

**Formula Funding
Recommendations for the 2024-25
Biennium**

and

**Report on Comprehensive Regional
University Funding, per Senate Bill
1295, 87th Texas Legislature,
Regular Session**

April 2022

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Texas Higher Education Coordinating Board



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Agency Mission

The mission of the Texas Higher Education Coordinating Board (THECB) is to provide leadership and coordination for Texas higher education 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 THECB'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 competent 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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Table of Contents

Executive Summary.....	7
Formula Advisory Committee Recommendations	7
Funding Levels.....	8
Key Recommendations.....	9
Senate Bill 1295 Study and Report.....	9
Introduction	11
Statutory Authority	11
Recommendations – Community and Technical Colleges	12
Overview of the Community and Technical Colleges Formula Advisory Committee’s (CTCFAC) Recommendations.....	12
THECB’s Recommendations for the Community, State, and Technical Colleges	16
Recommendations – General Academic Institutions.....	17
Overview of the General Academic Institutions Formula Advisory Committee’s (GAIFAC) Recommendations.....	17
THECB’s Recommendations for the General Academic Institutions.....	20
Recommendations – Health-Related Institutions	21
Overview of the Health-Related Institutions Formula Advisory Committee’s Recommendations.....	21
THECB’s Recommendations for the Health-Related Institutions.....	23
Recommendations – Senate Bill 1295	24
Overview of the GAIFAC’s Recommendations on Comprehensive Regional University Funding.....	24
THECB’s Recommendations for the Senate Bill 1295 Comprehensive Regional University Funding Study.....	27

Tables

Table 1. Funding Rates Recommended for Community, State, and Technical Colleges.....	7
Table 2. Funding Rates Recommended for General Academic Institutions	8
Table 3. Funding Rates Recommended for Health-Related Institutions.....	8
Table 4. Funding Levels by Biennia	8
Table 5. Community College Formula Funding Recommendations.....	13
Table 6. State College Formula Funding Recommendations.....	13
Table 7. Texas State Technical Colleges Formula Funding Recommendations	15
Table 8. General Academic Formula Funding Recommendations.....	18
Table 9. Health Related Institution’s Mission Specific Formulas.....	21

Table 10. Health Related Institution Formula Funding Recommendations.....	21
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Appendices

Appendix A – Community and Technical Colleges Formula Advisory Committee.....	28
Appendix B – General Academic Institutions Formula Advisory Committee.....	71
Appendix C – Health Related Institutions Formula Advisory Committee	89
Appendix D – Biennial Report of Administrative Activities Related to Committee Work.....	118

Executive Summary

Formula Advisory Committee Recommendations

The Texas Higher Education Coordinating Board (THECB) is forwarding to the governor and the Legislature the recommendations of the formula advisory committees for the 2024-25 biennium, which it adopted without changes.

The three formula advisory committees recommended rates for each formula for the 2024-25 biennium, and the recommended levels are based on certain inflationary assumptions for each specific sector. All committees noted the increased pressure of inflation affecting higher education, as purchasing power is greatly impacted by supply chain issues and increased prices of goods and services.

The recommended 2024-25 rates by sector are below, and for comparison purposes, the rates from both the 2020-21 and 2022-23 biennium are included to show the change in rates over time.

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

Rates¹	2020-21 Biennium	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Community Colleges					
Average Rate per Contact Hour (Biennial)	\$5.44	\$5.68	\$6.06	\$0.39	6.8%
Bachelor of Applied Technology	40.70	38.78	41.42	2.64	6.8%
Student Success Points (Biennial)	202.53	247.91	264.78	16.87	6.8%
Core Operations (Biennial)	1,360,812	1,360,812	2,000,000	639,188	47.0%
Lamar State Colleges					
Average Rate per Contact Hour (Biennial)	\$10.23	\$14.41	\$15.39	\$0.98	6.8%
Infrastructure Formula	5.47	5.47	5.84	0.37	6.8%
Small Institution Supplement	1,316,567	1,316,567	1,406,171	89,604	6.8%
Texas State Technical Colleges					
Percentage of Returned-Value Funded (Biennial)	36.1%	35.9%	35.9%	0%	0.0%
Infrastructure Formula	5.47	5.47	5.84	0.37	6.8%
Small Institution Supplement	658,283	658,283	703,085	44,802	6.8%
Dual Credit (Biennial) ²	N/A	N/A	\$9.57	N/A	N/A

¹All rates are annual unless noted otherwise.

