommends increasing the funding to Community Colleges for the 2022-2023 biennium to \$2,038.8 million, which is an increase of \$205.3 million, or 11.2 percent, compared to the 2020-2021 biennium.

- Fund Core Operations at \$2.0 million per community college district for the 2022-2023 biennium. This is an increase of \$32.0 million. The increase in core operations is needed due to all 50 community college districts having increased costs in the following areas.
 - Safety and security on the college campuses.
 - Implementation of guided pathways.
 - Implementation of student success initiatives including additional advising and student support services.
 - Preparing dual credit degree plans for all high school students enrolled in dual credit.
 - Increased high school initiatives to meet mandated requirements.
 - Implementation of co-requisites.
 - ADA student costs.
 - Title IX.
 - Cyber Security.
 - Additional mandated tuition waivers and exemptions.
- Increase Student Success Points to \$215 per point from \$202.53 per Success Point; modify Success Points to account for anticipated growth of 7.5 percent; update Targeted Fields using a new process; and add weights to existing metrics to account for momentum of dual credit students earning 15 hours, and academically and economically disadvantaged students earning a credential or transferring to a university. This is an increase from \$228.3 million to \$282.8 million or a \$54.5 million increase for 2022-2023. Moving forward, for Success Points to work as designed, we need to maintain at least a constant rate of \$215 per point. Future formula advisory committees may want to consider building in increases to the rate to keep up with inflation.
- Increase contact hour funding from \$5.44 per contact hour to \$5.83. Factor in a projected growth rate of 0.56 percent in contact hours. Contact hour funding increases from \$1,533.7 million in 2020-2021 to \$1,652.2 million in 2022-2023.

Increase Bachelor of Applied Technology (BAT) based on a 14.7 percent projected growth rate in weighted semester credit hours and an increase from \$40.70 to \$41.66 in the semester credit hour rate based on inflation. The BAT funding would increase from \$3.2 million to \$3.7 million in 2022-23 or a 14.7 percent increase.

Committee Recommendation for State Colleges

Sector	2020-2021 Appropriations (millions)	2022-23 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public State Colleges	\$65.4	\$71.4	\$6.0	9.2%

- The committee recommends increasing the funding to the State College formulas for the 2022-2023 biennium to \$71.4 million, which is an increase of \$6.0 million, or 9.2 percent, as compared to the 2020-2021 biennium.
- Fund \$56.5 million to the State College Instruction and Administration formula for the 2022-23 biennium, which would be an increase of \$5.8 million, or 11.4 percent, compared to the \$50.7 million appropriated for the 2020-21 biennium.
 - ❖ This funding level assumes a rate of \$10.47 per contact hour, which is an increase of \$0.24, or 2.3 percent, compared to the \$10.23 funded for the 2020-21 biennium.
 - ❖ This funding level assumes a contact hour growth rate of 8.9 percent for the following reasons:
 - Continued expansion of co-enrollment into areas outside of the colleges' immediate boundaries.
 - Increased technical program offerings to traditional and co-enrolled students.
 - Expansion of prison credit offerings through a pilot PELL program.
 - Expansion of workforce programs to include realistic industrial training along with logistics and craft training.
 - Expansion through collaborative community involvement.
 - Implementation of an intervention plan focused on underserved populations.
 - Continued development and growth of online programs through aggressive marketing campaigns.
 - ❖ The recommendation includes an estimated \$9.8 million in statutory tuition and \$46.7 million in general revenue.

The increase will provide support for the *60X30TX* plan by:

- Allowing the continued collaborative efforts between the colleges and high school campuses for dual enrollment and promotion of college attainment.
- Continuing the development and implementation of programs based on the desirable skill needs of the local employer workforce.

- Implementation of guided pathways to improve retention and decrease student debt.
- Fund \$14.8 million to the Space Support formula and Small Institution supplement for the 2022-2023 biennium, which would be an increase of \$0.2 million compared to the 2020-21 biennium.
 - ❖ This funding level assumes a rate of \$5.45 per adjusted predicted square foot, representing an increase of \$0.12, or 2.3 percent, compared to the \$5.33 funded for the 2020-21 biennium. The funding level assumes a 0.9 percent increase for growth in adjusted predicted square feet between fall 2018 and fall 2020 and a 2.3 percent increase for inflation.
- Split the recommended Space Support rate between “utilities” and “operations and maintenance” components using FY 2020 utility rates, update the utility rate adjustment factors using the FY 2020 utilities expenditures, and allocate the Space Support formula using the fall 2020 predicted square feet.

Fund the Small Institution Supplement using the same methodology and rate as the 2020-21 biennium.

Charge 2

Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System’s returned value funding formula.

Committee Recommendation for Technical Colleges.

Sector	2020-2021 Appropriations (millions)	2022-2023 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public Technical Colleges	\$163.8	\$164.1	\$0.4	0.2%

Administration and Instruction (A&I) and Space Support	2020-2021 Appropriations (millions)	2022-2023 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$145.0	\$145.3	\$0.4	0.2%
General Revenue-Dedicated	8.7	8.7	0.0	0%
All Funds	\$153.7	\$154.0	\$0.4	0.2%

Dual Credit contact hour	2020-2021 Appropriations (millions)	2022-2023 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$2.2	\$2.2	-\$0.0	-0.3%

Small Institution Supplement	2020-2021 Appropriations (millions)	2022-2023 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$7.9	\$7.9	\$0.0	0%

Fund \$155.4 million in general revenue and \$8.7 million in general revenue-dedicated for a total of \$164.1 million for the 2022-2023 biennium, an increase of \$0.4 million, or 0.2 percent.

- Fund \$132.3 million in general revenue and \$141.0 million in all funds to the Texas State Technical College System (TSTCS) return value formula for the 2022-2023 biennium, an increase of \$0.1 million, or 0.05 percent, compared to the all funds appropriation of \$140.9 million for the 2020-2021 biennium.
 - ❖ The \$164.1 million All Funds recommendation includes an estimated \$8.7 million in general revenue-dedicated (statutory tuition and fees), which is equal to the amount appropriated in the Administration and Instruction and Space Support formulas for the 2020-2021 biennium.
 - ❖ The \$132.3 million general revenue recommendation funds 36.1 percent of the \$367 million estimated 2012-2013 cohort Return Value, which is the same percentage of return value that was funded for the 2020-2021 biennium general revenue appropriation.
 - ❖ Fund \$7.9 million to the Small Institution Supplement using the same methodology and rate as the 2020-2021 biennium.
 - ❖ Fund \$2.2 million in general revenue for Dual Credit contact hours for the 2022-2023 biennium, a decrease of \$0.01 million, or -0.3 percent, from the current biennium.

Charge 3

Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.

Committee Recommendation for critical need fields and Success Point funding.

After close examination, the CTCFAC has three recommendations for Success Point funding and two recommendations for contact hour funding related to Critical Fields. These recommendations emerge from intensive effort by the workgroup assigned to this task and rely heavily on the recommendations emerging from the Texas Association of Community Colleges Metrics Task Force. Finally, the THECB staff have provided extensive technical support for this work and are to be commended for helping this Committee reach a point to advance recommendations.

CRITICAL FIELDS AND SUCCESS POINT FUNDING

Critical Fields for Success Points were developed at the inception of Success Points (2009) and have been altered once since then (by the 86th Texas Legislature in 2019). Data provided by the THECB suggest that the current Critical Fields do not align well with current and projected workforce trends. Highlighting the need to update the fields, a recent Dallas County Community College District analysis of the seven largest metropolitan statistical areas in the state revealed that about 40 percent of economically vital occupations are not linked to a current Critical Field. Therefore, the Committee advances the following:

RECOMMENDATION 3.1

The CTCFAC recommends renaming Critical Fields for Success Points as Targeted Fields, which is in line with the Texas Workforce Commission's language of Targeted Occupations.

RECOMMENDATION 3.2.

The CTCFAC recommends an update to the Targeted Fields (formerly "Critical Fields") for Success Points.

The committee recommends better aligning the efforts of Texas community colleges with the pressing needs of our state's economy by adopting "Targeted Fields" using a standardized process and refreshing fields biennially. The proposed methodology would immediately identify nine new fields to be added to the existing 25. As this change is realized, it is recommended all current Critical Fields be grandfathered for the FY 2022-23 budget (resulting in 34 total fields) and nonidentified fields be removed beginning with the FY 2024-25 budget (resulting in 16 of the current fields being removed at that time). Below is a description of the process as envisioned by the committee.

Targeted Field Update Methodology

The CTCFAC recommends a Targeted Fields Identification Task Force (TFITF) be convened for biennial updates of the Targeted Fields in conjunction with the CTCFAC. It should include at least one representative from the THECB and a standing Task Force of the Texas Association of Community Colleges (currently the TACC Metrics Task Force) to (a) execute the methodology for identifying Targeted Fields, (b) consider fields that ought to be included or excluded in conjunction with the quantitative results, and (c) make recommendations for improving on that methodology as additional analytical tools become available. The base methodology recommended by the CTCFAC is a two-step process based on the analysis of occupations to which fields are most closely associated:

Step 1: Meet at least two of the following:

- Top 20+ Largest Growth Occupations generally needing Certificates or Associate Degrees.
- Top 20+ Fastest Growth Occupations generally needing Certificates or Associate Degrees.
- Top Targeted Occupations identified by the Texas Workforce Commission, or as identified by 11 or more Workforce Boards.

Step 2:

Occupations identified above will have their fields recommended for addition to *or* continuation on the Targeted Field list in cases where:

- Demand exceeds supply *and* wages are above the state median; *or*
- Demand exceeds supply, wages are below the state median, *and* the TFITF articulates a clear and convincing case to the Commissioner of Higher Education that adding the field is important for the state. (Note: This applies to fields that are captured in the top 20 fastest/largest growth)

To satisfy these steps, the THECB will provide a list of top 20 fastest and largest growth occupations that meet or exceed the state median wage, which will also include occupations that do not meet the median wage but do meet the fastest/largest components of the measure. Since occupations that do not meet wage requirements would require clear and convincing case for inclusion, they are not counted in the 20. The list will also include supplemental information (to be determined by the TFITF) to aid in the assessment of whether fields associated with a below-median wage occupation merit designation as Targeted Fields and, as appropriate, provide evidence for why a field was excluded in contradiction to the quantitative results.

The process outlined above leads to a state-wide list. It should be noted that the committee worked to find solutions that would help identify regional needs but was unable to come to a region-based recommendation. At this time, the committee recommends staying with a state-wide list with additional analysis based on the above-mentioned regional Workforce Board identification to ensure it captures fields important to several regions.

Targeted Field Identification Timeline

- In the fall of each odd-numbered year (in this is example, August 2019), the Targeted Fields Identification Task Force (TFITF) evaluates available data on Targeted Fields and makes recommendations to the CTCFAC for addition, continuation, and removal.
- The CTCFAC incorporates TFITF recommendations for Targeted Field updates as a part of their CTCFAC recommendations to the THECB each year no later than January of each even-numbered year (in this example, January 2020).

Targeted Field Adoption Timeline: Addition/Continuation

- THECB adopts approved Targeted Fields during its April meeting every even-numbered year (in this example, April 2020).
- THECB calculates the prior three-year average of numbers of graduates for the measurement period affecting the next biennial funding. (In this example, graduates from 2018, 2019, and 2020 would be calculated in August 2020)
- In the case of new fields, the THECB will use the greater of the prior three-year average *or* the immediate prior year as the basis for funding in the next biennium. (In this example, the greater of the three-year average from 2018, 2019, and 2020 *or* graduates from 2020, as calculated by the THECB in August 2020)

- Once a field is added, it will remain for at least four years (two biennia) before being eligible for removal. This is done to create consistency across the fields, prevent addition/removal of fields as they move in and out of the targeted occupations list, and provide institutions assurance that programs developed in support of the state's Targeted Fields will lead to predictable funding. This method is designed to help in cases where colleges develop new programs, further allowing colleges time to produce graduates.

Targeted Field Removal Timeline

Targeted Fields identified for removal will follow the following timeline:

- In the fall of each odd-numbered year (in this is example, August 2023), the Targeted Fields Identification Task Force (TFITF) evaluates available data on Targeted Fields and makes recommendations to the CTCFAC for removal. A field will not be recommended for removal if it has not been on the Targeted Field list for at least four years.
- The CTCFAC incorporates recommendations for Targeted Field updates as a part of their CTCFAC recommendations to the THECB no later than January of each even-numbered year (in this example, January 2024).
- Institutions are notified of fields identified for proposed removal via the CTCFAC recommendations adopted no later than January of each even-numbered year (in this example, January 2024).
- The THECB adopts a Targeted Field list during its April meeting every even-numbered year (in this example, April 2024). Institutions are notified of the fields identified for inclusion no later than June 1 (in this example, June 1, 2024).
- THECB counts graduates in fields for funding through the measurement period affecting the next biennial funding (In this example, December 2024 or August 2024). Funding for the immediate biennium will include prior three-year average (2021, 2022, and 2023 in this example) for the field.
- Funding for the following biennium includes only those years in which the Targeted Field was "active," resulting in a lower three-year average (it would not include 2025, but it would include 2023 and may include 2024, depending upon timing of data reported for this category).

Targeted Fields in existence as of August 2019 would remain on the list for 2022-23 biennium funding and would only be removed if identified for removal at the refresh of the list in August 2021. This removal would follow the process outlined above. Based upon the data available today, the fields that are anticipated to be the fields for the 2024-25 biennium are outlined below. Keep in mind that these need to be looked at two years from now, as there may be

changes to the economy of the state. They are simply provided here for context of how the process could work and to give institutions time to plan for the change.

The table below represents the extent of the Targeted Fields funding for Targeted Fields that would be applied to each current and newly identified Targeted Field in upcoming budget cycles if current data hold. "Full" means funding for the three years in the measurement period. "Part" funding results from only the portion of the three-year average where the Targeted Field was active. This is recommended, as retroactive removal of the bonus from credentials conferred when it was still in effect would introduce damaging unpredictability to college revenues.

Table 3.1 - Proposed Fields Over Time

CIP	CIP Code Field Name	Biennium			
		2020-21	2022-23	2024-25	2026-27
"0302"	Natural Resources Management and Policy		Full	Full	Full
"11"	Computer and Information Sciences and Support Services	Full	Full	Full	Full
"14"	Engineering	Full	Full	Full	Full
"15"	Engineering Technology and Engineering-Related Fields	Full	Full	Full	Full
"2200"	Non-Professional General Legal Studies (Undergraduate)		Full	Full	Full
"2203"	Legal Support Services		Full	Full	Full
"27"	Mathematics and Statistics	Full	Full	Part	
"3001"	Biological and Physical Sciences	Full	Full	Part	
"40"	Physical Sciences	Full	Full	Part	
"4102"	Nuclear and Industrial Radiologic Technologies/Technicians	Full	Full	Part	
"4103"	Physical Science Technologies/Technicians	Full	Full	Part	
"4302"	Fire Protection		Full	Full	Full
"4702"	Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician (HAC, HACR, HVAC, HVACR)		Full	Full	Full
"4703"	Heavy/Industrial Equipment Maintenance Technologies	Full	Full	Part	
"4902"	Ground Transportation		Full	Full	Full

"5100"	Health Services/Allied Health/Health Sciences, General		Full	Full	Full
"5102"	Communication Disorders Sciences and Services	Full	Full	Part	
"5106"	Dental Support Services and Allied Professions	Full	Full	Full	Full
"5107"	Health and Medical Administrative Services	Full	Full	Full	Full
"5108"	Allied Health and Medical Assisting Services	Full	Full	Full	Full
"5109"	Allied Health Diagnostic, Intervention, and Treatment Professions	Full	Full	Part	
"5110"	Clinical/Medical Laboratory Science/Research and Allied Professions	Full	Full	Full	Full
"5111"	Health/Medical Preparatory Programs		Full	Full	Full
"5118"	Ophthalmic and Optometric Support Services and Allied Professions	Full	Full	Part	
"5123"	Rehabilitation and Therapeutic Professions	Full	Full	Part	
"5126"	Health Aides/Attendants/Orderlies	Full	Full	Part	
"5127"	Medical Illustration and Informatics	Full	Full	Part	
"5131"	Dietetics and Clinical Nutrition Services	Full	Full	Part	
"5132"	Bioethics/Medical Ethics	Full	Full	Part	
"5133"	Alternative and Complementary Medicine and Medical Systems	Full	Full	Part	
"5134"	Alternative and Complementary Medical Support Services	Full	Full	Part	
"5135"	Somatic Bodywork and Related Therapeutic Services		Full	Full	Full
"5138"	Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	Full	Full	Full	Full
"5139"	Practical Nursing, Vocational Nursing and Nursing Assistants	Full	Full	Full	Full

Below is the anticipated 2026-27 list. Keep in mind that this list is using current data and is meant as a forward looking view.

