

**Commissioner's Charge to the
Health-Related Institutions Formula
Advisory Committee (HRIFAC) for the
2024-25 Biennial Appropriations**

August 2021

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Agenda

Health-Related Institutions Formula Advisory Committee

via Video Conference
(will be broadcast at <https://www.highered.texas.gov>)

Thursday, August 26, 2021

10:00 a.m.

1. Welcome, Introduction & Remarks
Commissioner Harrison Keller, Ph.D.
2. Presentation of charges to the Committee
Commissioner Harrison Keller, Ph.D.
3. Call to Order
Former Committee Chair - Jeff Burton
4. Election of a Chair, Vice Chair and Secretary
Former Committee Chair - Jeff Burton
5. Briefing on funding formulas for the Health-Related Institutions
Assistant Commissioner of Funding, Emily Cormier
6. Consideration, discussion, and possible approval of the commissioner's 2024-2025 charges
New Chair
7. Discussion of dates and assignments for subsequent meetings
New Chair
8. Adjournment
New Chair

Commissioner's Charges

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. The committee is required to provide its report of recommendations to the Commissioner by February 1, 2022, 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. (TEC, Section 61.059 (b) and Special Provisions Relating Only to State Agencies of Higher Education, Section 27(8), page III-265, General Appropriations Act, SB 1, 87th Texas Legislature, Regular Session, 2021)
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 related to formula funding for the new podiatric medicine program.

Health Related Institutions Formula Advisory Committee for the 2024-2025 Biennium

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*the year listed after the name is the term expiration

Charges 1-3: 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 meets during the summer and fall of 2021 to discuss formula elements and typically make a formal recommendation regarding funding amounts for the FY 2024-25 biennium to the Commissioner of Higher Education in December of 2021.

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.

During the FY 2020-21 biennium, mission specific formulas were created 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. Beginning in the FY 2022-23 biennium, mission specific formulas were created for Texas A&M University Health Science Center, University of North Texas Health Science Center, Texas Tech University Health Sciences Center, and Texas Tech University Health Sciences Center at El Paso.

The formula recommendations under discussion relate to appropriations in the bill patterns of the Health-Related Institutions, and for Graduate Medical Education for Baylor College of Medicine, which is provided through funding appropriated to the Texas Higher Education Coordinating Board.

The key elements of each of the Health-Related Institution formulas are summarized below.

Instruction & Operations (I&O) Formula

The Instruction and Operations (I&O) formula is allocated on a full-time student equivalent (FTSE) basis with a funding weight based on the instructional program of the student. Additionally, programs in certain locations with enrollments of less than 200 receive a small class size supplement of \$30,000 per FTSE for medical and dental programs and \$20,000 per FTSE for all other programs. The small class size supplement provides funding for the small classes at remote sites and the main campus at The University of Texas Health Science Center at Tyler. 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 an annual rate of \$9,622 per FTSE for the FY 2022-23 biennium, maintaining the same rate as provided in 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 Science	1.018	\$ 20,000	\$ 9,795
Biomedical Informatics	1.750	\$ 20,000	\$ 16,838
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 76.3 percent of total I&O, Infrastructure, and Research Enhancement funding provided to the Health-Related Institutions, a decrease of 1.3 percent over the prior biennium. The All Funds I&O formula funding appropriation of \$1,294.9 million represents a \$35.6 million, or 2.8 percent increase, in funding over the FY 2020-21 biennium, compared to a 4.1 percent increase in FTSE.

A comparison of the weighted FTSE used for the allocation of funding for the FY 2020-21 and FY 2022-23 biennium is provided in the table below:

Institution	Weighted FTSE		Change	% Change
	FY 2020-21	FY 2022-23		
UT Southwestern Med. Center	5,629.58	5,595.61	(33.97)	(0.60%)
UTMB at Galveston	7,545.73	7,665.20	119.47	1.58%
UTHSC at Houston	11,540.74	12,032.98	492.24	4.27%
UTHSC at San Antonio	9,116.42	9,184.79	68.36	0.75%
UT M.D. Anderson Cancer	405.26	392.45	(12.81)	(3.16%)
UT Health Center at Tyler	50.28	111.35	61.08	121.48%
Texas A&M UHSC	8,557.19	8,638.44	81.25	0.95%
Univ North TX HSC	6,923.06	7,056.98	133.91	1.93%
Texas Tech Univ HSC	9,771.21	9,942.13	170.93	1.75%
Texas Tech Univ HSC at El Paso	2,384.98	2,487.39	102.41	4.29%
UT Austin - Medical School	736.72	922.08	185.37	25.16%
UT RGV - Medical School	703.44	1,050.41	346.97	49.32%
UH College of Medicine		142.59	142.59	
Totals	63,364.61	65,222.41	1,857.80	2.93%