² Dual credit was provided as a sum certain non-formula support item for the Texas State Technical Colleges in the 2020-21 and 2022-23 biennium. Recommendations include funding these courses through a formula for the 2024-25 biennium.

Table 2. Funding Rates Recommended for General Academic Institutions

Rates	2020-21 Biennium	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	\$55.85	\$55.66	\$59.45	\$3.79	6.8%
Infrastructure Formula	5.47	5.47	5.84	0.37	6.8%
Small Institution Supplement	1,316,567	1,316,567	1,406,171	89,604	6.8%
Texas Research University Fund ¹	10.9%	10.1%	10.8%	0.7%	6.8%
Core Research Support Fund ¹	12.2%	10.4%	11.2%	0.7%	6.8%
Comprehensive Research Fund ¹	17.0%	16.3%	17.4%	1.1%	6.8%

¹Direct research formula funds are recommended to be considered as part of overall general academic institution formula funding.

Table 3. Funding Rates Recommended for Health-Related Institutions

Rates	2020-21 Biennium	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	\$9,622	\$9,622	\$11,142	\$1,520	15.8%
Infrastructure Formula	6.14	6.14	7.11	0.97	15.8%
Research Enhancement	1.18%	1.17%	1.35%	0.18%	15.8%
Graduate Medical Education	\$5,970	\$5,970	\$6,913	\$943	15.8%
Mission Specific	Rates are recommended based on institution's performance against institution specific formula requirements.				

Funding Levels

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 adopted by the THECB is estimated to be \$1,287.5 million, or 12.5%.

Table 4. Funding Levels by Biennia

Funding Levels (in millions)	2020-21 Biennium	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Community Colleges	\$1,833.3	\$1,833.5	\$2,029.8	\$196.3	10.7%
State Colleges	65.4	85.8	101.6	15.9	18.5%
Technical Colleges ¹	163.8	173.9	186.9	13.0	7.6%
General Academic Institutions ²	5,215.6	5,508.7	6,013.7	504.9	9.2%
Health-Related Institutions	2,535.9	2,692.6	3,250.0	557.4	20.7%
Total	\$9,814.0	\$10,294.5	\$11,582.0	\$1,287.5	12.5%

¹ Dual credit funding was provided as a sum certain non-formula support item for the Texas State Technical Colleges in the 2020-21 and 2022-23 biennium. Recommendations include funding these courses through a formula for the 2024-25 biennium. For comparison purposes, dual credit funding is included in the 2020-21 and 2022-23 biennium funding totals.

² Direct research formula funds are recommended to be considered as part of overall general academic institution formula funding. For comparison purposes, research formula funds are included in the 2020-21 and 2022-23 biennium funding totals.

Key Recommendations

Key recommendations across the three formula advisory committees include the following:

- The Community and Technical Colleges Formula Advisory Committee recommends renaming Critical Fields to Targeted Fields in success points and provides a new process to update these fields to reflect statewide and regional occupation growth.
- The Community and Technical Colleges Formula Advisory Committee recommends including credit and non-credit continuing education (CE) Occupational Skills Awards in success point achievement metrics for awards. The committee also recommends including qualified non-credit CE hours in attainment metrics for 15 and 30 semester credit hours within the success points calculation.
- The General Academic Institutions Formula Advisory Committee recommends a change to the tuition estimate used in the institution formula calculation. The committee recommends the Legislative Budget Board estimate semester credit hour growth separately for resident tuition and nonresident tuition.
- The Health-Related Institutions Formula Advisory Committee recommends including podiatric medical education students in the Instruction and Operations formula and providing funding for these students at the medical education weight of 4.753. Additionally, the committee recommends including accredited podiatric medicine residents in the Graduate Medical Education formula for funding.