CIP Code Field Name	CIP
Natural Resources Management and Policy	"0302"
Computer and Information Sciences and Support Services	"11"
Engineering	"14"
Engineering Technology and Engineering-Related Fields	"15"
Non-Professional General Legal Studies (Undergraduate)	"2200"
Legal Support Services	"2203"
Fire Protection	"4302"
Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician (HAC, HACR, HVAC, HVACR)	"4702"
Ground Transportation	"4902"
Health Services/Allied Health/Health Sciences, General	"5100"
Dental Support Services and Allied Professions	"5106"
Health and Medical Administrative Services	"5107"
Allied Health and Medical Assisting Services	"5108"
Clinical/Medical Laboratory Science/Research and Allied Professions	"5110"
Health/Medical Preparatory Programs	"5111"
Somatic Bodywork and Related Therapeutic Services ²	"5135"
Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	"5138"
Practical Nursing, Vocational Nursing and Nursing Assistants	"5139"

RECOMMENDATION 3.3: - The CTCFAC recommends leaving the current bonus 0.25 point for a credential in a Targeted Field and adding bonus points when students earning credentials are identified as academically and/or economically disadvantaged. *See Recommendations 4.10, 4.11, and 4.12 under Charge 4 for more details.*

CRITICAL FIELDS AND CONTACT HOUR REIMBURSEMENT

The CTCFAC also looked at Critical Fields for contact hour funding, which are courses that are identified as supporting Critical Fields. These courses earn an additional 10% reimbursement on the contact hour formula. Critical Fields for Success Points do not match Critical Fields for formula funding (contact hours) because they were developed at different times and because one is based on instructional programs (Success Points) and the other is based on courses. Critical Fields for formula funding (contact hours) have not been updated since their inception (1999), predating Critical Fields for Success Points.

Any revision to the Critical Fields in contact hour reimbursement needs to be undertaken with great care as changes can potentially disrupt funding that is expected by individual institutions. The CTCFAC recognizes that it is important to develop a process for updating Critical Fields for contact hour funding; however, the recommendation is to not update the fields at this time. It is recommended the next CTCFAC take this up as a charge during their next convening. Further, it is recommended the THECB and the Texas Association of Community Colleges work together to develop a methodology for updating Critical Fields within the contact hour formula. This study should carefully evaluate the intersection between Targeted Fields for Success Point funding and Critical Fields for contact hour reimbursement, and it should occur in advance of the next CTCFAC convening, preferably within the next year.

RECOMMENDATION 3.4:

The CTCFAC recommends no changes to Critical Fields for contact hour Reimbursement for the current biennium.

RECOMMENDATION 3.4

- **The CTCFAC recommends further study to develop a system to update Critical Fields for contact hour Reimbursement (related to courses) that will lead to alignment of fields with the needs of the state each biennium.**

Charge 4

Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric.

Committee Recommendation to move metrics to 0.50 points for dual credit progression and to increase all other identified metrics by 0.50 points for academically disadvantaged and 0.50 points for economically disadvantaged students.

The CTCFAC recommends an increase of \$54.5 million in Success Point funding, \$32.4 million of which is the result of funding each Success Point at \$215, updating Targeted Fields (formerly referred to as Critical Fields), and funding ~7.5% growth in Success Points. Finally, the CTCFAC recommends updating Success Points metrics to align equity goals for academically and economically disadvantaged students and to support success in dual credit. The proposed reworking of Success Points accounts for the remaining \$22.0 million in increased funding, which includes investing more in progress toward credentials by dual credit students, credentials awarded, and transfer students. The table below shows the overall distribution of funding by Success Point type and the increase for new metrics and other recommendations (\$215 per point, 7.5% growth, and updating Targeted Fields).

Table 4.1 - Distribution of Funding by Success Point Type and Source of Increase

	2020-21	2022-23 Request		
	<i>Appropriated</i>	<u>\$215/pt. & Targeted Field & 7.5% Growth</u>	<u>Metrics Update</u>	<u>Total</u>
College Readiness	\$14,525,809	\$2,044,589	-	\$16,570,398
First College Level Course	\$64,550,170	\$9,085,609	-	\$73,635,779
Progress Toward Credential	\$69,948,116	\$9,845,448	\$4,239,001	\$84,032,566
Credentials Awarded	\$50,716,197	\$7,387,245	\$11,457,374	\$69,560,817
Transfer	\$28,555,818	\$4,051,431	\$6,351,897	\$38,959,146
Total Student Success Points Funding	\$228,296,111	\$32,414,322	\$22,048,273	\$282,758,706

Overall, the culmination of these recommendations leads to an increased proportion of Success Point funding going toward credentials and transfer, as seen in the following table (estimate is based on 2018-2019 data).

Table 4.2 - Proportional Distribution of Funding by Success Point Type

Success Point Type	<u>2020-21</u>	<u>2022-23</u>	<u>Change</u>
College Readiness	6.4%	5.9%	-0.5%
First College Level Course	28.3%	26.0%	-2.2%
Progress Toward Credential	30.6%	29.7%	-0.9%
Credentials Awarded	22.2%	24.6%	2.4%
Transfer	12.5%	13.8%	1.3%

More specifically, Success Point funding changes are proposed as follows:

- Raise funding per Success Point from \$202.53 per point to \$215 per point,
- Fund anticipated growth of Success Points estimated by the THECB to be approximately 7.5 percent,
- Update the methodology for identifying which credentials should be “Targeted Fields” for the state of Texas (we recommend renaming these from what was formerly referred to as Critical Fields),
- Update points earned for Targeted Fields (formerly Critical Fields) by adding to the 2.25 points earned in cases where students are academically disadvantaged (0.50 points) or economically disadvantaged (0.50 points). As proposed, a maximum of 3.25 points could be earned for Targeted Fields. This is a proposed alternative to the rider which would have increased Critical Fields funding to 3.0.
- Update points earned for credentials awarded by adding to the 2.00 points earned in cases where students are academically disadvantaged (0.50 points) or economically disadvantaged (0.50 points). As proposed, a maximum of 3.00 points could be earned for credentials awarded. This is a proposed alternative to the Rider which would have decreased non-Critical Field credential funding to 1.2.

- Update points earned for successful transfer after 15 hours (including students who transfer from co-enrollment programs) by adding to the 2.00 points earned in cases where students are academically disadvantaged (0.50 points) or economically disadvantaged (0.50 points). As proposed, a maximum of 3.00 points could be earned. This is a proposed alternative to the Rider which would have increased transfer funding to 2.75.
- Update points earned for progress toward a credential after students complete 15 semester hours to include an additional 0.50 points in cases where ALL of the earned hours are dual credit. A total of 1.50 points would be earned in cases where all 15 hours are dual credit.

Economically Disadvantaged is defined as a student who received Pell Grant funds at any time in the 10 years prior to obtaining the base Success Point for completion or transfer. The CTCFAC recommends the THECB undertake efforts to capture additional economically disadvantaged information based upon (a) free and reduced lunch, (b) attendance at a high school that was predominantly free and reduced lunch, and (c) financial aid information obtained from the U.S. Department of Education, if feasible.

Academically Disadvantaged is defined as a student who has been identified as not college ready (by TSIA) at any point in the 10 years prior to obtaining the base Success Point for completion or transfer.

The following table summarizes Success Point weights as they currently exist, as they are proposed in the rider, and as they are recommended by the CTCFAC. These weights were developed in concert with the Texas Association of Community Colleges Metrics Task Force.

Table 4.3 - Success Point Weights for Current Funding, the Rider, and CTCFAC Proposed Points

	Success Point Weights		
	<u>2020-21</u>	<u>Rider</u>	<u>Proposed</u>
COLLEGE READINESS			
Complete Math DE	1.00 point	1.00 point	1.00 point
Complete Reading DE	0.50 Point	0.50 Point	0.50 Point
Complete Writing DE	0.50 Point	0.50 Point	0.50 Point
FIRST COLLEGE LEVEL COURSE			
Pass 1 st College Math Course	1.00 point	1.00 point	1.00 point
Pass 1 st College Reading Course	1.00 point	1.00 point	1.00 point
Pass 1 st College Writing Course	1.00 point	1.00 point	1.00 point
PROGRESS TOWARD CREDENTIAL			
Complete 15 Semester Credit Hrs.	1.00 point	1.00 point	1.00 point
<i>if ALL 15 Hours are Dual Credit</i>			<i>0.50 point</i>
Complete 30 Semester Credit Hrs.	1.00 point	1.00 point	1.00 point
CREDENTIALS AWARDED			
Degree/Certificate Awarded	2.00 points	1.20 points	2.00 points
<i>Academic Disadvantaged Bonus</i>			<i>0.50 point</i>
<i>Economically Disadvantaged Bonus</i>			<i>0.50 point</i>
<i>Targeted Field Degree/Certificate</i>	2.25 point	3.00 points	2.25 points

<i>Academic Disadvantaged Bonus</i>			<i>0.50 point</i>
<i>Economically Disadvantaged Bonus</i>			<i>0.50 point</i>
TRANSFER			
Successful Transfer (after 15 sch)	2.00 points	2.75 points	2.00 points
<i>Academic Disadvantaged Bonus</i>			<i>0.50 point</i>
<i>Economically Disadvantaged Bonus</i>			<i>0.50 point</i>
Co-Enrolled Successful Trans. (after 15 sch)	2.00 points	2.75 points	2.00 points
<i>Academic Disadvantaged Bonus</i>			<i>0.50 point</i>
<i>Economically Disadvantaged Bonus</i>			<i>0.50 point</i>

Adoption of the CTCFAC recommendations would lead to specific changes in funding for each Success Point. Each of those changes can be attributed to adjusting the points to \$215, adjusting targeted (formerly critical) fields, growth, or the metrics update. The table below provides a summary of each of these amounts.

Table 4.4 - Funding for Each Success Point Metric

	<u>2020-21</u> <u>Appropriation</u>	<u>New</u> <u>Funding</u>	<u>2022-23</u> <u>Proposed</u>
COLLEGE READINESS			
Complete Math DE	\$8,145,004	\$1,146,489	\$9,291,493
Complete Reading DE	\$3,429,054	\$482,640	\$3,911,695
Complete Writing DE	\$2,951,751	\$415,460	\$3,367,211
FIRST COLLEGE LEVEL COURSE			
Pass 1 st College Math Course	\$25,949,622	\$3,652,494	\$29,602,115
Pass 1 st College Reading Course	\$21,065,030	\$2,964,947	\$24,029,977
Pass 1 st College Writing Course	\$17,535,519	\$2,468,168	\$20,003,687
PROGRESS TOWARD CREDENTIAL			
Complete 15 Semester Credit Hrs.	\$43,288,886	\$6,093,000	\$49,381,886
<i>if ALL 15 Hours are Dual Credit</i>		\$4,239,001	\$4,239,001
Complete 30 Semester Credit Hrs.	\$26,659,230	\$3,752,448	\$30,411,679
CREDENTIALS AWARDED			
Degree/Certificate Awarded	\$39,736,725	\$3,601,547	\$43,338,273
<i>Academic Disadvantaged Bonus</i>		<i>\$3,022,500</i>	<i>\$3,022,500</i>
<i>Economically Disadvantaged Bonus</i>		<i>\$5,820,237</i>	<i>\$5,820,237</i>
<i>Targeted Field Degree/Certificate</i>	\$10,979,472	\$3,785,698	\$14,765,170
<i>Academic Disadvantaged Bonus</i>		<i>\$ 894,817</i>	<i>\$ 894,817</i>
<i>Economically Disadvantaged Bonus</i>		<i>\$1,719,821</i>	<i>1,719,821</i>
TRANSFER			
Successful Transfer (after 15 sch)	\$28,055,561	\$ 3,948,674	\$32,004,235
<i>Academic Disadvantaged Bonus</i>		<i>\$1,942,235</i>	<i>\$1,942,235</i>
<i>Economically Disadvantaged Bonus</i>		<i>\$4,378,818</i>	<i>\$4,378,818</i>
Co-Enrolled Success Trans. (after 15 sch)	\$500,257	\$102,757	\$603,014
<i>Academic Disadvantaged Bonus</i>		<i>\$3,081</i>	<i>\$3,081</i>
<i>Economically Disadvantaged Bonus</i>		<i>\$27,763</i>	<i>\$27,763</i>
Total Success Points Funding	\$228,296,111	\$54,462,595	\$282,758,706

Appendix:
COMPREHENSIVE REVIEW OF SUCCESS POINTS, INCLUDING
DEFINITIONS AND RECOMMENDATIONS

Below is a short summary of the recommendations from a comprehensive review of Student Success Points. This review was undertaken by the CTCFAC. The work has been influenced by the recommendations of the Texas Association of Community Colleges Metrics Task Force recommendations from January 2020. Recommendations are made for every Success Point Metric in the current system, as well as for new metrics. In cases where there is a new metric or where there is a recommended change in a metric's value, the entire recommendation is emphasized in bold.

Complete Developmental Education: Math

<p><u>RECOMMENDATION 4.1:</u> Leave the base weight for Successfully Completed First College-Level Readiness Math (0.5 point)</p>	<p>Methodology: Determine student's college readiness in math as first time undergraduate (FTUG). Only students who are not ready in math as FTUG can potentially qualify for a point. If the student is not ready when FTUG at either the same district* or another district, but became ready in math for the first time at the same district as the cohort record in year measured, then a point is awarded. If an eligible student is reported ready for the first time by two districts in the same semester, each district receives credit.</p>
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Complete Developmental Education: Reading

<p><u>RECOMMENDATION 4.2:</u> Leave the base weight for Successfully Completed First College-Level Readiness Reading (0.5 point)</p>	<p>Methodology: Determine student's readiness in reading as first time undergraduate (FTUG). Only students who are not ready in reading as FTUG can potentially qualify for a point. If the student is not ready as FTUG at either the same district or another district, but became ready in reading for the first time at the same district as the cohort record in year measured, then .5 point is awarded. If an eligible student is reported ready for the first time by two districts in the same semester, each district receives credit.</p>
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Complete Developmental Education: Writing

<p><u>RECOMMENDATION 4.3:</u> Leave the base weight for Successfully Completed First College-Level Readiness Writing (0.5 point)</p>	<p>Methodology: Determine student's readiness in writing as first time undergraduate (FTUG). Only students who are not ready in writing as FTUG can potentially qualify for a point. If the student is not ready as FTUG at either the same district or another district, but became ready in writing for the first time at the same district as the cohort record in year measured, then .5 point is awarded. If an eligible student is reported ready for the first time by two districts in the same semester, each district receives credit.</p>
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Complete First College-Level Math Course

<u>RECOMMENDATION 4.4:</u> Leave the base weight for Successfully Completed First College-Level Math Course (1.0 point)	Methodology: Student passes first college-level math course at same district as the cohort record with a grade of "A", "B" or "C" in fiscal year measured, then a point is awarded. If an eligible student is reported as successfully completing a first college-level course for the first time by two districts in the same semester, each district receives credit.
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Completed First College-Level Reading/Writing Course

<u>RECOMMENDATION 4.5:</u> Leave the base weight for Successfully Completed First College-Level Reading/Writing Course (1.0 point if reading/writing combo, or 0.5 point if reading or writing only).	Methodology: Student passes first college-level reading/writing course at same district as the cohort record with a grade of "A", "B" or "C" in fiscal year measured, then a point is awarded (.5 for reading and .5 for writing when separate courses are reported). If an eligible student is reported as successfully completing a first college-level course for the first time by two districts in the same semester, each district receives credit.
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Complete 15 SCHs

<u>RECOMMENDATION 4.6:</u> Leave the base weight for 15 Successfully Completed SCHs (1.00 points).	Methodology: Accumulate student's successfully completed SCH from 3 previous years, plus the year being measured. If the student reaches at least 15 completed SCH at same district as the cohort record for the first time in year measured, then a point is awarded. If a point was awarded in previous 2 prior fiscal years, no point is awarded.
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Complete First 15 SCHs as Dual Credit

<u>RECOMMENDATION 4.7:</u> <u>Add 0.50 Success Points for students who Successfully Completed their first 15 SCHs as Dual Credit (0.50 point).</u>	Methodology: Accumulate student's successfully completed their first 15 SCHs as a dual credit student from 3 previous years, plus the year being measured. If the student reaches at least 15 completed SCH at same district as the cohort of record for the first time in year measured, then a point is awarded. If a point was awarded in previous 2 prior fiscal years, no point is awarded.
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Complete 30 SCHs

<u>RECOMMENDATION 4.8:</u> Leave the base weight for 30 successfully completed SCHs (1.00 points).	Methodology: Accumulate student's successfully completed SCH from 3 previous years, plus the year being measured. If the student reaches at least 30 completed SCH at same district as the cohort record for the first time in year measured, then a point is awarded. If a point was awarded in previous two prior fiscal years, no point is awarded.
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Degrees/Certificates Awarded

<u>RECOMMENDATION 4.9:</u> Leave the base weight for credentials completed (2.00 points).	Methodology: Point is awarded to a student who completes a degree or certificate or is a core curriculum completer (CCC). Unduplicated degrees and certificates awarded by the district in the fiscal year being measured are counted (one degree or award per student).
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Degrees/Certificates Awarded: Targeted Fields Bonus

<u>RECOMMENDATION 4.10:</u> Leave the 0.25 bonus for credentials completed in targeted (formerly critical) fields. (0.25 points).	Methodology: Additional point is awarded to a student who completes a degree or certificate in a Targeted Field identified as important for meeting the future needs of the state. Unduplicated degrees and certificates awarded in the fiscal year being measured are counted. <i>See Charge 3 Narrative for details on the proposed Targeted Field update process. Recommendation 3.1 proposes to change the name to Targeted Fields, away from Critical Fields. Recommendation 3.2 proposes adopting a consistent and timely process for updating Targeted Fields every two years to maintain alignment with the needs of the state.</i>
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Degrees/Certificates Awarded: Academically Disadvantaged Bonus

<u>RECOMMENDATION 4.11:</u> <u>Add 0.50 Success Points for completion of a credential by an academically disadvantaged student.</u>	<p>Methodology: Additional point is awarded for academically disadvantaged degree/certificate completers (including those in Targeted Fields) as described in Recommendation 4.9 (above).</p> <p>Academically disadvantaged is defined as a student who has been identified as not college ready (under TSI) as a First-Time in College (FTIC) student, provided the student was FTIC at any point in the 10 years prior to obtaining the base Success Point for completion or transfer.</p>
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Degrees/Certificates Awarded: Economically Disadvantaged Bonus

<u>RECOMMENDATION 4.12:</u> <u>Add 0.50 Success Points for completion of a credential by an economically disadvantaged student.</u>	<p>Methodology: Additional point is awarded for economically disadvantaged degree/certificate completers (including those in Targeted Fields) as described in 4.9 (above).</p> <p>Economically disadvantaged is defined as a student who received Pell Grant funding at any time in the 10 years prior to obtaining the base Success Point for completion or transfer. See note in Charge 4 above regarding the inclusion of other potential measures of economic status.</p>
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The goals of 60X30TX and the efforts of the state have been squarely and appropriately focused on degree completion over the last several years. Reducing the weight of credentials earned could have unintended consequences. As such, the above recommendations are respectfully submitted as an alternative to the Rider proposed weight of 1.20.