Infrastructure Formula

The Infrastructure formula provides for utilities and physical plant support. The formula is based upon the predicted square footage of the Health-Related Institution 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 - percent 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.

For the Infrastructure formula, the annual rate per predicted square foot appropriated for the FY 2022-23 biennium is \$6.14, which maintains the same rate as provided in the FY 2020-21 biennium.

The Infrastructure formula represents 18.0 percent of total I&O, Infrastructure, and Research Enhancement funding to the Health-Related Institutions, an increase of 0.9 percent over the prior biennium. The FY 2022-23 total formula funding appropriation of \$306.2 million represents a \$27.5 million, or 9.9 percent increase, from the FY 2020-21 biennium, which aligns with the 9.9 percent increase in predicted square feet.

A comparison of the predicted square feet used for the allocation of funding in the FY 2020-21 and FY 2022-23 biennium is provided in the table below:

Institution	Predicted Square Feet		Change	% Change
	FY 2020-21	FY 2022-23		
UT Southwestern Med. Center	4,434,248	4,905,902	471,654	10.64%
UTMB at Galveston	2,165,543	2,292,773	127,230	5.88%
UTHSC at Houston	3,706,235	3,913,638	207,403	5.60%
UTHSC at San Antonio	2,418,241	2,531,519	113,278	4.68%
UT M.D. Anderson Cancer	5,155,740	5,571,499	415,759	8.06%
UT Health Center at Tyler	246,063	292,561	46,498	18.90%
Texas A&M UHSC	1,416,655	1,904,688	488,033	34.45%
Univ North TX HSC	719,966	721,191	1,225	0.17%
Texas Tech Univ HSC	1,521,055	1,578,792	57,737	3.80%
Texas Tech Univ HSC at El Paso	468,936	498,512	29,576	6.31%
UT Austin - Medical School	228,016	395,915	167,899	73.63%
UT RGV - Medical School	218,628	261,579	42,951	19.65%
UH College of Medicine		73,488	73,488	
Total	22,699,326	24,942,057	2,242,731	9.88%

Research Enhancement Formula

Health-Related Institutions receive state appropriations to support research from the Research Enhancement formula. The Research Enhancement formula provides a base amount of \$1,412,500 for each institution regardless of research volume. In addition to the base amount, each institution receives an additional 1.17 percent of its total research expenditures as reported to the Coordinating Board.

The Research Enhancement formula represents 5.7 percent of total I&O, Infrastructure, and Research Enhancement funding to the HRIs, an increase of 0.5 percent over the prior biennium. The FY 2022-23 appropriation of \$96.5 million is an increase of \$12.0 million, or 14.2 percent, over the amounts for the 2020-21 biennium, compared to a 19.3 percent increase in research expenditures.

A comparison of the research expenditures used for the allocation of funding in the FY 2020-21 and FY 2022-23 biennium is provided in the table below:

Institution	FY 2020-21	FY 2022-23	Change	% Change
	Research Expenditures			
	FY 2018	FY 2020		
UT Southwestern Med. Center	\$ 469,504,659	\$ 524,109,323	\$ 54,604,664	11.63%
UTMB at Galveston	149,290,729	152,611,603	3,320,874	2.22%
UTHSC at Houston	240,030,744	253,142,796	13,112,052	5.46%
UTHSC at San Antonio	173,522,815	195,215,120	21,692,305	12.50%
UT M.D. Anderson Cancer	857,950,511	967,676,566	109,726,055	12.79%
UT Health Center at Tyler	19,242,529	21,264,915	2,022,386	10.51%
Texas A&M UHSC	104,086,294	290,798,235	186,711,941	179.38%
Univ North TX HSC	45,422,755	45,170,308	(252,447)	(0.56%)
Texas Tech Univ HSC	37,742,447	44,091,705	6,349,258	16.82%
Texas Tech Univ HSC at El Paso	12,530,054	10,246,673	(2,283,381)	(18.22%)
UT Austin - Medical School	27,238,585	35,698,490	8,459,905	31.06%
UT RGV - Medical School	10,847,246	22,605,280	11,758,034	108.40%
UH College of Medicine		222,907	222,907	
Total	\$2,147,409,368	\$ 2,562,853,921	\$415,444,553	19.35%