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

Senate Bill 1295 Study and Report

Senate Bill (SB) 1295, 87th Texas Legislature, Regular Session, requires the THECB to study and report on the allocation of funding and promotion of student success under the Comprehensive Regional University Funding methodology established under this legislation. SB 1295 requires the THECB to conduct the study with a representative group of eligible institutions and provide results to the Legislative Budget Board and governor by September 1, 2022.

The Commissioner of Higher Education charged the General Academic Institution Formula Advisory Committee to conduct this study. The Formula Advisory Committee formed a subcommittee composed of representatives from University of Houston–Downtown, The University of Texas Rio Grande Valley, Texas State University System, Tarleton State University, and Texas A&M University System. The subcommittee brought forth recommendations to the full General Academic Institution Formula Advisory Committee, which were adopted unanimously.

The committee recommended that the current methodology of providing base funding of \$500,000 plus \$1,000 per “at-risk” degree is a fair and equitable methodology. However, the committee recommended that as this is the first biennium for institutions to receive funding under this methodology, the amount of the base funding could be reconsidered in the future. Additionally, it recommended that the definition and determination of an “at-risk” student be further studied as universities move to making the SAT/ACT tests optional for admission.

The committee also recommended that to better promote student success, these additional resources should be used to enhance financial support for activities that support student success, such as providing access to additional advisors, tutors, financial aid, career counseling, and job placement, and not to supplant current funding/service levels.

The following report contains the recommendations of the General Academic Institutions Formula Advisory Committee's subcommittees related to the study required by SB 1295, which the THECB adopted without changes.

Introduction

Statutory Authority

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."

Texas Education Code, Section 62.184.

"Study and Report. (a) The coordinating board, in consultation with a representative group of eligible institutions, shall conduct a study on the method of funding provided under Section 62.183 to determine that method 's effectiveness in:

- (1) allocating state funds fairly and equitably; and
- (2) promoting student success at eligible institutions.

(b) Not later than September 1, 2022, the coordinating board shall submit to the governor and the Legislative Budget Board a report on the results of the study and any recommendations for legislative or other action."

Recommendations – Community and Technical Colleges

Overview of the Community and Technical Colleges Formula Advisory Committee's Recommendations

Community College Formula Funding. Since the 2014-15 biennium, 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 allocate funds among institutions based on their performance on defined student success metrics. Core Operations funding provides an equal amount to each community college district to help cover basic operating costs.

For the 2024-25 biennium, the Community and Technical Colleges Formula Advisory Committee (CTCFAC) recommends an adjustment to the funding rates to fund enrollment changes and inflation. Inflation is estimated using an annual projected growth rate of 2.7% from the Higher Education Price Index for all formula funding. The committee recommends the following actions:

- Increase the biennial contact hour rate from \$5.68 per contact hour to \$6.06.
- Increase the biennial Student Success Point rate from \$247.91 per weighted success point to \$264.78, and fund growth in Student Success Points, which is projected to be 5%. The committee recommends the following changes to success point calculations:
 - rename Critical Fields to Targeted Fields and update Targeted Fields to reflect highest growth statewide and regional occupations;
 - add weights to existing metrics for dual credit students earning 15 semester credit hours (SCHs) and for academically and economically disadvantaged students earning a credential or transferring to a university;
 - restore non-critical awards (degrees, certificates, and core curriculum completers) to 2 points from 1.2 points;
 - add qualified non-credit workforce continuing education hours in 15- and 30-SCH attainment; and
 - add the achievement of Occupational Skills Awards to the awards metric.
- Increase core operations from \$1,360,812 per community college district for the biennium to \$2,000,000 for the biennium.

Additionally, the committee also recommends funding inflation and projected growth in semester credit hours for the four legacy institutions that receive general academic institution funding for certain bachelor's degrees. The total projected funding increase is \$196.3 million, or 10.7%.