Transfer

<p><u>RECOMMENDATION 4.13:</u> Leave the base weight for transfer to a general academic institution after completing 15 hours (2.00 points).</p>	<p>Methodology: Point is awarded to a student found enrolled for first time at public/private university in year measured who has a record of successfully completing at least 15 SCH at the same two-year institution/district prior to university enrollment. The 15 SCH at the community college must be earned during the 3 years prior to the year found at a university for the first time.</p>
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Transfer – Academically Disadvantaged

<p><u>RECOMMENDATION 4.14:</u> <u>Add 0.50 Success Points for transfer by an academically disadvantaged co-enrollment student</u></p>	<p>Methodology: Additional point is awarded for academically disadvantaged transfers as described in 4.11 (above) who is academically disadvantaged.</p> <p>Academically disadvantaged is defined as a student who has been identified as not college ready (under TSI) when enrolling as a First-Time in College (FTIC) student.</p>
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Transfer – Economically Disadvantaged

<p><u>RECOMMENDATION 4.15:</u> <u>Add 0.50 Success Points for transfer by an economically disadvantaged student.</u></p>	<p>Methodology: Point is awarded for economically disadvantaged transfers described in 4.13 (above) who is economically disadvantaged.</p> <p>Economically disadvantaged is defined as a student who received Pell Grant funding at any time in the 10 years prior to obtaining the base Success Point for completion or transfer.</p> <p>See note in Charge 4 above regarding the inclusion of other potential measures of economic status.</p>
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The above recommendations are respectfully submitted as an alternative to the Rider proposed weight of 2.75.

Co-Enrollment Transfer

<u>RECOMMENDATION 4.16:</u> Leave the base weight for transfer to a general academic institution after completing 15 hours (2.00 points).	Methodology: Point is awarded to a student who is enrolled in a THECB approved co-enrollment program who is subsequently found enrolled at public/private university in year measured who has a record of successfully completing at least 15 SCH at the same two-year institution/ 3 years after entering the institution.
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Co-Enrollment Transfer: Academically Disadvantaged

<u>RECOMMENDATION 4.17:</u> <u>Add 0.50 Success Points for transfer by an academically disadvantaged co-enrollment student</u>	Methodology: Additional point is awarded for co-enrollment transfers as described in 4.16 (above) who is academically disadvantaged. Academically disadvantaged is defined as a student who has been identified as not college ready (under TSI) when enrolling as a First-Time in College (FTIC) student.
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Co-Enrollment Transfer: Economically Disadvantaged

<u>RECOMMENDATION 4.18:</u> <u>Add 0.50 Success Points for transfer by an economically disadvantaged student.</u>	Methodology: Additional point is awarded for co-enrollment transfers as described in 4.16 (above) who is economically disadvantaged. For this cohort, economically disadvantaged is defined as a student who received Pell Grant funding as a First-Time in College (FTIC) student during the co-enrollment tracking window as described in 4.16 above. <i>See note in Charge 4 above regarding the inclusion of other potential measures of economic status.</i>
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The above recommendations are respectfully submitted as an alternative to the Rider proposed weight of 2.75.

Charge 5

Study and make recommendations for the appropriate methodology for including the second 8-week courses in the base period.

Committee Recommendation for including the second 8-week courses in the base period

The following recommendation is made for formula funding of 8-week courses if the reporting of actuals is not an option. Pushing reporting due dates further out would assist in the reporting of actual contact hours, which is preferred.

1. Use the time periods previously used for all courses except for those that are second 8 weeks.

- a. Initial Run – In Fall
 - i. Previous Spring-Certified
 - ii. Summer 1-Certified
 - iii. Summer 2-Certified
 - iv. Current Fall-Error Free
 - b. Final Run – In Spring
 - i. Previous Summer 1-Certified
 - ii. Previous Summer 2-Certified
 - iii. Fall-Certified
 - iv. Spring-Error Free
2. To fill the missing second 8 -week data for the initial run (the data will not be available in time for formula funding deadlines)), staff will utilize previously certified data from the prior fall 8 week sessions using those data to proxy the missing data using a ratio approach. For the final run, previous spring data will be used to proxy the missing data using a ratio approach. See details below:
- a. Initial Run
 - i. Previous Fall 1 and Fall 2 – Certified (used for proxy; see step vi)
 - ii. Previous Spring-Certified (both 8-week sessions)
 - iii. Summer 1-Certified
 - iv. Summer 2-Certified
 - v. Current Fall 1-Error Free
 - vi. Use a ratio from Previous Fall 1 Certified/Previous Fall 2-Certified
 - vii. Apply ratio to current Fall 1 error free to proxy missing data for current Fall 2
 - b. Final Run
 - i. Previous Spring 1 and Spring 2 – Certified (used for Proxy; see step vi)
 - ii. Previous Summer 1-Certified
 - iii. Previous Summer 2-Certified
 - iv. Fall-Certified
 - v. Spring 1-Error Free
 - vi. Ratio from Previous Spring 1-Certified/Previous Spring 2-Certified
 - vii. Apply ratio to current Spring 1 error free to proxy missing data for current Spring 2

This proposal is for formula funding. There are other considerations in allowing institutions to report 8-week courses on the beginning of semester fall and spring CBM reports versus reporting them as Flex courses the following semester (which has always been allowed). The Coordinating Board will provide a truncated reporting schedule for institutions that wish to include these courses in their fall headcount (on the CBM001 and 004). Note that a schedule with 10-week courses followed by 6-week courses, would not allow sufficient time for reporting enrollments in the 6-week session on the beginning of semester reports. Fortunately, schools are more interested in offering either 8-week courses or offering 16-week and 12-week courses – with the

12-week courses starting 4 weeks into the semester (which allows plenty of time for reporting and inclusion in error-free formula runs).

Charge 6

Study and make recommendations for the appropriate definition of a student in a structured co-enrollment program successfully completing at least 15 semester credit hours at the community college.

Committee Recommendation for defining a Structured Co-enrollment Program

"A Texas Higher Education Coordinating Board recognized program structured through a binding written agreement between a general academic institution and a community college. Under such a program students will be admitted to both institutions and recognized as having matriculated to both institutions concurrently."

Attachment A.1 - Committee Membership

Dr. Pamela Anglin, Chair		
Name/Title	Institution/Address	Email/Phone
<u>Institution Representatives:</u>		
Ms. Teri Crawford (2022) Vice Chancellor of Public Relations, Marketing, and Governmental Affairs	San Jacinto College District 4624 Fairmont Parkway Suite 200 Pasadena, TX 77504	teri.crawford@sjcd.edu (281) 998-6151
Dr. Cesar Maldonado, Ph.D., P.E. (2022) Chancellor	Houston Community College 3100 main Houston, Texas 77002	cesar.maldonado@hccs.edu (713) 718-5059
Dr. Brent Wallace (2024) Chancellor	North Central Texas College 1525 West California Street Gainesville, Texas 76240	bwallace@nctc.edu (940) 668-4230
Mr. Patrick Lee (2022) Department Chair and Professor of Mathematics	Alamo Colleges 1400 West Villaret Boulevard San Antonio, Texas 78224	plee18@alamo.edu (210) 486-3282
Mr. Richard Cervantes (2022) Vice Chancellor Business and Finance/CFO	Blinn College 902 College Avenue Brenham, Texas 77833	Richard.Cervantes@blinn.edu (979) 830-4123
Ms. Mary Wickland (2020) Vice President for Finance	Lamar State College - Port Arthur PO Box 310 Port Arthur, TX 77641	mary.wickland@lamarpa.edu (409) 984-6125
Mr. Jim Yeonopolus (2022) Chancellor	Central Texas College PO Box 1800 Killeen, TX 76540	JYeonopolus@ctcd.edu (254) 526-1214
Mr. Michael Reeser (2020) Chancellor	Texas State Technical College System 3801 Campus Drive Waco, Texas 76705	mike.reeser@tstc.edu (254) 867-4891
Dr. Robert K. Riza (2022) President	Clarendon College 1122 College Drive Clarendon, TX 79226	robert.riza@clarendoncollege.edu (806) 874-4808
Dr. Pamela Anglin (2020) President	Paris Junior College 2400 Clarksville Street Paris, TX 75460	panglin@parisjc.edu (903) 782-0330
Dr. Jeremy McMillen (2020) President	Grayson College 6101 Grayson Drive Denison, TX 75020	mcmillenj@grayson.edu (903) 463-8600
Dr. Phil Rhodes (2020) Vice President - Research, Effectiveness, and Information Technology	McLennan Community College 1400 College Drive, Admin. 410 Waco, TX 76708	prhodes@mcclennan.edu (254) 299-8642
Ms. Mary Elizondo (2024) Vice President for Finance and Administrative Services	South Texas College 3201 West Pecan X224 McAllen, TX 78501	marye@southtexascollege.edu (956) 872-3559

Attachment A.2 - Committee Meeting Minutes

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Lone Star Room, Second Floor
1200 East Anderson Lane, Austin
Wednesday, August 19, 2019
1:35 p.m.**

Minutes

Attendees: Ms. Teri Crawford, Dr. Cesar Maldonado, Dr. Brent Wallace, Ms. Mary Wickland, Mr. Jim Yeonopolus, Mr. Michael Reeser, Dr. Robert Riza, Dr. Pamela Anglin, Dr. Jeremy McMillen, Dr. Phil Rhodes and Ms. Mary Elizondo

Absent: Mr. Richard Cervantes and Mr. Patrick Lee

THECB Staff: Mr. Roland Gilmore

1. The meeting was called to order at 1:35 p.m.
2. Ms. Teri Crawford nominated Dr. Pamela Anglin for chair; Dr. Brent Wallace seconded, committee approval by acclamation; there were no member objections to Dr. Pamela Anglin as committee chair.
3. Mr. Jim Yeonopolus nominated Dr. Jeremy McMillen for Vice Chair; Dr. Robert Riza seconded, committee approval by acclamation; there were no member objections to Dr. Jeremy McMillen as vice chair.
4. Dr. Pamela Anglin announced the departure of Dr. Van Miller and introduced Ms. Mary Elizondo and Dr. Brent Wallace as new committee members
5. Mr. Gilmore provided a brief overview of the funding formulas.
6. The chair reviewed the Commissioner's 2022-2023 biennium charges and asked committee members to indicate their preference for working on the charges.
 - a. Charge 1 – Study and make recommendation for the appropriate funding levels for the contact hour, core, and the student success funding.
 - b. Charge 2 – Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System's returned value funding formula.
 - c. Charge 3 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.
 - d. Charge 4 – Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric.
 - e. Charge 5 – Study and make recommendations for the appropriate methodology for including the second 8-week courses in the base period.

- f. Charge 6 –Study and make recommendations for the appropriate definition of a student in a structured co-enrollment program successfully completing at least 15 semester credit hours at the community college.

Work groups and members were determined as follows:

- A. Charge 1– Wickland (lead), Crawford, Cervantes, Anglin and Elizondo.
 - B. Charge 2 – Reeser (lead), Wallace, Wickland and Riza.
 - C. Charges 3, 4 and 6 – McMillen (lead), Maldonado, Yeonopolus, Cervantes, Reeser and Rhodes.
 - D. Charge 5 – Wallace (lead), Crawford, Wickland, Yeonopolus, and McMillen.
7. The chair asked the committee if the future meeting dates and times distributed with the agenda were acceptable to the committee.
 - a. September 19th meeting was canceled in favor of workgroup meetings with the time, place and method to be determined with work group leads.
 - b. October 17th meeting was changed to October 14th, if available.
 - c. November 7th meeting was moved to November 6th, from 1 p.m. to 3 p.m.
 - d. December 5th meeting was moved to December 4th, from 1 p.m. to 3 p.m.
 - e. January 9th meeting remained the same, if needed.
 8. The chair called for a motion to adjourn. Mr. Jim Yeonopolus motioned for adjournment, Dr. Robert Riza seconded, and the meeting was adjourned at 2:23 p.m. The committee will next convene on October 14, 2019, at a time to be determined.

Prepared by Roland Gilmore

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Monday, October 14, 2019
10:00 a.m.**

Minutes

Attendees: Ms. Teri Crawford, Mr. Patrick Lee, Mr. Richard Cervantes, Mr. Michael Reeser, Dr. Pamela Anglin, Dr. Jeremy McMillen, Dr. Phil Rhodes and Ms. Mary Elizondo

Phone conference: Dr. Brent Wallace, Ms. Mary Wickland, and Dr. Robert Riza

Absent: Dr. Cesar Maldonado and Mr. Jim Yeonopolus

THECB Staff: Mr. David Young, Ms. Jennifer Gonzales and Mr. Roland Gilmore

Phone conference: Dr. Julie Eklund

The meeting was called to order at 10:00 a.m.

1. The chair asked if there were any corrections to the minutes of the August 19, 2019, meeting. Dr. Jeremy McMillen motioned, Ms. Teri Crawford seconded, committee approval by acclamation.
2. Discussion of Charge 1 – Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b)).
 - I. Ms. Wickland stated the workgroup will recommend for Lamar State Colleges an increase for contact hour funding, minimal increase for space support, and no increase for the Small Institution Supplement.
 - II. Dr. Anglin stated the workgroup will recommend increases for the Community College funding in the area of core funding, contact hour funding, and Success Point funding; and it will recommend no increase in the rate for Bachelor of Applied Technology (BAT) programs.
3. Discussion of Charge 2 – Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System's returned value funding formula (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 11 (page III-228)).
 - I. Mr. Reeser stated the workgroup reviewed the THECB staff projections and will have a funding recommendation to present to the Committee for the November meeting.

4. Discussion of Charge 3 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.
 - I. Dr. McMillen stated that the committee workgroup and the TACC workgroup met and discussed refreshing the list of critical need fields.
 - II. Dr. McMillen mentioned the work of the THECB in the refreshing the critical need fields list, and the workgroup was cautioned by Dr. Eklund that any refreshing of the current list could lead to a shorter list.
 - III. Dr. McMillen also suggested that there was the need to discuss a time frame to be applied to a critical need fields and how long it should remain on the list.
 - IV. Dr. Eklund added that time was spent with Ms. Vega at the Texas Workforce Commission reviewing a proposed methodology for developing a critical need field's list for the committee's review. The methodology was consistent with one proposed to the CTCFAC committee that met prior to the last session. Because tools are being continually updated, staff wanted to get outside input on the proposed approach.
5. Discussion of Charge 4 – Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric. (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 19 (pages III-214 to III-215) and General Appropriations Act, HB 1, 86th Texas Legislature, Rider 25 (page III-215))
 - I. Dr. McMillen stated that the workgroup met and visited about the impact of changes adopted by the Legislature this year related to Success Point funding, including additions to Critical Fields and the addition of co-enrollment.
 - II. Dr. McMillen stated that feedback was received from community college presidents about the weights that were outlined in the rider in the last biennium. Generally the feedback was cautionary against devaluing the credentials, awards and certificates they are not in Critical Fields.
 - III. Dr. McMillen stated there was discussion around proposed alternatives by the TACC metrics task force.
 - IV. Dr. McMillen stated that the TACC metrics task force offered a number of additional items for consideration. The first would give a Success Point for 12 hours of credit vs. 15 hours. The second focused on adding half of a Success Point for economically and academically disadvantaged students to the Success Point category for degrees, core completers and certificates.
 - V. Ms. Crawford asked for clarification on academically and economically disadvantaged students. Dr. McMillen responded explaining academically disadvantaged students were those who had not met the TSI upon entry to college. Dr. McMillen also stated that economically disadvantage students would

be those that would be Pell eligible, as far back as 10 years, which was confirmed by Dr. Eklund.

6. Discussion of Charge 6 – Study and make recommendations for the appropriate definition of a student in a structured co-enrollment program successfully completing at least 15 semester credit hours at the community college.
 - I. Dr. McMillen stated the initial definition provided by the THECB staff was acceptable with minor changes to the wording regarding “agreement”.
7. Discussion of Charge 5 – Study and make recommendations for the appropriate methodology for including the second 8-week courses in the base period.
 - I. Dr. Wallace stated the workgroup contacted several colleges that are preparing to offer 8-week courses.
 - II. Dr. Wallace also stated that the workgroup felt the original methodology was fairly accurate. The workgroup will stick with the original piloted methodology with limited changes and will be bringing a formal recommendation to the committee at the next meeting.
8. The vice chair recommended the work groups finalize their recommendations for final discussion and approval by the full committee.

