

Recommendations of the Formula Funding Advisory Committees (FACs)

Andy MacLaurin, Assistant Commissioner of Funding
Chairs of the Formula Advisory Committees

- Joseph Duron, General Academic Institutions, Technical, State Colleges
- Kristin Nace, Health-Related Institutions

Roles in the Process: FACs and THECB

TWO FAC COMMITTEES:
(1) GENERAL ACADEMIC INSTITUTIONS,
TECHNICAL AND STATE COLLEGES FAC &
(2) HEALTH RELATED INSTITUTIONS FAC



Recommendations to LBB and Governor

- Every biennium, THECB must review higher education formulas via a committee review process, which is formalized as the formula advisory committee (FAC) process
- THECB provides recommendations on formula funding levels, mechanics, and policies to Legislature



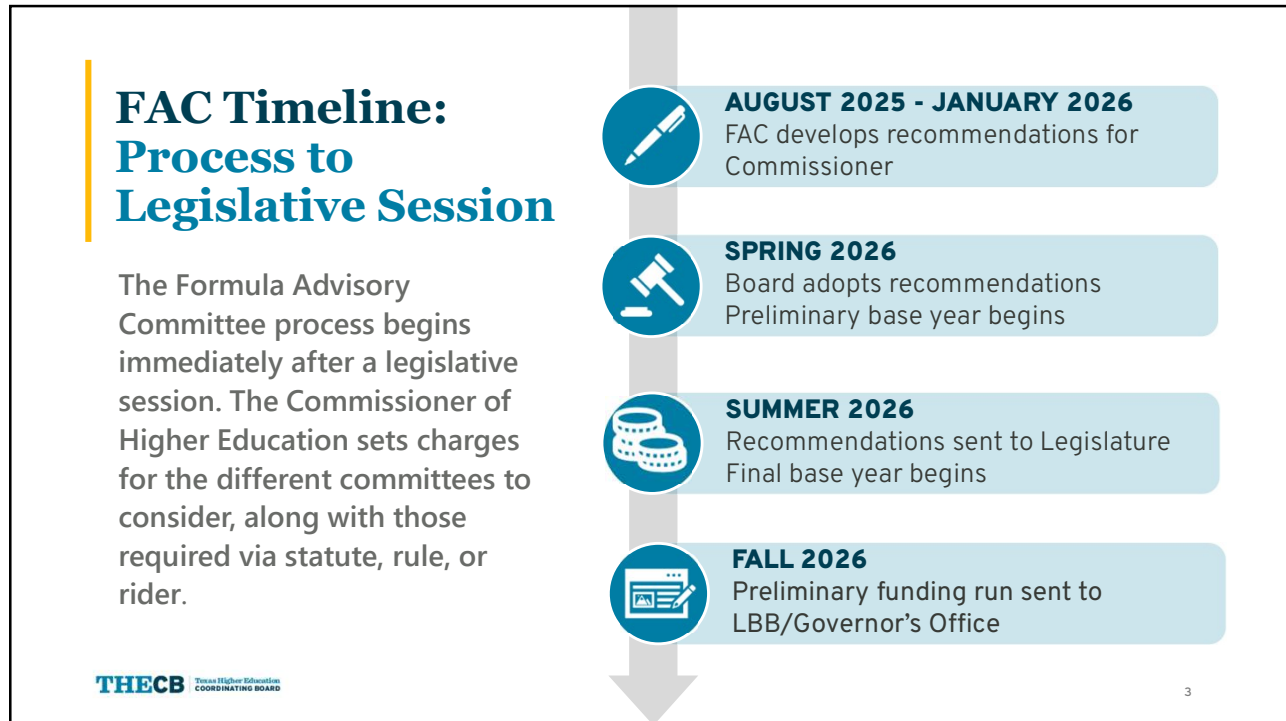
Use of the Recommendations

- Serves as an input to state policymakers for the legislative appropriations process



1 Funding Data Collection and Distribution

- CB staff collect student/course level data from institutions per recommendations and statute/rule
- CB staff provide funding runs to LBB and Governor's office by Nov. 1 prior to session and March 1 during session



Recommendations of the Commissioner and the General Academic Institutions (GAI), Technical, and State Colleges FAC

THECB Texas Higher Education COORDINATING BOARD

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GAI, Technical, & State Colleges FAC Study and Make Recommendations on:

Appropriate **FUNDING LEVELS FOR ALL FORMULAS** for GAIs, including Instruction and Operations, Infrastructure, Comprehensive Regional University Fund, Texas Research University Fund, National Research Support Fund, and Comprehensive Research Fund

Appropriate funding levels for funding formulas for **LAMAR STATE COLLEGES**

Appropriate funding levels/refinement of **TEXAS STATE TECHNICAL COLLEGE** returned value formula

Consider **DATA ELEMENTS** that need to be added or refined in the THECB's collection process in order to better inform inputs for the infrastructure and/or Higher Education Fund formulas (such as the age of buildings).

Final Recommendations of the Commissioner & FAC:



FORMULA FUNDING LEVELS

- Fund enrollment growth and inflation (using the Higher Education Price Index) for all formulas, including:
 - Instruction & Operations;
 - Infrastructure;
 - Small Institution Supplement;
 - Research formula funds;
 - Comprehensive Regional University Fund
 - Lamar State Colleges Instruction & Administrative



SMALL INSTITUTION SUPPLEMENT METHODOLOGY

- Expand the Small Institution Supplement by:
 - increasing the headcount enrollment threshold for institutions receiving the full supplement from 5k to 10k students, with the step-down runway to receive funding from 10k to 20K students
 - Increasing the supplement maximum from \$2.6 million to \$5.0 million for the biennium.

Final Recommendations of the Commissioner & FAC:



CRITICAL FIELD LIST FOR STATE COLLEGES

- Establish a process that allows updates to the Critical Fields list for State Colleges and incorporate it into the biennial FAC process
- Update the current Critical Fields list to align with Higher Education Coordinating Board's (THECB) Community College FY 2026-27 Statewide High-Demand Fields List, or on one of two (Southeast and Gulf Coast) Community College FY 2026-27 Regional High-Demand Fields Lists



TEXAS STATE TECHNICAL COLLEGES

- Addition of the TSTC's Guadalupe/Comal County location in formula funding and GAA bill pattern



FACILITIES DATA ELEMENTS

- No recommendation to add or refine any of the existing data collection processes at this time

Recommendations of the Health-Related Institutions FAC

Charges to Health-Related Institutions (HRI) FAC Study and Make Recommendations on:

Appropriate **FUNDING LEVELS FOR ALL FORMULAS** for HRIs, including:

Instruction and Operations
Infrastructure
Research Enhancement
Graduate Medical Education
Mission Specific Formulas.

Appropriate **INSTRUCTION & OPERATIONS FORMULA WEIGHTS** and consider specialty programs for inclusion, such as graduate nursing, graduate allied health and graduate behavioral health,

Final Recommendations of the HRIFAC:



FORMULA FUNDING LEVELS

- Fund enrollment growth and one-third of projected inflation (using U.S. Medical Care Index) for all formulas, including:
 - Instruction & Operations
 - Infrastructure
 - Graduate Medical Education (GME)
 - Research Enhancement
- Increase the GME formula rate by an additional 20% above the recommended inflationary adjustment to address increased training costs, particularly in the outpatient setting.



I&O FORMULA WEIGHTS

- Add new weights to the I&O Formula for:
 - graduate nursing
 - graduate allied health
 - graduate behavioral health
- Recommend that the GAIFAC consider a cost-based weight for optometry