Table 5. Community College Formula Funding Recommendations

Rates		2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Average Rate per Contact Hour (Biennial)		\$5.68	\$6.06	\$0.39	6.8%
Student Success Points (Biennial)		247.91	264.78	16.87	6.8%
Bachelor of Applied Technology		38.78	41.42	2.64	6.8%
Funding (millions)	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Core Operations		\$68.0	\$100.0	\$32.0	47.0%
Contact Hours	-2.5%	1,447.2	1,507.3	60.1	4.2%
Student Success Points	5%	314.8	418.2	103.4	32.8%
Bachelor of Applied Technology	13.9%	3.4	4.3	0.8	23.8%
Total		\$1,833.5	\$2,029.8	\$196.3	10.7%

State college formula funding. Funding for the Lamar State Colleges is provided through an enrollment-based Contact Hour formula, an Infrastructure formula for education and general (E&G) space support, and a supplement for institutions with less than 10,000 students. For the 2024-25 biennium, the committee's recommendations are the following:

- Instruction and Operations formula: Increase the rate for inflation and fund the projected growth of 14.3% in contact hours.
- Infrastructure formula: Increase the rate for inflation and fund the projected growth of 3.2% in predicted square feet. Split the recommended rate using the FY 2022 utilities expenditures.
- Small Institution Supplement: Use the same methodology as the 2022-23 biennium with an adjustment for inflation to the maximum amount of funding received.

The total increase is \$15.9 million, or 18.5%. The recommended rates and estimated funding levels are shown in Table 6.

Table 6. State College Formula Funding Recommendations

Rates		2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Average Rate per Contact Hour (Biennial)		\$14.41	\$15.39	\$0.98	6.8%
E&G Space Support		5.47	5.84	0.37	6.8%
Small Institution Supplement		1,316,567	1,406,171	89,604	6.8%
Funding (millions)	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	14.25%	\$70.4	\$84.9	\$14.6	20.7%
Infrastructure	3.2%	7.5	8.3	0.8	10.2%
Small Institution Supplement		7.9	8.4	0.5	6.8%
Total		\$85.8	\$101.6	\$15.9	18.5%

Technical college formula funding. Funding for the Technical State Technical Colleges (TSTCs) is provided through a Returned-Value formula, an Infrastructure formula for education and general space support, and a supplement for institutions with less than 10,000 students. The Returned-Value formula compares certain former students' average wages with 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 the following:

- Fund 35.9% of the Returned-Value formula, which is the percentage funded for the 2022-23 biennium.
 - Recommendations include adding return value for workforce continuing education programs for students earning 144 contact hours or more in the calculation of Returned-Value formula amounts.
- Infrastructure formula: Increase the rate for inflation and fund the projected growth of 2.4% in predicted square feet. Split the recommended rate using the FY 2022 utilities expenditures.
- Small Institution Supplement: Use the same methodology as the 2022-23 biennium with an adjustment for inflation to the maximum amount of funding received.
- Fund \$1.6 million in general revenue for dual credit contact hours as a formula for the 2022-2023 biennium, a decrease of \$0.6 million, or -26.1%, from the current biennium.
 - Funding for dual credit was provided as a sum certain appropriation for the technical colleges during the 2022-23 biennium. The committee recommends transitioning this sum certain appropriation to a formula based on dual credit contact hours. The funding is estimated to decline due to an anticipated decrease in dual credit contact hours.

The total increase is \$13 million, or 7.5%. The recommended rates and estimated funding levels are shown in Table 7.

Table 7. Texas State Technical Colleges Formula Funding Recommendations

Rates		2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Percentage of Returned-Value Funded (Biennial)		35.9%	35.9%	0%	0%
Infrastructure		5.47	5.84	0.37	6.8%
Small Institution Supplement		658,283	703,085	44,802	6.8%
Dual Credit ¹		\$8.96	\$9.57	\$0.61	6.8%

Funding (millions)	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Administration	8.3%	\$147.9	\$159.5	\$11.6	7.8%
Infrastructure	2.4%	15.9	17.3	1.5	9.3%
Small Institution Supplement		7.9	8.4	0.5	6.8%
Dual Credit ¹	-21.8%	2.2	1.6	-0.6	-26.1%
Total		\$173.9	\$186.9	\$13.0	7.6%

¹ Dual credit was provided as a non-formula support item for the Texas State Technical Colleges in the 2020-21 and 2022-23 biennium. Recommendations include funding these courses through a formula for the FY24-25 biennium. The 2022-23 biennium rates are backed into using the sum certain appropriation and the contact hours for that base period.