The chair asked for a motion to adjourn, Dr. Robert Riza motioned, Mr. Richard Cervantes seconded, committee approved by acclamation. The committee adjourned at 10:20 a.m. and will next convene on November 6th, 2019, at 10:00 a. m.

Prepared by Roland Gilmore

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Wednesday, November 6, 2019
10:00 a.m.**

Minutes

Attendees: Mr. Patrick Lee, Mr. Richard Cervantes, Ms. Mary Wickland, Mr. Jim Yeonopolus, Dr. Robert Riza, Dr. Pamela Anglin, Dr. Phil Rhodes, Dr. Jeremy McMillen, and Ms. Mary Elizondo

Phone conference: Ms. Teri Crawford, Dr. Brent Wallace, and Mr. Michael Reeser

Absent: Dr. Cesar Maldonado

THECB Staff: Dr. Julie Eklund, Mr. David Young, Mr. Gordon Taylor, and Mr. Roland Gilmore

The meeting was called to order at 10:00 a.m.

1. The chair asked if there were any corrections to the minutes of the October 14, 2019, meeting. Dr. Brent Wallace motioned, Ms. Teri Crawford seconded, and the committee approved by acclamation.
2. Discussion of Charge 1 – Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b)).
 - I. Ms. Wickland briefed the committee on the proposed funding recommendations for the state colleges.
 - II. The chair asked for a motion to approve the funding recommendations for the state colleges. Mr. Jim Yeonopolus motioned, Mr. Richard Cervantes seconded, and the committee approved by acclamation.
 - III. Dr. Anglin briefed the committee on the workgroup funding recommendations for the community colleges, noting that the only change from the previous update would be an increase in core funding from the original \$1.5 million to \$2 million per district.
 - IV. Dr. Anglin said she would send a list of items that would support the core increase to the institutions for their input.
3. Discussion of Charge 2 – Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System's returned value funding formula (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 11 (page III-228)).
 - I. The chair asked for a motion to approve the funding recommendation for the state technical colleges. Dr. Brent Wallace motioned, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation.

4. Discussion of Charge 3 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.
 - I. Dr. McMillen explained the differences in targeted/Critical Fields in both contact hour and Success Point funding. Targeted/Critical Field contact hour funding is based on classes and not programs. Success Point funding for Targeted/Critical Field is program-based and not class-based.
 - II. Dr. McMillen said the workgroup would not recommend changing Target/Critical Fields for contact hour funding.
 - III. Dr. McMillen briefed the committee on the proposed methodology to change targeted/Critical Fields for Success Points. A Targeted Field would need to meet two of the following:
 1. Top 20 Largest Growth-Certificate/Associate degrees
 2. Top 20 Fastest Growing-Certificate/Associate degrees
 3. Top Targeted Occupations (identified by the Texas Workforce Commission or at least 11 regional workforce boards)And, meet at least one of the following:
 1. Wages are at or above the statewide median and demand exceeds supply
 2. Wages are below the statewide median and demand exceeds supply by at least 50 percent
 - IV. Dr. McMillen discussed logistical details regarding the methodology for updating the Critical Fields for formula funding, such as how long a field will be active once added to the list and how often the fields will be revisited over time.
5. Discussion of Charge 4 – Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric. (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 19 (pages III-214 to III-215) and General Appropriations Act, HB 1, 86th Texas Legislature, Rider 25 (page III-215))
 - I. Dr. McMillen briefed the committee on the current Success Points and the weights associated with them. He said the workgroup did not want to recommend adopting the suggested changes presented in the rider; instead, it wanted to recommend the changes below:
 - a) For the 15 SCH transfer metric, add 0.25 point if those 15 transfer hours were all dual credit.
 - b) For the credentials awarded metric, add 0.25 point if the credential was awarded to an economically disadvantaged student and 0.25 point if it was awarded to an academically disadvantaged student.

- c) For the 15 SCH transfer metric, add 0.25 point if the credential was awarded to an economically disadvantaged student and 0.25 point if it was awarded to an academically disadvantaged student.
 - II. Dr. Eklund confirmed that an economically disadvantaged student would be included if that student received Pell within the last 10 years.
 - III. Ms. Crawford asked if these students would be classified as economically disadvantaged if they had filled out TASFA.
 - IV. Dr. Eklund responded that further discussion would be required with general counsel to make sure we are moving forward in a way that is appropriate.
6. Discussion of Charge 6 – Study and make recommendations for the appropriate definition of a student in a structured co-enrollment program successfully completing at least 15 semester credit hours at the community college.
- I. Dr. McMillen gave a brief workgroup update and read the definition of a structured co-enrollment program being offered to the committee for approval.
 - II. The chair asked for a motion to approve the funding recommendation for the definition of a structured co-enrollment program. Mr. Jim Yeonopolus motioned, Dr. Robert Riza seconded, and the committee approved by acclamation.
7. Discussion of Charge 5 – Study and make recommendations for the appropriate methodology for including the second 8-week courses in the base period.
- I. Dr. Wallace said that if actuals are not available, the recommendation would be to adopt the work group's proposed methodology for adding the second 8-week courses to the base period.
 - II. The chair asked for a motion to approve the recommendation for including the second 8-week courses in the base period. Ms. Teri Crawford motioned, Dr. Robert Riza seconded, and the committee approval by acclamation.
8. The chair recommended the work groups finalize their recommendations for final discussion and approval by the full committee.

The chair asked for a motion to adjourn, Mr. Jim Yeonopolus motioned, Dr. Robert Riza seconded, and the committee approved by acclamation. The committee adjourned at 10:39 a.m. and will next convene on December 4th, 2019, at 1:00 p. m.

Prepared by Roland Gilmore

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Wednesday, December 4, 2019
1:00 p.m.**

Minutes

Attendees: Ms. Teri Crawford, Mr. Patrick Lee, Mr. Jim Yeonopolus, Dr. Robert Riza, Dr. Pamela Anglin, and Dr. Jeremy McMillen

Phone conference: Dr. Brent Wallace, Mr. Richard Cervantes, Ms. Mary Wickland, Mr. Michael Reeser, Dr. Phil Rhodes, and Ms. Mary Elizondo

Absent: Dr. Cesar Maldonado

THECB Staff: Dr. Julie Eklund, Mr. David Young, Mr. Gordon Taylor, and Mr. Roland Gilmore

The meeting was called to order at 1:00 p.m.

1. The chair asked if there were any corrections to the minutes of the November 6, 2019, meeting. As there were not, Mr. Jim Yeonopolus motioned for approval, Dr. Robert Riza seconded, and the committee approved by acclamation.
2. Discussion of Charge 1 – Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b)).
 - I. Dr. Anglin briefed the committee on the workgroup funding recommendations for the community colleges, noting that the only change from the previous update would be to include additional Success Point funding that will be discussed in charges 3 and 4 recommendations.
 - II. Dr. Anglin briefed the committee on the removal of students who received free and reduced lunch (but were not Pell recipients) from the economically disadvantaged student calculation for Success Points, which would amount to a reduction in this recommendation of approximately \$320,000.
 - III. The chair asked for a motion to approve the funding recommendations for the community colleges. Dr. McMillen recommended an amendment that would authorize the chair to adjust the percentage increase for contact hour funding based on an analysis of increases in expenses. Dr. McMillen motioned, Dr. Brent Wallace seconded, and the committee approved by acclamation.

3. Discussion of Charge 3 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.
 - I. Dr. McMillen briefed the committee on the Charge 3 Work Group’s recommendation for critical need fields as they relate to Success Point funding.
 - II. Dr. McMillen said the recommendation would include changing the current naming convention of “Critical Fields” to “Targeted Fields” further aligning the terminology with the Texas Workforce Commission.
 - III. Dr. McMillen said the work group didn’t recommend any changes to the current Critical Fields for contact hour funding. Instead, it recommends the next CTCFAC study the issue.
 - IV. The chair asked for a motion to approve the Charge 3 recommendations for critical need fields as they relate to contact hour and Success Point funding. Dr. Robert Riza motioned, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation.
4. Discussion of Charge 4 – Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric. (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 19 (pages III-214 to III-215) and General Appropriations Act, HB 1, 86th Texas Legislature, Rider 25 (page III-215))
 - I. Dr. McMillen briefed the committee on the recommendations for the appropriate number of points to be awarded for each Success Point metric.
 - II. Dr. Wallace commented on the additional cost dual credit students present to the institutions. He said he would support an increase in the additional weight for the Success Point for 15 SCH earned by dual credit students from .25 point to 0.50 point.
 - III. The chair asked for a motion to approve the charge 4 recommendation for the community colleges. Dr. McMillen recommended the motion include authorizing the chair to adjust the additional points awarded for Dual Credit students successfully completing 15 SCH from .25 to .5 after she discusses the issue further with the committee member’s colleagues. Dr. McMillen motioned, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation.
5. The chair recommended the meeting scheduled for January 9, 2020, be a face-to-face meeting, as usual.

The chair asked for a motion to adjourn; Dr. Robert Riza motioned, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation. The committee adjourned at 1:43 p.m. and will next convene on January 9, 2020, at 1:00 p.m.

Prepared by Roland Gilmore

**Meeting of the Community and Technical Colleges Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor, 1.170
1200 East Anderson Lane, Austin
Wednesday, January 9, 2020
1:00 p.m.**

Minutes

Attendees: Ms. Teri Crawford, Dr. Cesar Maldonado, Dr. Brent Wallace, Mr. Patrick Lee, Mr. Richard Cervantes, Mr. Jim Yeonopolus, Dr. Pamela Anglin, and Dr. Jeremy McMillen

Phone conference: Mr. Michael Reeser, Dr. Phil Rhodes, and Ms. Mary Elizondo

Absent: Ms. Mary Wickland and Dr. Robert Riza

THECB Staff: Dr. Julie Eklund, Mr. Gordon Taylor, and Mr. Roland Gilmore

The meeting was called to order at 1:00 p.m.

1. The chair asked if there were any corrections to the minutes of the December 4, 2019, meeting. As there were not, Dr. Brent Wallace motioned for approval, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation.
2. Discussion of Charge 3 – Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding.
 - I. Dr. McMillen briefed the committee on the Charge 3 Work Group’s recommendation for critical need fields as they relate to Success Point funding.
 - II. Dr. McMillen said the work group didn’t recommend any changes to the current Critical Fields for contact hour funding. Instead, it recommends the next CTCFAC study the issue.
 - III. The chair asked for a motion to approve the Charge 3 recommendations for critical need fields as they relate to contact hour and Success Point funding. Mr. Jim Yeonopolus motioned, Mr. Richard Cervantes seconded, and the committee approved by acclamation.
3. Discussion of Charge 4 – Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric. (General Appropriations Act, HB 1, 86th Texas Legislature, Rider 19 (pages III-214 to III-215) and General Appropriations Act, HB 1, 86th Texas Legislature, Rider 25 (page III-215))
 - I. Dr. McMillen briefed the committee on the two draft recommendations for the appropriate number of points to be awarded for each Success Point metric. Alternative recommendation one would move all new Success Point category metrics to 0.50. Alternative recommendation two would move all new Success Point category metrics to 0.25 and the dual credit Success Point to 0.50.

- II. The chair asked for a motion to approve the charge 4 alternative one recommendation for the community colleges. Dr. Brent Wallace motioned, Ms. Teri Crawford seconded, and the committee approved by acclamation.
- 4. Discussion of Charge 1 – Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b)).
 - I. Dr. Anglin briefed the committee on the alternative one funding recommendation for the community colleges.
 - II. Dr. Anglin said that based on discretion the committee gave her at the last meeting to adjust contact hour funding, she was recommending an increase in the rate from \$5.44 to \$5.83.
 - III. The chair asked for a motion to approve the Charge one funding recommendation for the community colleges. Jim Yeonopolus motioned, Mr. Richard Cervantes seconded, and the committee approved by acclamation.
- 5. Discussion of final committee report.
 - IV. The chair asked for a motion to approve the committee final report. Ms. Teri Crawford motioned, Dr. Phil Rhodes seconded, and the committee approved by acclamation.
- 6. The chair asked for a motion to approve the committee chair and vice chair to have final review and approval for any edits to the adopted recommendations, January meeting minutes, and the final Committee Report. Dr. Brent Wallace motioned, Mr. Jim Yeonopolus seconded, and the committee approved by acclamation.

The chair asked for a motion to adjourn; Mr. Jim Yeonopolus motioned, Dr. Brent Wallace seconded, and the committee approved by acclamation. The committee adjourned at 1:16 p.m.

Prepared by Roland Gilmore

Appendix B - General Academic Institutions Formula Advisory Committee (GAIFAC)

FY 2022-2023 Biennial Appropriations Report on the Commissioner's Charges

The General Academic Institutions Formula Advisory Committee (GAIFAC), organized in August 2019 (Attachment A), met to address the charges identified by the Commissioner relating to formula funding for the 2022-2023 biennium (Attachment B). The GAIFAC met on the following days: August 19, September 19, October 17 and November 18, 2019.

Charge 1:

Study and make recommendations for the appropriate funding levels for the operations support and space support formulas and the percent split between the "utilities" and "operations and maintenance" (O&M) components of the space support formula. (TEC, Section 61.059 (b))

Recommendation:

Recognizing the funding for growth provided in the last legislative session, the GAIFAC is recommending continued support of higher education with a reasonable increase based on the funding levels appropriated for the 2020-2021 biennium plus growth and inflation. These increases are vital if Texas is to reach the goals of 60X30TX, the state plan for Texas Higher Education. Institutions will see increasing costs in order to retain and timely graduate the increased numbers of economically disadvantaged and first-generation college students that will comprise a large portion of the required gains.

The GAIFAC recommends the Legislature fund growth and inflation for the 2022-2023 biennium. Using a growth rate of 2.8%, an inflationary rate of 2.6% and a projected increase of 4.8% in predicted square feet, formula funding for the 2022-2023 biennium would be \$5,217 million; this represents an increase of \$280 million (5.7%). The committee believes this increase is necessary to move toward the goals of 60X30TX, while preserving the quality and affordability of higher education. Regarding each portion of the formula:

- Fund the Operations Support formula and Teaching Experience Supplement at a rate of \$57.28 per WSCH for the 2022-2023 biennium.
 - ❖ This rate would fund the Operations Support formula and Teaching Experience Supplement at approximately \$4,371 million, an increase of \$226 million or 5.4%;
 - ❖ The recommended rate would increase \$1.43, or 2.6%, to account for inflation, compared to the \$55.85 rate funded for the 2020-2021 biennium;
 - ❖ The overall funding level assumes a 2.8% increase for growth in WSCH between the 2018 and 2020 base years using the recommended rate of \$57.28 per WSCH;

- ❖ The recommendations would allocate available funding using a relative weight matrix based on the three-year average of expense per semester credit hour to include fiscal years 2018, 2019 and 2020.
- Fund the Space Support formula at an average adjusted rate of \$5.47 per square foot for the 2022-2023 biennium.
 - ❖ This rate would fund the Space Support formula at \$818 million, an increase of \$54.3 million or 7.1%;
 - ❖ The recommended rate would increase \$0.14, or 2.6%, to account for inflation, compared to the \$5.33 rate funded for the 2020-2021 biennium;
 - ❖ The rate assumes a 4.8% increase for growth in square feet between fall 2018 and 2020;
 - ❖ Split the recommended space support rate between “utilities” and “operations and maintenance” components using FY 2020 utility rates, update the utility rate adjustment factors using the FY 2020 utilities expenditures, and allocate the space support formula using the fall 2020 space model predicted square feet. The GAIFAC recommends that utilities data for Sul Ross State University – Rio Grande College (RGC) be reported separately from Sul Ross State University. Creating a separate reporting line for the institution’s utility expenses will generate space support utility funding in the formula for Sul Ross – RGC.
 - ❖ Fund the Small Institution Supplement for the 2022-2023 biennium using the same methodology used for the 2020-2021 biennium with a 2.6% inflation adjustment, which would increase the annual rate from \$1,316,566 to \$1,350,797.

Charge 2:

Review the expenditure study that is used for the cost matrix, including determining and reviewing the growth of costs affiliated with higher education and its consequent impact on higher education institutions, and make recommendations for improvements to better reflect the actual expenditures of the institutions. (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259)).

Recommendation:

The GAIFAC recommends that a consistent methodology needs to be used for the cost expenditure study with respect to the allocation of Department Operating Expenses (“DOE”). To the extent possible, DOE should be directly allocated with remaining DOE expenditures allocated based on faculty salaries rather than allocations based on semester credit hours (“SCH”). The spreadsheet to collect DOE should default to faculty salaries and not SCH, as it is today. Additionally, the GAIFAC recommends that the TASSCUBO working group continue their discussion and analysis of the expenditure study, related instructions, and impact on the cost matrix keeping the THECB informed of any additional recommendations that may be considered by a future GAIFAC.

Charge 3:

Review the Space Projection Model as it relates to distance education courses, including the different physical space and technology needs between traditional courses, online courses, and distance education courses, as well as information on associated costs of each course type, and recommend changes to the Space Projection Model (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259)).

Recommendation:

The GAIFAC acknowledges the timeliness of this charge and recognizes the reasonable perception that the cost of online instruction appears to be lower than that of the traditional classroom model, due to the apparent lack of physical space required. However, the committee agrees that there are actual costs required to provide online education that are substantially similar or even exceed that of the traditional classroom delivery.