Mission Specific Formulas

Mission specific formulas provide funding for specified purposes, as shown in the table below. Total mission specific formula funding for the FY 2022-23 biennium includes:

Institution	Specified Purpose	FY 2022-23
UT Southwestern Med. Center	Performance Based Research Operations	\$ 114,849,890
UTMB at Galveston	Health Systems Operations	306,758,682
UTHSC at Houston	Performance Based Research Operations	25,476,160
UTHSC at San Antonio	Performance Based Research Operations	25,448,000
UT M.D. Anderson Cancer	Cancer Center Operations	280,815,980
UT Health Center at Tyler	Chest Disease Center Operations	62,181,804
Texas A&M UHSC	Performance Based Research Operations	24,500,000
Univ North TX HSC	Performance Based Research Operations	20,691,696
Texas Tech Univ HSC	Performance Based Research Operations	3,160,628
Texas Tech Univ HSC at El Paso	Border Health Operations	27,500,000
Totals		\$ 891,382,840

Graduate Medical Education (GME) Formula

The GME formula, provided directly in the bill patterns for each institution, began in the FY 2006-07 biennium. The Graduate Medical Education formula provides 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 that is distributed to Baylor College of Medicine.

For the FY 2022-23 biennium, a total of \$103.6 million was appropriated for the GME formula, an increase of \$5.0 million, or 5.1 percent, over the FY 2020-21 biennium, compared to a 5.1 percent increase in residents. Appropriations provide \$5,970 per resident per year, maintaining the rate from the FY 2020-21 biennium.

A comparison of the number of medical residents used for the allocation of funding in the FY 2020-21 and FY 2022-23 biennium is provided in the table below:

Institution	GME Residents		Change	% Change
	FY 2020-21	FY 2022-23		
UT Southwestern Med. Center	1,374	1,405	31	2.26%
UTMB at Galveston	578	608	30	5.19%
UTHSC at Houston	1,052	1,100	48	4.56%
UTHSC at San Antonio	779	823	44	5.65%
UT M.D. Anderson Cancer	147	149	2	1.36%
UT Health Center at Tyler	77	117	40	51.95%
Texas A&M UHSC	1,193	1,249	56	4.69%
Univ North TX HSC	405	473	68	16.79%
Texas Tech Univ HSC	478	536	58	12.13%
Texas Tech Univ HSC at El Paso	257	246	(11)	(4.28%)
UT Austin - Medical School	305	342	37	12.13%
UT RGV - Medical School	168	216	48	28.57%
UH Houston College of Medicine		-	-	
Sub-Total Public Institutions	6,813	7,264	451	6.62%
Baylor College of Medicine	1,440	1,411	(29)	(2.01%)
Total	8,253	8,675	422	5.11%

Additional GME Expansion funding of \$199.1 million is trusted to the Coordinating Board for the FY 2022-23 biennium.

Charge 4 Background

The University of Texas Rio Grande Valley is creating a new Doctor of Podiatric Medicine degree for podiatric physicians, the first such program in Texas. The proposed program would require a four-year curriculum with two years of coursework followed by two years of clinical clerkship. This degree was approved by the Coordinating Board at its October 22, 2020, meeting and will start in fall 2022. As this is the first Podiatric Medicine program in Texas, no formula funding is currently allocated to this type of program.

Appendix A: Tentative Schedule of Future Meetings

Meeting 2: Tuesday, September 21, 2021, 10:00am

Meeting 3: Wednesday, October 13, 2021, 10:00am

Meeting 4: Tuesday, November 9, 2021, 10:00am

Meeting 5 (if needed): Tuesday, December 7, 2021, 10:00am

Meeting 6 (if needed): Tuesday, January 4, 2022, 10:00am