

**Agenda Materials
General Academic Institutions Formula Advisory
Committee (GAIFAC) for the 2022-2023 Biennial
Appropriations**

November 2019

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Agenda

**Meeting of the General Academic Institution Formula Advisory Committee
Texas Higher Education Coordinating Board
WebEx Meeting
1200 East Anderson Lane, Austin
Monday, November 18, 2019
11:00 a.m.**

WebEx Connection Information

Event address for attendees: <https://theccb.webex.com/theccb/onstage/g.php?MTID=eaabf58d0f7b51fb66ce2ff9f825d1d89>

Date and time: Monday, November 18, 2019 11:00 am
Central Standard Time (Chicago, GMT-06:00)

Audio conference: US Toll
+1-415-655-0003
Access code: 667 313 097

Agenda

- I. Call to Order
- II. Consideration and approval of the minutes from the October 17, 2019, meeting
- III. Discussion, review, and consideration of the Commissioner's 2022-2023 Biennium charges
- IV. Planning for subsequent meetings
- V. Adjournment

Draft of Prior Meeting's Minutes

**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.**

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.

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.

General Academic Institutions Formula Advisory Committee for the 2022-2023 Biennium

Name	Institution	Contacts
Mr. Bob Brown (2022) VP for Finance & Administration	University of North Texas 1501 W. Chestnut St, Denton, TX 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) AVP – 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, 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) Executive VP & Provost	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) VP for Business Affairs	The University of Texas at San Antonio One UTSA Circle, San Antonio, TX 78249	veronica.mendez@utsa.edu 210-458-4201
Dr. Karen Murray (2020) Executive VP - Academic Affairs & Provost	Tarleton State University 1333 West Washington, Stephenville, TX 76402	kmurray@tarleton.edu 254-968-9992
Dr. Juan Munoz (2024) President	University of Houston-Downtown One Main Street, Houston, TX 77002	uhdpresident@uhd.edu 713-221-8001
Mr. R. Jason Tomlinson (2024) VP for Finance & Administration	Texas Woman's University P.O. Box 425588, Denton, TX 76204	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 (2020) CFO & VP 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) VP for Finance & Administration	Angelo State University 2601 West Ave N, San Angelo, TX 76903	angie.wright@angelo.edu 325-942-2017

Note: The year after the member's name is when that member's term expires.

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))

Any pending items regarding Charge 1 can be discussed at this time.

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))

THECB Staff emailed a mock run of the 2018 Expenditure Study that include use of unfunded hours in the calculation for Institutional Support (IS) and Student Services (SS). The committee will discuss outcomes and the next action step.

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))

Any pending items regarding Charge 3 can be discussed at this time.

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

Any pending items regarding Charge 4 can be discussed at this time.