Online instruction has introduced a modality that is not as structured as traditional instruction where we could assess direct costs and measure fill rates and capacity. Online instruction begins with an investment in instructional designers, sound-proof studios with videographers, sound technicians and closed captioning services. Faculty invest significant time upfront to develop the courses. There is an investment in marketing, recruiting, call centers to respond to students 24/7, additional admissions personnel and transcript evaluators to support student enrollment. Once a student begins an online program, tutors must be made available along with dedicated IT personnel and librarians with potentially increased costs related to cybersecurity and proper student identification.

To invest in and support quality online courses and degree programs, institutions must provide the infrastructure and space support for all functions from development through student engagement. In addition, physical space is still required for some online courses, such as clinical space for nursing students and hybrid courses.

Additionally, the formula should not only be a mechanism for attributing costs, it should create incentives for desired outcomes. To meet goals of 60X30TX, institutions need to reach as many students as possible. For example, working professional students, post-traditional and stop-out students who cannot commit to a prescribed in-person class schedule make up a large percentage of students enrolled in online degree programs. The GAIFAC recommends methods to incentivizing alternative delivery to reach these students rather than creating a disincentive based on a perception that a mode of delivery might cost less.

The GAIFAC recommends that all hours be included in the Space Projection Model with no adjustment related to online courses. Consideration may be given to forming a future committee to consider whether a different formula or Space Projection Model should be developed for online course infrastructure.

Charge 4:

Study and make recommendations for an outcomes-based methodology for allocating the balance remaining in the B-On-Time account after the underutilized amount is allocated.

Recommendation:

The GAIFAC for the 2020-2021 biennial appropriations made a recommendation for a graduation bonus formula recognizing that fiscal realities may preclude an additional outcomes-based funding model at that time. The current GAIFAC reviewed the graduation bonus formula and would recommend that what was previously endorsed for outcomes-based funding would be a consistent use of the remaining funds in the B-On-Time account.

As stated in the prior committee report, for Texas to reach the completion goal of 550,000 by 2030, more low-income students and more students who are not college ready will need to graduate. These students require more services, such as advising and tutoring, but the current formulas do not account for these additional costs. The committee recommends a new graduation bonus formula to help fund these services and support advising, tutoring and the other interventions many students need to earn a degree. Funding would be based on a three-year average of undergraduate degrees awarded to both non at-risk and at-risk students. For purposes of this model, an at-risk student is someone who received a Pell grant or whose SAT or ACT score was below the national average for the year taken.

The GAIFAC recommends that the underutilized portion of the B-On-Time program funds be returned to the 27 affected institutions and that the repaid portion amount (currently estimated to be approximately \$25.6 million) be allocated to all institutions based on the graduation bonus formula described above with the funding to be used to support efforts to increase the number of at-risk students who graduate from the institutions or the rate at which at-risk students graduate from the institutions.

Attachment B.1 - General Academic Institutions Formula Advisory Committee Roster

Name	Institution	Contacts
Mr. Bob Brown (Vice Chair) (2022) VP for Finance & Administration	University of North Texas 1501 W. Chestnut St., Suite 206 Denton, Texas 76201	bob.brown@unt.edu 940-565-2055
Ms. Susan Brown (2024) AVP for Strategic Analysis & Institutional Reporting	The University of Texas - Rio Grande Valley, 1201 West University Drive, Edinburg, TX 78539	susan.brown@utrgv.edu 956-665-2383
Mr. John Davidson (2022) Associate VP – Budget, Planning & Analysis	The University of Texas at Arlington 219 West Main St. Arlington, TX 76019	john.davidson@uta.edu 817-272-5499
Mr. Danny Gallant (2022) VP for Finance & Administration	Stephen F. Austin State University P.O. Box 6108, SFA Station Nacogdoches, TX 75962	dgallant@sfasu.edu 936-468-2203
Mr. Daniel Harper (2024) Vice Chancellor & CFO	Texas State University System 601 Colorado Street Austin, TX 78701	daniel.harper@tsus.edu 512-463-6449
Dr. Robert Kinucan (2024) Associate Provost for Graduate Studies & Research	Sul Ross State University P.O. Box C-97 Alpine, Texas, 79832	kinucan@sulross.edu 432-837-8662
Dr. James Marquart (2020) Provost & VP for Academic Affairs	Lamar University PO Box 10002 Beaumont, TX 77710	james.marquart@lamar.edu 409-880-8398
Ms. Veronica Mendez (2022) Vice President for Business Affairs	The University of Texas at San Antonio One UTSA Circle San Antonio, Texas 787249	veronica.mendez@utsa.edu 210-458-4201
Dr. Juan Munoz (2024) President	University of Houston-Downtown One Main Street Houston, TX 77002	munozj@uhd.edu 713-221-8001
Dr. Karen Murray (2020) Executive VP of Academic Affairs & Provost	Tarleton State University 1333 West Washington Stephenville, TX 76402	kmurray@tarleton.edu 254-968-9992
Mr. R. Jason Tomlinson (2024) Vice President for Finance & Administration	Texas Woman's University P.O. Box 425588 Denton, TX 76204-5588	jtomlinson1@twu.edu 940-898-3505
Dr. Larry Singell (2020) Senior Vice Provost for Resource Management	The University of Texas at Austin, 110 Inner Campus Dr STOP G1000, Austin, TX 78712-1701	provost.office@utexas.edu 512-471-4363
Ms. Noel Sloan (Chair) (2020) CFO & Vice President of Administration & Finance	Texas Tech University 2500 Broadway Lubbock, TX 79409	noel.a.sloan@ttu.edu 806-834-1625
Dr. Jerry R. Strawser (2020) Executive VP of Finance & Administration & CFO	Texas A&M University 1181 TAMU College Station, TX 77843	jstrawser@tamu.edu 917-862-7777
Ms. Angie W. Wright (2020) Vice President for Finance & Administration	Angelo State University 2601 West Ave N San Angelo, TX 76903	angie.wright@angelo.edu 325-942-2017

Attachment B.2 - Commissioner's Charge to the General Academic Institutions Formula Advisory Committee (GAIFAC) for the 2020-2021 Biennial Appropriations

Background

The GAIFAC addresses the operations and space support formulas as well as the small institution and teaching experience supplements. The general academic institution formulas were introduced in Texas in the mid-1960s, reworked during the 1998-1999 biennium, and first fully funded with an expenditure-based relative weight matrix in the 2010-2011 biennium.

The operations support formula allocates funds on weighted semester credit hours (WSCH) in support of faculty salaries, departmental operating expenses, library, instructional administration, research enhancement, student services, and institutional support. The formula operations support formula and teaching experience supplement allocated 84 percent of the total formula funding at a rate of \$55.85 per WSCH for the 2020-2021 biennium. The teaching experience supplement incentivizes the use of tenured and tenure-track faculty in undergraduate courses and allocated 2020-2021 biennium funds with a 10 percent bonus of WSCH.

The space support formula, which includes educational and general space support and a small institution supplement, allocates funds on predicted square feet (an estimate of the space needed based on activity) in support of plant-related and utility expenses. The space support formula allocated 16 percent of the total formula funding at a rate of \$5.33 per predicted square foot for the 2020-2021 biennium. The small institution supplement distributes additional resources on headcount for the reduced economies of scale associated with operating small institutions. The 2020-2021 biennium allocated \$1.5 million to each institution with fewer than 5,000 headcount. This amount is gradually reduced as the institution approaches 10,000 headcount. During the 2020-2021 biennium, the Legislature allocated an additional \$11.7 million in Small Institution Supplement funding to GAI institutions.

Commissioner's Charges

The GAIFAC, conducted in an open and public forum, is charged with proposing a set of formulas that provide the appropriate funding levels and financial incentives necessary to best achieve the four major goals of 60x30TX plan. A preliminary written report of its activities and recommendations is due to the Commissioner by December 13, 2019, and a final written report by January 28, 2020. The GAIFAC's specific charges are to:

1. Study and make recommendations for the appropriate funding levels for the operations support and space support formulas and the percent split between the "utilities" and "operations and maintenance" (O&M) components of the space support formula. (TEC, Section 61.059 (b))
2. Review the expenditure study that is used for the cost matrix, including determining and reviewing the growth of costs affiliated with higher education and its consequent impact on higher education institutions, and make recommendations for improvements to better reflect the actual expenditures of the institutions. (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259))
3. Review the Space Projection Model as it relates to distance education courses, including the different physical space and technology needs between traditional courses, online courses,

and distance education courses, as well as information on associated costs of each course type, and recommend changes to the model. (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259))

4. Study and make recommendations for an outcomes-based methodology for allocating the balance remaining in the B-On-Time account after the underutilized amount is allocated.

Attachment B.3 - Meeting Minutes

**Meeting of the General Academic Institutions Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor
1200 East Anderson Lane, Austin
Monday, August 19, 2019
1:30 p.m.**

Minutes

Attendees: Ms. Noel Sloan (Chair), Mr. Bob Brown (Vice Chair), Ms. Susan Brown, Mr. John Davidson, Dr. Danny Gallant, Mr. Daniel Harper, Dr. Harrison Keller, Ms. Veronica Mendez, Dr. Juan Munoz, Mr. R. Jason Tomlinson, and Ms. Angie W. Wright

Absent: Dr. Robert Kinucan, Dr. James Marquart, Dr. Karen Murray, Dr. Jerry Strawser

Staff: Dr. Julie Eklund, Ms. Jennifer Gonzales

1. The meeting was called to order at 1:30 p.m.
2. Ms. Sloan, the convening chair, called for nominations for a committee chair. Dr. Gallant nominated Ms. Sloan, Dr. Munoz seconded the nomination, and the members unanimously voted for Ms. Sloan.
3. Ms. Sloan called for nominations for a vice chair. Dr. Gallant nominated Mr. Harper and Ms. Wright nominated Mr. Brown. The committee voted individually for each nominee and Mr. Brown was elected vice chair.
4. Dr. Eklund provided a brief overview of the funding formulas and fielded questions from members.
5. The chair reviewed the Commissioner's 2022-2023 biennium charges.
 - a. Charge 1 – Funding Levels
 - i. The chair requested that members review the information provided in the meeting's agenda materials and be prepared to discuss funding levels at the September meeting.
 - b. Charge 2 – Expenditure Study
 - i. The committee discussed the charge and determined to address it by establishing a working group to explore the expenditure study in more detail. Dr. Gallant volunteered to lead the workgroup, and the following members offered to participate: Ms. Sloan, Mr. Brown, Ms. Brown, Mr. Harper, Ms. Mendez, Dr. Munoz, Dr. Strawser, Mr. Tomlinson, and Ms. Wright.
 - ii. The group plans to meet by conference call before the next full committee meeting in September. Ms. Gonzales agreed to send expenditure data provided to the previous workgroup.

- c. Charge 3 – Space Projection Model for Distance Education Courses
 - i. The committee decided that members should review all the charges and that it would address the need for a working group for this charge during the September meeting. Ms. Gonzales agreed to send additional information on the space model as adjusted for distance education, as provided to the LBB in March 2019.
 - d. Charge 4 – Additional B-On-Time Allocation Methodology
 - i. The chair requested committee members be prepared to take up this charge at future meetings. The committee determined that all members would address this charge together rather than in a working group.
6. The committee considered future meeting dates.
- a. The committee agreed to the following meeting dates: September 19, October 17, December 5 (if needed), and January 9 (if needed).
 - b. Ms. Gonzales agreed to send out a Doodle poll to get consensus on the best meeting time for November and for meeting start times. Members said a later start time would allow workgroups to meet before the meetings if needed.
7. The meeting was adjourned at 2:30 p.m. until September 19, 2019.

**Meeting of the General Academic Institutions Formula Advisory Committee
Texas Higher Education Coordinating Board
Board Room, First Floor
1200 East Anderson Lane, Austin
Thursday, September 19, 2019
11:00 a.m.**

Minutes

Attendees: Ms. Noel Sloan (Chair), Mr. Bob Brown (Vice Chair), Ms. Susan Brown, Mr. John Davidson, Dr. Danny Gallant, Mr. Daniel Harper, Dr. Robert Kinucan, Dr. James Marquart, Ms. Veronica Mendez, Dr. Juan Munoz, Dr. Karen Murray, Dr. Jerry Strawser, Mr. R. Jason Tomlinson, and Ms. Angie W. Wright

Absent: Dr. Harrison Keller

Staff: Dr. Julie Eklund, Mr. David Young, Ms. Jennifer Gonzales

1. The meeting was called to order at 11:00 a.m.
2. The minutes from the August 19th meeting were unanimously approved by a motion from Dr. Munoz with a second from Ms. Brown.
3. The committee discussed, reviewed, and considered the Commissioner's 2022-2023 biennium charges.

a. Charge 1 – Funding Levels

The committee reviewed the projections for growth and inflation and the resulting funding levels. During the 2020-21 biennium, the Legislature appropriated an additional \$18.5 million for the Small Institution Supplement (SIS), which effectively changed the supplement rate from \$750K to \$1.3M. Mr. Harper recommended starting with the 2020-21 appropriated rate (\$1.3M), adding inflation, and maintaining the methodology that distributes a step-down approach for student headcounts between 5,000 and 10,000. The committee agreed. Ms. Gonzales will provide updated projections in October to include this recommendation.

The committee agreed that the recommendations should include growth and inflation. Ms. Brown also advocated for adding language to the committee's report that recommends against reducing the space support formula for distance education courses. The committee considered this recommendation under charge 3.

Regarding Space Support funding, Mr. Harper advocated for the formula recommendation to break out a separate line item for utilities for Sul Ross - Rio Grande. The institution's facilities are leased, but the institution does pay all utilities through a triple net lease. The committee agreed that the institution should have its own line and that language be added to the page to support the recommendation.

b. Charge 3 – Space Projection Model for Distance Education Courses

Dr. Marquart began the discussion by sharing that costs associated with distance education are unstructured, with students seeking assistance at all hours of the day. He stated that this helps meet the needs of non-traditional students and helps to meet the goals of *60X30TX*, but it's more expensive to design these courses and to have instructors and IT available at those times as well. Dr. Munoz noted that future cost may continue to grow as instructional design becomes more expensive. Mr. Davidson noted that his institution was also having to meet the technological needs of students with disabilities. In summary, the committee agreed on the need to communicate information in their recommendations about the costs and challenges of delivering distance education and to advocate against adjusting the space support formula for distance education. Ms. Sloan will summarize the points made during the discussion for the committee's final report.

c. Charge 4 – Additional B-On-Time Allocation Methodology

The committee discussed the recent history regarding the end of the B-On-Time program. Mr. Harper shared his understanding of the allocation methodology that came out of the negotiated rule-making committee, which was to distribute funds back to the donor institutions, but he understood that this charge was specific to the remaining balance after those distributions have been made. Dr. Eklund reminded the committee that statute requires a recommendation regarding outcomes-based funding, and that this charge addresses that requirement.

Ms. Brown noted that when UT-Brownsville and UT-Pan American merged as UT-Rio Grande Valley, UT-Brownsville lost its status as a donor institution, and she suggested that part of that funding should go back to UTRGV.

Mr. Brown asked whether the committee was legislatively bound to tie the remaining funds back to the outcomes-based funding. Ms. Eklund explained that Texas Education Code §61.0593 (d-g) provides more detail on what is required and that the staff would provide further details to the committee at the next meeting.

Charge 2 – Expenditure Study

Dr. Gallant shared that the Expenditure Study workgroup had a conference call on September 9, 2019. The group examined the departmental operating expense (DOE) allocation methodology. Institutions can currently allocate via direct expenses, semester credit hours, faculty salaries, or a combination of these. The workgroup members agreed that a consistent methodology would provide more stability in the weights. Dr. Gallant made a motion that DOE expenses be allocated via direct expenses, when possible, and that remaining DOE expenses be allocated via faculty

salaries. Ms. Brown seconded the motion and the full committee unanimously agreed.

Dr. Gallant asked if non-funded hours were included in the study, citing that institutions still bear the expense for educating the non-funded semester credit hours. Through discussion, the committee realized that since all costs are included, but non-funded hours are not included, this would result in a decrease in the cost per SCH. Ms. Sloan thought this might be why we are seeing compression in the weights. Dr. Gallant and Ms. Brown said these non-funded hours may be more likely when students are taking upper level courses. Dr. Eklund relayed that staff would try to examine the distribution of these non-funded hours to see if they might affect the study.

4. The committee discussed action items for the October meeting:

Ms. Gonzales will provide updated funding projections, which will include the recommended changes to the Small Institution Supplement.

Ms. Sloan will consolidate the committee's discussion and comments on the higher costs associated with providing distance education for the committee's approval.

Regarding Charge 4, the THECB will provide more information on legislative and statutory requirements. Mr. Harper also asked the THECB to run a model that would show Ms. Brown's suggested change to the B-On-Time allocation that came out of the negotiated rule-making process. In addition, Mr. Harper requested to see a model that runs the remaining \$26 million using the graduation supplement methodology for at-risk students.