The CTCFAC's recommendations are in [Appendix A](#).

THECB's Recommendations for the Community, State, and Technical Colleges

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

Recommendations – General Academic Institutions

Overview of the General Academic Institutions Formula Advisory Committee's Recommendations

Formula funding. General academic institutions are supported through an Instruction and Operations Support formula based on weighted semester credit hours, an Infrastructure formula for education and general space support, and a small institution supplement for institutions with less than 10,000 student enrollments.

For the 2024-25 biennium, the committee recommends adjusting the funding rates to fund enrollment growth and inflation. Inflation is estimated using an annual projected growth rate of 2.7% from the Higher Education Price Index for all formula funding. Recommendations include the following:

- Instruction and Operations formula: Increase the rate for inflation and fund the projected growth of 1.7% in weighted semester credit hours.
- Infrastructure formula: Increase the rate for inflation and fund the projected growth of 2.7% in predicted square feet. Split the recommended E&G Space Support rate using the FY 2022 utilities expenditures.
- Small Institution Supplement: Use the same methodology as the 2022-23 biennium with an adjustment for inflation to the maximum amount of funding received.

Additionally, general academic institutions are supported by three performance-based research formula funds directly appropriated to foster increased research capacity – the Texas Research University Fund, the Core Research Support Fund, and the Texas Comprehensive Research Fund. The committee recommends that these three funds be included in recommendations on formula funding levels and for the Legislature to include the associated research formula riders in the General Appropriations Act with other riders related to general academic institution formula funding.

For the 2024-25 biennium, the committee recommends adjusting the research funding rates to fund growth in research expenditures and inflation. This includes the following:

- Texas Research University Fund: Increase the rate for inflation and fund the projected growth of 8.3% in the three-year average of total research expenditures.
- Core Research Support Fund: Increase the rate for inflation and fund the projected growth of 18.4% in total research expenditures and a projected growth of 11.6% in the three-year average of restricted research expenditures.
- Comprehensive Research Fund: Increase the rate for inflation and fund the projected growth of 3.3% in the three-year average of restricted research expenditures.

Table 8. General Academic Formula Funding Recommendations

Rates	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	\$55.66	\$59.45	\$3.79	6.8%
Infrastructure	5.47	5.84	0.37	6.8%
Small Institution Supplement	1,316,567	1,406,171	89,604	6.8%
Texas Research University Fund	10.1%	10.8%	0.7%	6.8%
Core Research Support Fund	10.4%	11.2%	0.7%	6.8%
Comprehensive Research Fund	16.3%	17.4%	1.1%	6.8%

Funding (millions)	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	1.7%	\$4,406.9	\$4,787.1	\$380.2	8.6%
Infrastructure	2.7%	793.1	867.1	74.0	9.3%
Small Institution Supplement	1.7%	30.2	31.5	1.2	4.1%
Texas Research University Fund	8.3%	147.1	170.1	23.1	15.7%
Core Research Support Fund	Varies	117.1	142.1	25.0	21.3%
Comprehensive Research Fund	3.3%	14.3	15.7	1.5	10.3%
Total		\$5,508.7	\$6,013.7	\$504.9	9.2%

Expenditure Study. Last biennium, recommendations of the prior formula advisory committee were implemented related to the allocation of department operating expenses. The committee recommends that the current methodology remain unchanged since improvements were seen with the prior recommendations and to give time for those recommendations to fully phase into the expenditure study.

Tuition estimate methodologies. The Legislature uses an "All Funds" methodology for the general academic institution formulas, where the amount of formula General Revenue provided to institutions is offset by the amount of Other Educational and General (E&G) Income available to each institution. Other E&G Income includes specific tuition and fee revenue, such as statutory resident and nonresident tuition. The Legislative Budget Board uses data provided by institutions in the Legislative Appropriations Request to estimate the amount of Other E&G Income available to institutions for an upcoming biennium.