5. The meeting was adjourned at 12:20 p.m. until October 17, 2019 at 11:00 a.m.

**Meeting of the General Academic Institutions Formula Advisory Committee
Texas Higher Education Coordinating Board
Lone Star Room, Second Floor
1200 East Anderson Lane, Austin
Thursday, October 17, 2019
11:00 a.m.**

Minutes

Attendees: Ms. Noel Sloan (Chair), Mr. Bob Brown (Vice Chair), Ms. Susan Brown, Mr. John Davidson, Dr. Danny Gallant, Mr. Daniel Harper, Dr. Robert Kinucan, Dr. James Marquart, Ms. Veronica Mendez, Dr. Juan Munoz, Mr. R. Jason Tomlinson, Ms. Angie W. Wright

Absent: Dr. Karen Murray, Dr. Jerry Strawser

Staff: Dr. Julie Eklund, Mr. David Young, Mr. Gordon Taylor, Ms. Jennifer Gonzales

1. The meeting was called to order at 11:00 a.m.
2. The draft minutes from the September 19th meeting were reviewed and Ms. Sloan addressed a one-word amendment under Charge 2 (page 4, sentence 2), changing the word "increase" to "decrease". The minutes were then unanimously approved by a motion from Mr. Brown with a second from Ms. Wright.
3. The committee discussed, reviewed, and considered the Commissioner's 2022-2023 biennium charges.

a. Charge 1 – Funding Levels

The committee reviewed the data it had requested regarding increasing the Small Institution Supplement for inflation, which would increase the annual rate from \$1,316,566 to \$1,347,506. The committee reviewed the projections for growth and inflation and the resulting funding levels. Mr. Brown moved to approve the funding levels on page 8 of the agenda materials, which equate to \$5.206 million, a 5.4% increase in funding over the 2020-21 biennium. Ms. Mendez seconded the motion and the committee unanimously approved.

b. Charge 2 – Expenditure Study

Staff provided the Committee with semester credit hour (SCH) data that included both funded and non-funded hours. Most of the increases from adding non-funded hours occurred at the undergraduate upper level (UGU). Since the UGU hours would increase, while the costs would remain the same, the cost of UGU per SCH would decrease and would result in further "compression" toward the undergraduate lower level (UGL) weights. Mr. Marquart asked whether distance education students were included in the unfunded counts and Dr. Eklund explained that fully distance education students would not be included. Also, regarding unfunded hours, Ms. Brown brought up the concern that some institutions do not currently report data on their unfunded students. Mr. Gallant requested that staff provide data on how

including these unfunded hours in the categories of institutional support and student services would affect the weights.

c. Charge 3 – Space Projection Model for Distance Education Courses

Chair Sloan provided draft wording to address Charge 3 in the Committee's final report. Ms. Brown suggested adding language to the report that adjusting space support funding based on distance education could harm the goals of *60X30TX*. Mr. Davidson added that the funding should drive behavior to meet those goals, rather than to penalize those efforts. Dr. Munoz added that post-traditional and stop-out students, in addition to non-traditional students, would be among the population that *60X30TX* seeks to reach. Ms. Sloan will update the language in the draft report and will have it available to approve at the November meeting.

d. Charge 4 – Additional B-On-Time Allocation Methodology

Mr. Wyatt provided the background for the B-On-Time program for the Committee, explaining the process by which the 27 institutions that had underutilized those funds will be "made-whole". There is still expected, however, to be approximately \$27 million in excess after these distributions, due to repayments from students who received a loan but did not meet the forgiveness criteria. The funding must be spent on at-risk students, but the question becomes whether the distribution of the remaining funds should be made only to the 27 institutions or to all 37 institutions after this point. SB1504 extended the life of the B-On-Time fund through 2024 but did not change the allocation methodology. Getting the funds from the account will require an appropriation from the Legislature.

Mr. Wyatt also noted that part of the rationale for the agency recommending allocating the excess based on the graduation bonus was that institutions could use the funds for seed money for implementing outcomes-based funding, which would create the structure for having an outcomes-based methodology in place that future legislators could hopefully build upon.

Mr. Brown noted that using the Graduation Supplement methodology would be consistent with what the committee has previously endorsed for outcomes-based funding. Ms. Brown made a motion to use the graduation supplement methodology, adjusting the total dollar value based on the final remaining amount. Dr. Munoz seconded the motion and the committee unanimously agreed.

4. The committee discussed action items for the November meeting:

THECB Staff will provide the expenditure study data using unfunded hours in the methodology for the Institutional Support and Student Services expense allocations.

Mr. Brown made a motion, seconded by Ms. Brown, giving the Chair authority to complete the Committee's report on behalf of the Committee.

The Committee determined to address the remaining item on Charge 2 via a WebEx meeting on Monday, November 18 at 11:00 a.m.

5. The meeting was adjourned at 12:07 p.m.

**Meeting of the General Academic Institutions Formula Advisory Committee
Texas Higher Education Coordinating Board
WebEx Teleconference Call
Monday, November 18, 2019
11:00 a.m.**

Minutes

Attendees: Ms. Noel Sloan (Chair), Ms. Susan Brown, Mr. John Davidson, Dr. Danny Gallant, Mr. Daniel Harper, Dr. Robert Kinucan, Dr. James Marquart, Ms. Veronica Mendez, Dr. Juan Munoz, Dr. Karen Murray, Mr. R. Jason Tomlinson, Dr. Jerry Strawser, Ms. Angie W. Wright

Absent: Mr. Bob Brown (Vice Chair)

Staff: Dr. Julie Eklund, Mr. David Young, Mr. Gordon Taylor, Ms. Jennifer Gonzales

1. The meeting was called to order at 11:00 a.m.
2. The draft minutes from the October 17th meeting were reviewed and unanimously approved by a motion from Ms. Brown with a second from Dr. Marquart.
3. The committee discussed, reviewed, and considered the Commissioner's 2022-2023 biennium charges that had pending items.

a. Charge 1 – Funding Levels

Mr. Harper proposed that the Committee use the Higher Education Price Index (HEPI) inflation rate of 2.6% rather than the Consumer Price Index (CPI-U) inflation rate of 2.35%. The Committee agreed and requested that the THECB re-run the projections with the updated inflation rate and Ms. Sloan will update the draft report with the changes.

b. Charge 2 – Expenditure Study

The committee considered the data provided by THECB regarding unfunded hour inclusion in the categories of institutional support and student services, but the change was very minor. There were no recommendations made to make a change for this. Ms. Wright made a motion, seconded by Dr. Strawser, to add language to recommend that the Expenditure Study spreadsheet should default to faculty salaries rather than semester credit hours. The Committee unanimously approved.

4. The committee briefly discussed Chair Sloan's draft report. Dr. Marquart suggested minor language edits that he'll provide directly to Ms. Sloan that she'll then circulate.
5. With no pending items to address, the Chair cancelled the meeting date for December. The Committee concluded its work and the meeting was adjourned at 11:14 a.m.

Appendix C - Health-Related Institutions Formula Advisory Committee

Recommendation Report for 2022-2023 Biennium

In accordance with the biennial Formula Advisory Committee process, the Health-Related Institutions (HRIs) submitted their report for consideration by the Commissioner of the Texas Higher Education Coordinating Board (THECB).

Background

The Commissioner of the THECB, Dr. Raymund Paredes, delivered his charges to the HRIs Formula Advisory Committee (HRIFAC) at its first meeting on August 19, 2019 (Attachment B). The HRIFAC held three additional meetings in September, October, and November 2019 to consider and discuss the Commissioner's charges. Attachment C provides a list of the current HRIFAC members. Attachment D contains the committee minutes from each meeting.

Executive Summary

The HRIs are the primary producers of the state's healthcare providers. The population of Texas, per the 2018 U.S. Census updated projection, experienced the largest population growth among all states at 3.6 million more people and the third fastest growth rate at 14.1 percent since 2010 – only outpaced by small population centers Utah and Washington, DC. The state's population is projected to more than double, reaching a total of 47.4 million by 2050 per the Texas Demographic Center, 2019. Texas is still facing workforce shortages in many of the health professions. This population growth will likely continue to stress our state's capacity to meet the healthcare needs and demands of our citizens, currently and in the future.

Training a healthcare workforce in this environment of continuing growth and increasing need will increase pressure on HRIs in Texas. However, these pressures are occurring at the same time that critical funding for students, space, research, and residents is threatened.

Here are some key Texas facts to consider when assessing the state's healthcare workforce shortages and needs:

- Texas currently ranks 41st, unchanged from 2017, in the U.S. in numbers of active, patient care physicians per 100,000 population. Despite an overall increase of over 3,400 (or over 6% more) new patient care physicians into Texas since 2017¹, the state ranking did not improve.
- Texas ranks 47th, unchanged from 2017, in the number of active, patient care, primary care physicians per 100,000 population. Again, despite close to 870 (or

¹ Association of American Medical Colleges (AAMC) (2019) *State Physician Workforce Data Book*

nearly 5%) more primary care physicians added to the state since 2017, Texas' comparative U.S. ranking remains very low.¹

- The shortage of primary care physicians in Texas is projected to increase by 67 percent from 2,002 full-time equivalents (FTEs) in 2017 to 3,375 in 2030. The state's psychiatrist shortage is projected to grow from 1,067 FTEs in 2017 to 1,208 FTEs by 2030, an increase of 13 percent.⁶
- The projection of medical school enrollments and residents in training prepared by the Texas Higher Education Coordinating Board is not expected to be sufficient to create a physician workforce that can meet the state's future projected demand.⁶
- Texas ranks 2nd, unchanged from 2017, overall in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 59.7%.¹
- Texas ranks 4th, up from 5th in 2017, in physicians retained who completed graduate medical education (GME) within the state, at 58.5%.¹
- Texas ranks 3rd, up from 4th in 2017, in physicians retained that completed both UME and GME within the state, at 81.0%.¹

Taken together, the last three points above suggest that Texas' physician workforce challenges are much less about undergraduate medical and resident retention within the state and more about Texas' continued, significant population growth and the sufficiency of Texas' absolute numbers of medical graduates and residents.

- Texas ranks 48th in the number of registered nurses per 100,000 population.²
- Nearly 85% of the public health workforce in Texas has no formal, professional public health training.³
- Texas ranks 44th in the number of dentists per 10,000 population.⁴

² U.S. Bureau of Labor Statistics and 2018 U.S. Census Data

³ The Future of Public Health in Texas: A Report by the Task Force on the Future of Public Health in Texas

⁴ *Health, United States, 2010*, Centers for Disease Control and Prevention, National Center for Health Statistics

⁵ Vujicic M., Where do dental school graduates end up locating, JADA. 2015; 146(10): 775-777

⁶ Texas Department of State Health Services (July 2018) *Texas Projections of Supply and Demand for Primary Care Physicians and Psychiatrists, 2017-2030*

- Texas' three schools of dentistry rank first, second, and third in the nation in retaining their graduates in state.⁵

The HRI's are grateful to the 86th Legislature for the increase in per unit formula funding in the last session; however, institutions still face the difficult task of maintaining and expanding quality programs to address these critical shortages and limitations. External factors are also likely to limit the abilities of HRIs to continue absorbing costs related to the increasing gaps between formula funding rates and the associated actual costs. HRIs' clinical enterprises deliver significant levels of uncompensated care while serving some of the most complex and costly patients. Simultaneously, HRIs face additional challenges with reductions in Medicaid and Medicare funding as reimbursement for healthcare services shifts to a higher emphasis on patient outcomes and quality of care, without adjusting for the generally higher acuity of patients cared for at HRIs. Fluctuations in sponsored research funding levels may require HRIs to provide "bridge" funding for research faculty salaries and operations to retain productive researchers until they obtain additional external funding. This is most often a cost-effective alternative to avoid program closures and the need to recruit new and more costly faculty in the future.

Charges and Committee Recommendations

Charge 1

Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.8, page III-260)

Recommendation:

To meet the educational needs of Texas' growing and diverse population and to meet the state's demands for healthcare, it is important that the HRI formulas be funded at levels that address the requirements of the 60x30TX higher education strategic plan. The committee recommends:

- The Legislature complete the process of restoring the per-unit rates and fund the I & O, Infrastructure and Research Enhancement formula rates at the 2000-01 levels.
- The Legislature continue to recognize the critical need for GME and increase the GME formula rate by an increment equivalent to one-third of the difference between the 2020-21 rate and the CPI adjusted 2005 GME Cost Study rate of \$24,879.
- The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler Mission Specific funding be increased by the "average growth in funding" recommended for the I&O formula, and remain consistent with the "may not exceed" limits in the General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.9, page III-260.

Additionally, the four Pilot Program Mission Specific formulas for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston and The University of Texas Health Science Center at San Antonio are set to expire at the end of the fiscal year ending August 31, 2021; however, if the pilot programs are renewed, the committee recommends no change to the "may not exceed" limits in the General Appropriations Act, HB 1, 86th Texas Legislature,

Sections 27.10 – 27.13, pages III-260 – III-262. The Pilot Mission Specific Formulas were seeded with appropriations reallocated from related strategies within each institution's GAA budget bill pattern in the prior biennium, and net new funding for FY 2020-21 is noted in the table below. Attachment A provides a detailed Summary of New Mission Specific Formulas – 86th Regular Session, 2019, as prepared by LBB staff.

Institution	FY 2020-21 Biennium Funding	Seed Funding from Institution's GAA Strategies in Prior Biennium	Net New Mission Specific Funding FY 2020-21
UT Southwestern	\$114,849,890	(\$100,771,970)	\$14,077,920
UT HSC Houston	25,476,160	(12,476,160)	13,000,000
UT HSC San Antonio	25,448,000	(12,448,000)	13,000,000
UTMB at Galveston	306,081,806	(306,081,806)	-
Totals	\$471,855,856	(\$431,777,936)	\$40,077,920

It is critically important to note that the committee's recommendation applies to all formula funding areas – Instruction & Operations, Infrastructure, Research Enhancement, and Graduate Medical Education, not just to the Instruction & Operations formula, and takes into consideration the overall increase in total funding required to support growth at existing HRIs as well as the new medical schools. The 2022 – 2023 recommended rates are crucial to the support of mature programs and ensure those institutions do not receive a decrease in formula funding to maintain their capacity. A recap of the recommended funding rates are outlined in the following table.

Rates	2000-01 Biennium	2020-21 Biennium	2000-01 vs 2020-	2022-23 Biennium	Change Amount	Percent Change
Instruction and Operations	\$ 11,383	\$ 9,622	-15.5%	\$ 11,383	\$ 1,761	18.3%
E & G Space Support	\$ 11.18	\$ 6.14	-45.1%	\$ 11.18	\$ 5.04	82.2%
Research Enhancement	2.85%	1.18%	-58.6%	2.85%	1.67%	141.7%
Graduate Medical Education		\$ 5,970		\$ 12,273	\$ 6,303	105.6%

*The greater decrease in rates for the E&G Space Support and Research Enhancement Formulas is a result of focused funding on Instruction & Operations, which has also led to a change in the original balance of total funding among these three formulas. The recommended FY 2022-23 funding will restore the disproportionate decreases to the E&G Space Support and Research Enhancement Formulas since inception.

Funding	Est. Unit Growth	2020-2021 Biennium	2022-2023 Biennium	Change Amount	Percent Change
Instruction and Operations	5.83%	\$ 1,259,300,650	\$ 1,515,668,675	\$256,368,025	20.4%
E & G Space Support	3.69%	278,663,452	526,380,190	247,716,738	88.9%
Research Enhancement	6.40%	84,545,434	166,961,026	82,415,592	97.5%
Graduate Medical Education	7.88%	81,345,544	180,455,151	99,109,607	121.8%
Mission Specific**		342,997,784	412,824,864	69,827,080	20.4%
Total		\$ 2,046,852,864	\$ 2,802,289,906	\$755,437,042	36.9%

**Includes The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler mission specific formulas. Does not include the pilot mission specific formulas.

Charge 2

Study and make *recommendations for the appropriate I&O formula weights*.

Recommendation:

The committee recommends no changes to the weights assigned to the current programs.

Charge 3

Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.

Recommendation:

The committee recommends no changes to the weights assigned to the current programs.

Charge 4

Study and make recommendations regarding the funding of students pursuing dual degrees.

Recommendation:

The committee recommends formula funding be provided for all semester credit hours taken by students concurrently enrolled in dual degree programs. If a student is receiving credit for the same course in both degree programs, the course is only to be funded once at the rate of the student's primary degree program. Adjustments to the Texas Higher Education Coordinating Board reporting requirements will be necessary to implement this recommendation.

Attachment C.1 – Summary of New Mission Specific Formulas as prepared by LBB Staff

(See following pages)

Summary of New Mission Specific Formulas - 86th Regular Session, 2019

UT Southwestern Medical Center - Performance Based Research Operations Formula

- The formula is seeded with \$100.8 million of General Revenue Funds reallocated from other strategies, including \$79.0 million reallocated from research non-formula support items and \$21.8 million reallocated from hold harmless funds.
- The formula is based on total research expenditures reported to the Higher Education Coordinating Board, excluding the category of "state appropriations."
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of research expenditures at the institution. As specified in Section 10(1) of Special Provisions, "the Base Match rate shall be adjusted based on the average annualized increase or decrease in research expenditures from the prior biennium's three-year base average." This provision grants the institution a "dynamic" Base Match rate that increases or decreases by the same factor as the increase or decrease of research expenditures since the prior biennium.
 - (2) The Tiered Match is based on the increase of the institution's average annual research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue funds at a rate of 25.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$10.0 million.
 - Tier 2 provides matching General Revenue funds at a rate of 50.0 percent for any increase in the institution's average annual research expenditures between \$10.0 million and \$20.0 million.
 - Tier 3 provides matching General Revenue funds at a rate of 75.0 percent for any increase in the institution's average annual research expenditures in excess of \$20.0 million.
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$14.1 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

Performance Base Match				Performance Incentive Tiered Match					Total Formula Appropriation		Governor
Research Expenditures: 3-yr Avg	Base Rate (Annual)	Total Base Match	Change	Tiered Match			Total Tiered Match	Total Formula with Governor	Biennial Change	5% of GR Appropriated in Prior Biennium	
				Tier 1 25% Match \$0 - \$10M	Tier 2 50% Match \$10 - 20M	Tier 3 75% Match \$20M+					
2018-19 Biennium											
\$ 386,427,614	NA	NA	NA	\$ 390,335,520	NA	NA	\$ 18,654,635	NA	NA		
2020-21 Biennium	12.1%	\$ 100,771,970	\$ 34,872,846	\$ 425,208,367	\$ 5,000,000	\$ 11,154,635	\$ 18,654,635	\$ 114,849,889	\$ 14,077,919	\$ 14,077,919	
\$ 415,015,171	12.1%	\$ 100,771,970	\$ 34,872,846	\$ 2,500,000	\$ 5,000,000	\$ 11,154,635	\$ 18,654,635	\$ 114,849,889	\$ 14,077,919	\$ 14,077,919	

UT Health Science Center at Houston - Performance Based Research Operations Formula

- The formula is seeded with \$12.5 million of General Revenue Funds reallocated from research non-formula support items.
- The formula is based on total federal research expenditures reported to the Higher Education Coordinating Board.
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of federal research expenditures at the institution.
 - (2) The Tiered Match is based on the increase of the institution's average annual federal research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue funds at a rate of 20.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$5.0 million.
 - Tier 2 provides matching General Revenue funds at a rate of 40.0 percent for any increase in the institution's average annual research expenditures between \$5.0 million and \$10.0 million.
 - Tier 3 provides matching General Revenue funds at a rate of 60.0 percent for any increase in the institution's average annual research expenditures in excess of \$10.0 million.
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$13.0 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

Performance Base Match				Performance Incentive Tiered Match					Total Formula Appropriation			Governor
Research Expenditures: 3-yr Avg	Base Rate (Annual)	Total Base Match	Change	Tiered Match			Total Tiered Match	Total Formula with Governor	Biennial Change	5% of GR Appropriated in Prior Biennium	Governor	
				Tier 1 20% Match \$0 - \$5M	Tier 2 40% Match \$5 - 10M	Tier 3 60% Match \$10M+						
2018-19 Biennium	NA	NA	NA	\$ 127,710,764	\$ 123,493,796	NA	\$ 570,603	\$ 25,476,160	\$ 13,000,000	\$ 16,179,112		
2020-21 Biennium	10.0%	\$ 24,905,556	\$ 2,853,016	\$ 124,597,207	\$ 126,946,812	NA	\$ -	\$ -	\$ -	\$ -		

Summary of New Mission Specific Formulas - 86th Regular Session, 2019

UT Health Science Center at San Antonio - Performance Based Research Operations Formula

- The formula is seeded with \$12.4 million of General Revenue Funds reallocated from research non-formula support items.
- The formula is based on total federal research expenditures reported to the Higher Education Coordinating Board.
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of federal research expenditures at the institution.
 - (2) The Tiered Match is based on the increase of the institution's average annual federal research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue Funds at a rate of 20.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$5.0 million.
 - Tier 2 provides matching General Revenue Funds at a rate of 40.0 percent for any increase in the institution's average annual research expenditures between \$5.0 million and \$10.0 million.
 - Tier 3 provides matching General Revenue Funds at a rate of 60.0 percent for any increase in the institution's average annual research expenditures in excess of \$10.0 million.
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$13.0 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

	Performance Base Match			Performance Incentive Tiered Match					Total Formula Appropriation		Governor
	Research Expenditures: 3-yr Avg	Base Rate (Annual)	Total Base Match	Research Expenditures: 2-yr Avg	Change	Tier 1 20% Match \$0 - \$5M	Tier 2 40% Match \$5 - 10M	Tier 3 60% Match \$10M+	Total Tiered Match	Total Formula with Governor	
2018-19 Biennium	\$ 92,290,164	NA	NA	\$ 93,783,487	NA	NA	NA	NA	NA	NA	5% of GR Appropriated in Prior Biennium
2020-21 Biennium	\$ 97,962,282	12.7%	\$ 24,978,719	\$ 96,129,895	\$ 2,346,408	\$ 469,282	\$ -	\$ -	\$ 469,282	\$ 25,448,000	\$ 11,986,874

Note: Formula governor not implemented in the first session in which the formula was enacted.

UT Medical Branch at Galveston - Health System Operations Formula

- The formula is seeded with \$306.1 million in All Funds, consisting mainly of General Revenue, reallocated from other strategies at the institution. These reallocations include the following: \$294.0 million of General Revenue from Medical Branch Hospitals; \$3.0 million in General Revenue from non-formula support items associated with hospital operations; \$8.2 million in General Revenue of hold harmless funds; and \$0.9 million of Inter-Agency Contracts from Medical Branch Hospitals.
- The formula is based on the total number of Texas patient encounters in trauma, primary care, diabetes, heart, psychiatry, and telemedicine.
- The growth in total funding of the formula from one biennium to another is limited to no more than the average rate of growth in funding for Health Related Institutions in the Instruction and Operations Formula for the current biennium.

	Patient Encounters FY 2018	Rate	Total Formula 2020-21
	849,752	\$ 180.10	\$ 306,081,806
2020-21 Biennium			

Attachment C.2 - Texas Higher Education Coordinating Board Commissioner’s Charge to the Health-Related Institutions Formula Advisory Committee (HRIFAC) for the FY 2022-2023 Biennium

Background: As a part of the biennial legislative funding process in Texas, the Health-Related Institutions Formula Advisory Committee (HRIFAC) makes formal recommendations for formula funding for health-related institutions. This process is similar to other formula advisory committees for academic institutions and community colleges.

The HRIFAC will meet during the summer and fall of 2019 to discuss formula elements and make a formal recommendation in regard to funding amounts for FY 2022-23 to the Commissioner of Higher Education in December of 2019.

The current formulas for determining funding levels at health-related institutions were developed for the FY 2000-01 biennium. Starting in the FY 2006-07 biennium, the formula for Graduate Medical Education was added to fund medical residents. For the FY 2008-09 biennium, two pieces of the mission specific formula for The University of Texas M. D. Anderson Cancer Center were consolidated into one new formula, Cancer Center Operations. For the FY 2010-11 biennium, the mission specific formula for The University of Texas Health Science Center at Tyler was changed to Chest Disease Center Operations and appropriations made previously outside the formula for patient care activities were added. For the FY 2020-21 biennium mission specific formulas were created on a pilot basis for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, and The University of Texas Health Science Center at San Antonio.

The formula recommendations under discussion relate to appropriations in the bill patterns of the health-related institutions, and in the case of Graduate Medical Education for Baylor College of Medicine, funding which is appropriated to the Coordinating Board.

The key elements of each of the health-related institution formulas are summarized below.

Instruction & Operations (I & O)

The Instruction and Operations (I & O) formula is allocated on a full-time student equivalent (FTSE) basis with a funding weight predicated on the instructional program of the student. Programs with enrollments of less than 200 receive a small class size supplement of either \$20,000 or \$30,000 per FTSE depending upon the program. The small class size supplement addresses the small classes offered at the main campus and at remote satellite sites. The supplement is calculated based on a sliding scale that decreases as the enrollment approaches the 200 limit and is in addition to the base I & O formula amount.

The Legislature appropriated a base value rate of \$9,622 per FTSE for the FY 2020-21 biennium. Formula weights for each discipline, the related amount per FTSE for the small class size supplement, and the calculated funding amount for one student are provided in the following table:

Program	Formula Weight	Small Class Size Supp.	Funding Amt. for One Student
Allied Health	1.000	\$ 20,000	\$ 9,622
Biomedical Informatics	1.750	\$ 20,000	\$ 16,838
Biomedical Science	1.018	\$ 20,000	\$ 9,795
Nursing – Undergraduate	1.138	\$ 20,000	\$ 10,949
Nursing – Graduate	1.138	\$ 20,000	\$ 10,949
Pharmacy	1.670	\$ 20,000	\$ 16,068
Public Health	1.721	\$ 20,000	\$ 16,559
Dental Education	4.601	\$ 30,000	\$ 44,269
Medical Education	4.753	\$ 30,000	\$ 45,732

The I & O formula represents 77.6 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.37 percent over the prior biennium. The All Funds I & O formula funding appropriation of \$1,259.3 million represents a 6.6 percent increase in funding over the FY 2018-19 biennium, compared to a 7.5 percent increase in FTSE.

The I & O funding for FY 2020-21 represents 89.66 percent of the funding requested by the Committee in 2017.

Infrastructure

The Infrastructure formula provides for utilities and physical plant support. The formula is based upon the predicted square footage of the HRI space model. The space model projection is based on the following elements:

- Research - research expenditures or reported faculty FTE
- Office - faculty, staff and net E&G expenditures
- Support - % of total prediction of other factors
- Teaching - level/programs areas of credit hours
- Clinical - actual clinical space used for instruction

The FY 2008-09 HRIFAC outlined and approved the application and approval process for the inclusion of any additional sites to qualify for the multi-campus adjustment to the space projection model for health-related institutions. The Committee recommended the following criteria for qualification for a Multi-Campus Adjustment site:

- The site must be specifically authorized by Legislative actions (such as a rider or change to the statute to establish the separate site of the campus).
- The site shall not be in the same county as the parent campus.
- There may be more than one site (a recognized campus entity or branch location) in the separate location if the separate site meets all of the criteria for eligibility.
- The facilities must be in the facilities inventory report certified by the institution at the time the space projection model is calculated.
- The parent campus must demonstrate responsibility for site support and operations.
- Only the E&G square feet of the facilities are included in the calculation of the space projection model.

The Infrastructure rate per predicted square foot appropriated for all Health Related Institutions for FY 2020-21 is \$6.14.

The Infrastructure formula represents 17.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.31 percent over the prior biennium. The FY 2020-21 total formula funding appropriation of \$278.7 million represents a 4.1 percent increase from the FY 2018-19 biennium, compared to a 3.6 percent increase in predicted square feet.

The Infrastructure funding for FY 2020-21 represents 63.44 percent of the funding requested by the Committee in 2017.

Research Enhancement

Health-related institutions generate state appropriations to support research from the Research Enhancement formula. The Research Enhancement formula provides a base amount of \$1,412,500 for all institutions regardless of research volume. To the base amount each institution receives an additional 1.18 percent of its research expenditures as reported to the Coordinating Board.

The Research Enhancement formula represents 5.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the HRIs, a decrease of 0.06 percent over the prior biennium. The FY 2020-21 total formula funding appropriation of \$84.5 million represents a 4.9 percent increase over the amounts for the FY 2018-19 biennium, compared to a 6.04 percent increase in research expenditures.

The Research Enhancement funding for FY 2020-21 represents 64.62 percent of the funding requested by the Committee in 2017.

Mission Specific

Mission specific formulas provide instruction and operations support funding. Total funding for the FY 2020-21 biennium is as follows:

Institution	FY 2020-21	Change from FY 2018-19
UT Southwestern Med. Center	\$ 114,849,890	\$ 114,849,890
UTMB at Galveston	306,081,806	306,081,806
UTHSC at Houston	25,476,160	25,476,160
UTHSC at San Antonio	25,448,000	25,448,000
UT M.D. Anderson Cancer - CCO	280,815,980	16,014,266
UT Health Center at Tyler	62,181,804	3,821,472
Totals	\$ 814,853,640	\$ 491,691,594

Mission Specific funding for FY 2020-21 represents 212.25 percent of the funding requested by the Committee in 2017.

Graduate Medical Education

The formula for bill pattern Graduate Medical Education began with the FY 2006-07 biennium. Graduate Medical Education formula funds provide support for qualified Accreditation Council for Graduate Medical Education (ACGME) and American Osteopathic Association (AOA)

medical residents trained by state health-related institutions in Texas. Residents at the Baylor College of Medicine are funded at the same rate as other institutions through an appropriation to the Coordinating Board to be distributed to Baylor.

For the FY 2020-21 biennium, a total of \$81.3 million was appropriated for Graduate Medical Education for public institutions, an increase of 8.9 percent over FY 2018-19, compared to a 6.6 percent increase in residents. Appropriations provide \$5,970 per resident per year.

The GME formula funding for FY 2020-21 represents 88.76 percent of the funding requested by the Committee in 2017. Additional GME Expansion funding of \$157.2 million was trustee to the Coordinating Board for FY 2020-21.

Commissioner's Charges

Similar to the other formula advisory committees, the HRIFAC is asked to conduct an open, public process, providing opportunities for all interested persons, institutions, or organizations that desire to provide input on formula funding issues to do so. At the end of this process, the HRIFAC should provide the Commissioner with a written report of the Committee's recommendations by December 15, 2019, on the following specific charges:

1. Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.8, page III-260)
2. Study and make recommendations for the appropriate I&O formula weights.
3. Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.
4. Study and make recommendations regarding the funding of students pursuing dual degrees.

Attachment C.3 - Health-Related Institutions Formula Advisory Committee for the FY 2018-2019 Biennium

Name/Title	Institution/Address	Email/Phone
<u>Institution Representatives:</u>		
Ms. Angelica Marin-Hill Vice President for Government Affairs	The University of Texas Southwestern Medical Center 5323 Harry Hines Blvd. Dallas, TX 75390-9131	angelica.marin-hill@utsouthwestern.edu (214) 394-2974
Ms. Lauren Sheer Assistant Vice President for Legislative Affairs	The University of Texas Medical Branch at Galveston 301 University Blvd. Galveston, TX 77555-0126	lesheer@utmb.edu (512) 971-5380
Mr. Michael Tramonte Senior Vice President and Chief Financial Officer	The University of Texas Health Science Center at Houston PO Box 20036 Houston, TX 77030	Michael.Tramonte@uth.tmc.edu (713) 500-3158
Ms. Ginny Gomez-Leon Associate Vice President, Planning and Budgeting	The University of Texas Health Science Center at San Antonio 7703 Floyd Curl Drive San Antonio, TX 78229-3900	leongl@uthscsa.edu (210) 567-7068
Mr. Ben Melson Senior Vice President and Chief Financial Officer	The University of Texas M. D. Anderson Cancer Center 1515 Holcombe Blvd., Box 95 Houston, TX 77030	bbmelson@mdanderson.org (713) 563-2287
Ms. Kris Kavasch Vice President, Finance, Chief Financial Officer	The University of Texas Health Science Center at Tyler 11937 US Hwy 271 Tyler, TX 75708	kris.kavasch@uthct.edu (903) 877-7399
Mr. Jeff Burton Associate Vice President and Chief Financial Officer	Texas A&M University System Health Science Center Clinical Building 1, Ste 4130 8441 State Hwy 47 Bryan, TX 77807	burton@tamu.edu (979) 436-9226
Mr. Gregory Anderson Executive Vice President for Finance and Operations	University of North Texas Health Science Center at Fort Worth 3500 Camp Bowie Blvd. Fort Worth, TX 76107-2644	gregory.anderson@unthsc.edu (817) 735-2523

Ms. Penny Harkey Vice President and Chief Financial Officer	Texas Tech University Health Sciences Center 3601 4th Street Lubbock, TX 79430	penny.harkey@ttuhsc.edu (806) 743-3080
Richard A. Lange, MD President	Texas Tech University Health Sciences Center at El Paso 5001 El Paso Dr., Suite 3200 El Paso, TX 79905	Richard.Lange@ttuhsc.edu (915) 215-4300
Mr. Dwain Morris Chief Administrative Officer	The University of Texas at Austin Medical School 1912 Speedway Austin, TX 78712	dwain.morris@austin.utexas.edu (512) 495-5222
Mr. Rick Anderson Executive Vice President for Finance and Administration	The University of Texas Rio Grande Valley Medical School 2102 Treasure Hills Blvd. Harlingen, TX 78550	rick.anderson@utrgv.edu (512) 586-6685
Dr. Paula Myrick Short Senior Vice Chancellor for Academic Affairs	University of Houston System Medical School 4302 University Dr., Room 204 S2019 Houston, TX 77204	pmsshort@central.uh.edu (832) 842-0550

Attachment C.4 - Minutes

**Health-Related Institutions
Formula Advisory Committee Meeting 2:00 P.M.
Texas Higher Education Coordinating Board
August 19, 2019**

Minutes

Members:

Penny Harkey - TTUHSC Present
Jeff Burton - TAMHSC Present
Lauren Sheer - UTMB Present
Ben Melson – M.D. Anderson Present
Ginny Gomez-Leon - UTHSCSA Present
Gregory Anderson - UNTHSC Present
Angelica Marin-Hill - UTSWMC Present
Dwain Morris – UT-Austin Medical School Present
Paula Myrick Short - U of H Medical School Present
Richard Lange – TTUHSC-El Paso Present-by phone
Rick Anderson – UTRGV Medical School Not Present
Kevin Dillon – UTHSCH Not Present
Joseph Woelkers – UTHSCT Not Present

Agenda Item I: introductions

Penny Harkey convened the meeting in the Tejas Room of the Texas Higher Education Coordinating Board following the General Session. Members of the committee introduced themselves.

Agenda Item II: Consideration of the election of a Chair and Vice Chair

Penny Harkey opened the meeting by requesting nominations for the new Chair for the Health-Related Formula Advisory Committee. Ben Melson nominated Jeff Burton as the Chair. The nomination was seconded by Mr. Gregory Anderson and Mr. Burton was voted as the new Chair.