The estimate uses a methodology that includes factoring the change in total semester credit hours, including both resident and nonresident SCHs, from the most recent fall-to-fall semesters (e.g., from fall 2020 to fall 2021 in the latest tuition estimate) to estimate a one-year increase in total gross tuition as part of the larger tuition estimate.

The committee recommends estimating SCH growth separately for resident tuition and nonresident tuition. This recommended methodology will provide a more nuanced and accurate tuition estimate used in formula funding calculations. The subcommittee further recommends that additional review and discussion continue in the future to improve the accuracy of the tuition estimate.

Space Projection Model. The committee recommends continuing to include all hours with no adjustment related to online courses in the space projection model.

Comprehensive Regional University Funding. See the [Overview of the GAIFAC's Recommendations on Comprehensive Regional Funding](#) for detail on the study and recommendations related to comprehensive regional university funding, and see [Attachment B.2](#) for the full report.

Future considerations related to adjusting formula funding. The committee recommends long-term consideration of student characteristics and funding structures that could be implemented to provide state support for at-risk students. The committee recommends that the definition of at-risk students be refined as institutions move away from requiring SAT or ACTs for admission.

The committee recommended that any changes in enrollment that occur between base year and non-base years be addressed through the appropriations process and the use of funding provided as hold harmless amounts or non-formula support items for those institutions.

See [Appendix B](#) for the GAIFAC's recommendations.

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 Health-Related Institutions Formula Advisory Committee's Recommendations

Formula funding. Health-related institutions are supported through an Instruction and Operations (I&O) formula based on a weighted full-time student equivalent basis; an Infrastructure formula that provides for utilities and physical plant support; a Research Enhancement formula; and a Graduate Medical Education (GME) formula. Additionally, certain institutions receive mission-specific formula funding as shown in Table 9.

Table 9. Health Related Institution's Mission-Specific Formulas

Institution	Mission-Specific Formula
UT Southwestern Medical Center	Performance-Based Research Operations
The University of Texas Medical Branch at Galveston	Health Systems Operations
The University of Texas Health Science Center at Houston	Performance-Based Research Operations
The University of Texas Health Science Center at San Antonio	Performance-Based Research Operations
The University of Texas M.D. Anderson Cancer Center	Cancer Center Operations
The University of Texas Health Science Center at Tyler	Chest Disease Center Operations
Texas A&M University System Health Science Center	Performance-Based Research Operations
University of North Texas Health Science Center	Performance-Based Research Operations
Texas Tech University Health Science Center	Performance-Based Research Operations
Texas Tech University Health Science Center at El Paso	Border Health Operations

For the 2024-25 biennium, the committee recommends the following:

- Increase the formula rates for inflation and fund the I&O, Infrastructure, GME, and Research Enhancement formula rates using the U.S. City Average Medical Care index applied to the Fiscal Year 2019 as a base.
- Continue the mission-specific support funding and associated funding limits as defined in Article III, Sections 27.9-27.17 of the General Appropriations Act, 87th Texas Legislature, Regular Session. The committee recommends the Legislature provide the funding to achieve the performance-driven funding target based on the institution's performance, as measured by its mission-specific formula incentives.

The recommended rates and estimated funding levels are below.

Table 10. Health Related Institution Formula Funding Recommendations

Rates	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	\$9,622	\$11,142	\$1,520	15.8%
E&G Space Support	6.14	7.11	0.97	15.8%
Research Enhancement	1.17%	1.35%	0.18%	15.8%
Graduate Medical Education	\$5,970	\$6,913	\$943	15.8%
Mission-Specific	Specific to each institution			

Funding (millions)	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percentage Change
Instruction and Operations	5.2%	\$1,294.9	\$1,537.6	\$242.8	18.8%
E&G Space Support	9.2%	306.2	387.3	81.1	26.5%
Research Enhancement	17.2%	96.5	117.9	21.1	22.1%
Mission Specific		891.4	1,083.6	192.2	21.6%
Graduate Medical Education	2.8%	103.6	123.6	20.0	19.3%
Total		\$2,692.6	\$3,250.0	\$557.4	20.7%

Funding of podiatric medical students and residents. The committee recommends including students in the podiatric medical education program in the Instruction and Operations formula at the medical education weight of 4.753. The committee also recommends the inclusion of podiatric medicine residents accredited by the Council on Podiatric Medical Education in the graduate medical education formula.

The Health-Related Institutions Formula Advisory Committee's (HRIFAC) recommendations can be found in [Appendix C](#).

THECB's Recommendations for the Health-Related Institutions

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

Recommendations – Senate Bill 1295

Overview of the GAIFAC's Recommendations on Comprehensive Regional University Funding

Overview of Senate Bill 1295: Comprehensive Regional University Funding

Senate Bill 1295, 87th Texas Legislature, Regular Session, added Subchapter I, Comprehensive Regional University Funding, to Chapter 62 of the Texas Education Code. The legislation provides the statutory framework for “funding to each eligible institution to support the institution in serving at-risk students, helping meet the state’s workforce needs, and enhancing the institution’s regional economy.”

Eligible institutions include comprehensive, doctoral, and master’s universities, as designated in the Texas Higher Education Coordinating Board’s accountability system. Included below is a list of institutions eligible for this funding.

The University of Texas Rio Grande Valley	University of Houston-Clear Lake
The University of Texas Permian Basin	University of Houston-Downtown
The University of Texas at Tyler	University of Houston-Victoria
Texas A&M University at Galveston	Midwestern State University
Prairie View A&M University	University of North Texas at Dallas
Tarleton State University	Stephen F. Austin State University
Texas A&M University-Central Texas	Texas Southern University
Texas A&M University-Corpus Christi	Angelo State University
Texas A&M University-Kingsville	Texas Women’s University
Texas A&M University-San Antonio	Lamar University
Texas A&M International University	Sam Houston State University
West Texas A&M University	Sul Ross State University
Texas A&M University-Commerce	Sul Ross State University-Rio Grande College
Texas A&M University-Texarkana	

Statute provides that funding for eligible institutions should be composed of a base amount and a variable amount based on degrees awarded to at-risk students. At-risk students are defined as those who score less than the national mean on the SAT or ACT assessment tests or students who previously received a grant under the federal Pell Grant program. The statute provides for the following levels of funding:

- Base Amount: \$500,000 or greater amount
- Variable Amount: the product of \$1,000 or a greater amount and the average number of at-risk students awarded a degree by the institution each year during the three state fiscal years preceding the biennium
- Alternative Amount: Statute also notes that an alternative method of funding may be provided by the Legislature in the appropriations process.

The legislation includes a requirement for the THECB to study and report on the allocation of funding and promotion of student success under the Comprehensive Regional University Funding methodology. This study was to be conducted with a representative group of

eligible institutions and results provided to the Legislative Budget Board and governor by September 1, 2022.

The legislation required the study to focus on the funding mechanism and whether it was effective in:

- (1) allocating state funds fairly and equitably; and
- (2) promoting student success at eligible institutions.

Legislative Funding provided for Comprehensive Regional University

Senate Bill (SB) 8, 87th Texas Legislature, Third Called Special Session, provided \$20.0 million to the Texas Higher Education Coordinating Board to distribute to the comprehensive regional universities to provide the funding mandated by SB 1295. SB 8 provides that the funding be allocated to eligible institutions as follows:

- Base amount of \$250,000; and
- Variable amount based on the product of:
 - an amount of money, and
 - the average number of at-risk students awarded a degree by the eligible institution in fiscal years 2019, 2020, and 2021.

SB 8 funds are federally funded, so the distribution of these funds will require oversight from the primary recipient, which is the Office of the Governor (OOG). THECB staff is awaiting additional guidance on when and how distribution of these funds will occur.