Mr. Burton then requested nominations for the position of Vice-Chair. Richard Lange nominated Penny Harkey as Vice-Chair. The nomination was seconded by Mr. Melson and Ms. Harkey was voted as the new Vice-Chair.

Mr. Burton continued the meeting by requesting nominations for the position of Secretary. Penny Harkey nominated Lauren Sheer as the Secretary. The nomination was seconded by Mr. Morris and Ms. Sheer was voted as the new Secretary.

Agenda Item III: Briefing on health-related institutions funding formula

In the absence of Ed Buchanan from THECB, Penny Harkey reviewed the formula funding schedules and amounts for FY 2020-21 noting changes in the formulas compared to FY 2018-19. The comparison indicates increases in state funding and increases in the rates. Ms. Harkey also noted the change of additional mission specific formulas for certain institutions.

Agenda Item IV: Discussion of Commissioner's charges to the Committee

Jeff Burton reviewed the Commissioner's charges to the committee, including an additional charge not previously included in documents on the THECB website. That new charge is: to study funding and make recommendations regarding students pursuing a dual degree program. Ms. Harkey noted the issue relates to a medical student enrolled in a dual degree program and taking courses in the other program during the same semester the student is reported as a medical student. Because the current THECB reporting process captures a medical student as 1 FTSE for the entire academic year, an institution is prohibited from reporting semester credit hours in another discipline during the year. The FAC will address this charge and a request was made for information indicating the number of students that fall into this situation.

The committee reviewed and discussed Commissioner's Charge #1 related to making recommendations for the appropriate funding levels for the I&O, infrastructure, research enhancement, GME, and mission specific formulas.

The committee discussed continuing the previous message of phased in restoration of 2000-01 formula rates without including any factor for the impact of inflation. The committee thought it important to emphasize the need for the Legislature to fund growth in formula drivers (which would maintain existing formula rates) and to continue the message of return to 2000-01 rates. Mr. Melson made a motion for THECB staff to prepare funding analyses based on returning to 2000-01 rates and 2/3s of 2000-01 rates including projected growth but without inflation. The motion was seconded by Mr. Morris and approved by the Committee.

There was a request that the second meeting include a discussion of the new mission specific formulas—how they work and how they are calculated. Legislative Budget Board (LBB) staff will prepare and provide an overview to the committee.

Penny Harkey requested that the committee review the 2020-2021 Formula Advisory Committee report prior to the next meeting. This report was included in the meeting materials.

Agenda Item V: Discussion of dates and assignments for subsequent meetings

All meeting times are from 11 to 1.

September 25

October 16

November 6

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.
Texas Higher Education Coordinating Board
September 25, 2019**

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	
Angelica Marin-Hill - UTSWMC	Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-EI Paso	
Rick Anderson – UTRGV Medical School	Present
Dr. Paula Myrick Short – UHS Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the second meeting of the HRI FAC, held on September 25th to order.

Agenda Item II: Consideration and approval of the minutes from August 19, 2019, meeting

Angelica Marin-Hill made a motion to approve the minutes, 2nd by Rick Anderson and the minutes were approved by full vote of the committee.

Agenda Item III. Consideration, discussion, and approval of the current I & O formula weights and determination of whether new weights should be requested

There were no recommended changes to the current weights. Michael Tramonte made a motion for the weights to remain at current levels and Penny Harkey seconded. The committee voted unanimously to approve the current weights.

Agenda Item IV. Consideration, discussion and approval of the current I & O programs and determination of whether any specialties need to be assigned separate weights. If so, recommend requested weight(s) as appropriate.

There were no recommended changes regarding specialties and separate weights. Ben Melson moved that there be no changes related to separate weights for specialties. Ginny Gomez-Leon seconded, and the committee voted unanimously to approve the motion.

Agenda Item V. Consideration, discussion and approval of formula funding levels for each of the following formulas:

- a. Instruction & Operations
- b. Infrastructure
- c. Research Enhancement
- d. Graduate Medical Education
- e. Mission Specific/General Revenue Operations

THECB provided an estimate of growth in formula drivers with options for 2/3 and 100% of the 2000-01 rates. It was noted with growth estimates, it would cost \$48 million in additional funding just to maintain current formula rates. The cost of a 2/3 return to the 2000-01 rates would be \$362.9 million and a 100% return would be \$544.8 million.

The committee discussed if inflation should be included. It was noted that the other formula advisory committees typically include inflation in their recommendation. Factoring in inflation (2.35% based on current rates) would increase the amount by \$41.2 million.

The committee also discussed the rate options of returning to 2/3 or 100% of the 2000-01 rates. It was noted that the previous HRI FAC recommended 2/3 of the 2000-01 rates and that a 100% return would be in line with the historical plan (1/3, 2/3, 100%).

The Committee voted unanimously (motion by Ben Melson, 2nd by Dwain Morris) in favor of recommending an increase in the I&O, Infrastructure, and Research formula rates to 100% of the 2000-01 formula rates plus growth.

The committee discussed the GME formula and the GME cost report. It was noted the GME cost report is over 10 years old. Members discussed using the full cost report figure (\$15,000) plus inflation as a basis for a recommendation. A motion was made by Lauren Sheer and Angelical Marin-Hill seconded, to increase the GME formula 1/3 of the gap between the current rate and the full cost report figure (\$15,000) plus inflation. The committee voted unanimously to approve. THECB staff will run an analysis and provide committee members the exact rate.

The committee discussed the mission specific formulas. It was noted that UTMB's new mission specific is similar to M.D. Anderson's and UTHSC-Tyler's mission specific formulas and those governors are tied to the average growth of the I & O formula. Penny Harkey made a motion and Ginny Gomez-Leon seconded, to recommend no change to the growth governors that are in M.D. Anderson, UTHSC-Tyler and UTMB's mission specific riders (average growth of I & O). The committee voted unanimously to approve. The new research mission specific formulas were discussed, and it was noted that LBB staff had provided an overview document. Penny Harkey made a motion and Ben Melson seconded, to recommend no change to the growth governors that are in UTSW, UTHSC-Houston and UTHSC-SA's mission specific riders. The committee voted unanimously to approve.

Agenda Item VI. Consideration, discussion and approval of the funding of students pursuing dual degrees

The committee discussed students pursuing a dual degree (i.e. MD and MPH) at the same institution. Currently, since medical and dental students are funded as 1 full time student equivalent (FTSE), the semester credit hours (SCH) for the second degree are excluded. The committee also reviewed how a similar situation exists for students other than medical and dental (i.e. nursing student pursuing a MPH). Michael Tramonte made a motion and Angelica Marin- Hill seconded, for THECB to include all hours reported for dual degree students enrolled at the same institution for formula funding purposes. The committee unanimously approved the motion.

Agenda Item VII. Planning for subsequent meetings

The next meeting will be October 16. Jeff Burton and Penny Harkey will work with Ed Buchanan (THECB) on a draft report to be disseminated to the committee.

Agenda Item VIII. Adjourn

With no other discussion, the committee voted to adjourn.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.**

Texas Higher Education Coordinating Board

October 16, 2019

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-El Paso	Present
Rick Anderson – UTRGV Medical School	Present
Paula Myrick Short – U of H Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the third meeting of the HRI FAC, held telephonically on October 16th, to order.

Agenda Item II: Consideration and approval of the minutes from September 25, 2019, meeting

One correction was made to add Dr. Paula Short to the list of members and as present.

Richard Lange made a motion to approve the corrected minutes, 2nd by Paula Myrick Short and the minutes, as corrected, were approved by full vote of the committee.

Agenda Item III. Discussion, review, and consideration of the Committee’s draft Report for the 2022-2023 Biennium charges

Chair Burton reported that a draft report was distributed to the committee members.

The executive summary was reviewed, and members made suggested edits related to the types of patients treated by health-related institutions.

The committee had no changes to the I&O portion of the draft report.

The committee reviewed the GME formula section of the draft report and Richard Lange made a motion and Rick Anderson seconded, recommending the GME formula rate be based on the CPI adjusted 2005 GME cost study amount of \$24,879. The motion was approved unanimously by the committee. It was

clarified that the recommended rate would be 1/3 of the gap or difference between the current rate (\$5,970) and the CPI adjusted cost study amount.

Next, the committee reviewed the mission specific formula portion of the report. Mr. Ben Melson noted that the 2017 report recommended that the UT M.D. Anderson and UTHSC-Tyler mission specific formulas be increased by the average I&O formula growth and recommended that this year's report do the same. Ben Melson made a motion and Kris Kavasch 2nd, to recommend the UT M.D. Anderson and UTHSC-Tyler mission specific formulas be increased by the average growth in the funding of the I&O formula and remain consistent with the may not exceed limitations in the General Appropriations Act (GAA). Penny Harkey requested that the committee finish reviewing Charge 1 of the report prior to a vote on this motion. Ben Nelson tabled his motion to allow the committee to finish its discussion.

The committee reviewed the pilot mission specific formulas and Ginny Gomez-Leon recommended to add the names of the institutions that have pilot mission specific formulas to the report and that the committee recommend that the pilots be established as permanent. Committee members discussed the recommendation to establish the pilot programs as permanent and the possibility of adding other institutions to the mission specifics formulas. Michael Tramonte made a motion to recommended adding the names of institutions and that the pilots be established as permanent. Penny Harkey requested the motion be amended to recommend that all HRIs be considered for a mission specific formula. The committee then discussed only retaining the existing may not exceed language. The original motion and amendment were pulled down and it was recommended that the language regarding the pilot mission specifics remain as is with clarifying language that the names of the institutions be added.

Ben Melson laid his previous motion regarding the UT M.D. Anderson and UTHSC-Tyler mission specific formulas back on the table and Richard Lange asked that the committee be members have an opportunity to review the associated increases with this change before action is taken. Members discussed information provided in the appendix and how funding for the pilot mission specifics is shown. It was recommended by THECB staff that an additional attachment be included to show the mission specific seed funding and any new funding provided by the Legislature. Ginny Gomez-Leon and Angelica Marin-Hill offered to assist with developing a document to be provided as an attachment.

Ben Melson provided an update that the additional funding for the UT M.D. Anderson and UTHSC-Tyler mission specific formulas would be about \$69.9M, at a 24.4% increase. Richard Lange recommended those numbers be provided in writing to the committee. Ben Melson withdrew his motion so committee members be provided the opportunity to review the amounts in writing. Ben Melson made a motion to add language into the draft report and modify the table on page 4 and Richard Lange 2nd. The motion was approved unanimously by the committee.

The committee reviewed the remainder of Charge 1 and no changes were recommended.

There were no substantial changes to the draft report regarding Charge 2 and 3.

The committee then moved to Charge 4 regarding dual degree students. There was discussion with THECB staff regarding dual degree students and it was recommended that clarifying language be added that this issue relates to dual degree students at the same institution.

Chair Burton will work on an updated draft to be distributed to committee members. The next meeting will occur on November 6th, 2019 at 11:00 a.m.

Agenda Item VIII. Adjourn

With no other discussion, the committee adjourned.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.**

Texas Higher Education Coordinating Board

November 6, 2019

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Not Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-El Paso	Present
Rick Anderson – UTRGV Medical School	Not Present
Paula Myrick Short – U of H Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the fourth meeting of the HRI FAC, held telephonically on November 6th, to order.

Agenda Item II: Consideration and approval of the minutes from October 16, 2019, meeting

Rick Lange made a motion to approve the minutes, seconded by Dwain Morris and the minutes were approved by full vote of the committee.

Agenda Item III. Discussion, review, and consideration of the Committee’s draft Report for the 2022-2023 Biennium charges

Chair Burton reported that an updated report was distributed to committee members yesterday. It was noted that the AAMC recently released the data on state physician workforce and the report will be updated to include those figures. The committee discussed making a few minor revisions to the report and a motion was made by Ben Melson, seconded by Ginny Gomez-Leon, to adopt the report with the discussed changes and AAMC data. The motion was unanimously approved by the full committee.

Agenda Item IV. Adjournment

With no other discussion, the committee adjourned.

Appendix D - Community and Technical Colleges Formula Advisory Committee (CTCFAC)

Biennial Report of Administrative Activities

<p>Committee Purpose: The advisory committee is appointed by the Commissioner of Higher Education to review and revise the funding formulas used by the Governor and the Legislature for making appropriations to the community and technical colleges.</p>
<p>Report Period: 2022-2023 Biennium</p>
<p>Chair: Dr. Pamela Anglin Vice Chair: Dr. Jeremy McMillen Committee Members: Ms. Teri Crawford, Dr. Cesar Maldonado, Mr. Patrick Lee, Mr. Richard Cervantes, Ms. Mary Wickland, Mr. Jim Yeonopolus, Mr. Michael Reeser, Dr. Robert K. Riza, Dr. Brent Wallace, Ms. Mary Elizondo, and Dr. Phil Rhodes</p>
<p>Committee Meeting Dates: August 19, October 14, November 6, and December 4, 2019; and January 9, 2020 (minutes of all committee meetings are attached)</p>
<p>Annual Costs Expended Travel \$11,497 Other \$5,093</p>
<p>Time Commitments: Coordinating Board Staff: 73 working days during the biennium to prepare materials, coordinate, and attend meetings.</p>
<p>Summary of Tasks Completed: Made recommendations related to the commissioner's charges, which are below:</p> <ol style="list-style-type: none"> 1. Study and make recommendation for the appropriate funding levels for the contact hour, core, and the student success funding. 2. Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System's returned value funding formula. 3. Study and make recommendations on the efficacy of critical need fields as they relate to contact hour and Success Point funding. 4. Evaluate the continued relevancy of each Success Point and its components given various state-level policy changes, the increased focus on fields of study, and the implementation of the co-requisite model in developmental education; and study and make recommendations for the appropriate number of points to be awarded for each metric. 5. Study and make recommendations for the appropriate methodology for including the second 8-week courses in the base period. 6. Study and make recommendations for the appropriate definition of a student in a structured co-enrollment program successfully completing at least 15 semester credit hours at the community college.

Appendix E – General Academic Institutions Formula Advisory Committee (GAIFAC)

Biennial Report of Administrative Activities

Committee Purpose: The advisory committee is appointed by the Commissioner of Higher Education to review and revise the funding formulas used by the Governor and the Legislature for making appropriations to the general academic institutions.
Report Period: 2022-2023 Biennium
Chair: Ms. Noel Sloan Vice Chair: Mr. Bob Brown Committee Members: Ms. Susan Brown, Mr. John Davidson, Dr. Danny Gallant, Mr. Daniel Harper, Mr. Robert Kinucan, Dr. James Marquart, Ms. Veronica Mendez, Dr. Juan Munoz, Dr. Karen Murray, Mr. R. Jason Tomlinson, Dr. Larry Singell, Dr. Jerry R. Strawser, and Ms. Angie W. Wright.
Committee Meeting Dates: August 19, September 19, October 17, and November 18, 2019 (minutes of all committee meetings are attached)
Annual Costs Expended Travel \$6,894
Time Commitments: Coordinating Board Staff: 73 working days during the biennium to prepare materials, coordinate and attend meetings.
Summary of Tasks Completed: Made recommendations related to the commissioner's charges, which are below: <ol style="list-style-type: none"> 1. Study and make recommendations for the appropriate funding levels for the operations support and space support formulas and the percent split between the "utilities" and "operations and maintenance" (O&M) components of the space support formula. (TEC, Section 61.059 (b)) 2. Review the expenditure study that is used for the cost matrix, including determining and reviewing the growth of costs affiliated with higher education and its consequent impact on higher education institutions, and make recommendations for improvements to better reflect the actual expenditures of the institutions. (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259)) 3. Review the Space Projection Model as it relates to distance education courses, including the different physical space and technology needs between traditional courses, online courses, and distance education courses, as well as information on associated costs of each course type, and recommend changes to the Space Projection Model (General Appropriations Act, HB 1, 86th Texas Legislature, Special Provisions Sec. 26 (page III-257 to III-259)) 4. Study and make recommendations for an outcomes-based methodology for allocating the balance remaining in the B-On-Time account after the underutilized amount is allocated.

Appendix F – Health-Related Institutions Formula Advisory Committee (HRIFAC)

Biennial Report of Administrative Activities

Committee Purpose: The advisory committee is appointed by the Commissioner of Higher Education to review and revise the funding formulas used by the Governor and the Legislature for making appropriations to the health-related institutions.
Report Period: 2022-2023 Biennium
Chair: Mr. Jeff Burton Vice Chair: Ms. Penny Harkey Committee Members: Ms. Lauren Sheer, Mr. Michael Tramonte, Ms. Ginny Gomez-Leon, Mr. Ben Melson, Ms. Kris Kavasch, Mr. Gregory Anderson, Ms. Angelica Marin-Hill, Mr. Dwain Morris, Dr. Richard A. Lange, Mr. Rick Anderson, and Dr. Paula Short
Committee Meeting Dates: August 19, September 25, October 16, and November 6, 2019 (minutes of all committee meetings are attached)
Annual Costs Expended Travel \$4,647 Other \$353
Time Commitments: Coordinating Board Staff: 30 working days during the biennium to prepare materials, coordinate and attend meetings.
Summary of Tasks Completed: Made recommendations related to the commissioner's charges, which are below: <ol style="list-style-type: none"> 1. Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.8, page III-260) 2. Study and make recommendations for the appropriate I&O formula weights. 3. Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula. 4. Study and make recommendations regarding the funding of students pursuing dual degrees.



This document is available on the [Texas Higher Education Coordinating Board website](http://theccb.state.tx.us).

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