Required Study and Report

The Commissioner charged the General Academic Institution Formula Advisory Committee to conduct this study. The Formula Advisory Committee formed a subcommittee composed of representatives from University of Houston-Downtown, The University of Texas Rio Grande Valley, Texas State University System, Tarleton State University, and Texas A&M University System.

The subcommittee brought forth the below recommendations to the full General Academic Institution Formula Advisory Committee, which were adopted unanimously. The GAIFAC includes representatives from other eligible institutions for Comprehensive Regional University funding, including Sul Ross State University, University of North Texas System, Stephen F. Austin State University, and Texas Woman's University.

Recommendations

The committee recommended that the current methodology of providing base funding of \$500,000 plus \$1,000 per "at-risk" degree is a fair and equitable methodology. However, the committee recommended that as this is the first biennium to receive funding, the amount of the base funding should be reconsidered in the future. Additionally, it recommended that the definition and determination of an "at-risk" student be further studied as universities move to making the SAT/ACT tests optional for admission.

The committee also recommended that to better promote student success, these additional resources should be used to enhance financial support for activities that support student success, such as providing access to additional advisors, tutors, financial aid, career counselling, and job placement, and not to supplant current funding/service levels.

The report of the formula advisory committee related to the required study for SB 1295, which the THECB adopted without changes, can be found in [Attachment B.2](#).

THECB's Recommendations for the Senate Bill 1295 Comprehensive Regional University Funding Study

The THECB adopts the GAIFAC's recommendations related to the Comprehensive Regional University funding.

Appendix A: Community and Technical Colleges Formula Advisory Committee

Report on Commissioner's Charges for FY 2024-25 Biennial Appropriations

The Community and Technical Colleges Formula Advisory Committee (CTCFAC), organized in August 2021, met to address the charges identified by the Commissioner relating to formula funding for the FY 2024-2025 biennium. The CTCFAC met on the following days: August 24, September 22, October 27, November 17, December 8, and December 15.

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)).

Recommendation:

- Recommend Core Funding change from \$68 million to \$100 million or a \$32 Million increase (47% increase).

Rationale:

- Implementation of Guided Pathways
 - Implementation of student success initiatives including 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 cost (Title IX compliance costs)
 - Additional mandated tuition waivers and exemptions
 - Continued Post-Covid technology costs introduced during the pandemic
- Recommend changing the price inflation index from the Consumer Price Index (CPI) to the Higher Education Price Index (HEPI)
Rationale:
 - To provide an index that more accurately reflects increases in cost to higher education and aligns community colleges with the index used by our university counterparts in their formula funding recommendations.
- Recommend adjusting the biennial contact rate from \$5.68 per contact hour to \$6.06 and, correspondingly increase Contact Hour Funding from \$1,447.2 to \$1,507.3 million or a \$60.1 million increase (4.2% increase).
Rationale:
 - The increase in funding is tied to the extrapolated increases in the HEPI price index and assumes a slight decline in contact hours.
- Recommend adjusting the biennial success point rate from \$247.91 to \$264.78 and increase Success Point Funding from \$314.8 million to \$418.2 million or a \$103.4 million increase (32.8%).

Rationale:

- The updated projections include the addition of 0.5 points each for academically and economically disadvantaged students for transfer, critical fields awards, and non-critical fields awards (including degrees, certificates, core curriculum completers, Occupational Skills Awards). Also includes addition of 0.5 points for 15 SCH dual credit attainment and restoration of non-critical awards (including degrees, certificates, core curriculum completers, Occupational Skills Awards) to 2 points from 1.2 points.
 - i. Include Targeted Statewide and Regional Occupations from Charge 4.
 - ii. Includes addition of qualified workforce continuing education hours in 15 and 20 SCH attainment and addition of credit and non-credit Occupational Skills Awards to the awards metric per Charge 5 recommendations.
- Recommend adjusting the Bachelor of Applied Technology (BAT) semester credit rate from \$38.78 to \$41.42 and increase BAT Funding from \$3.4 million to \$4.3 million or \$0.8 million (23.8% increase).

Rationale:

- The increase in funding is tied to the extrapolated increases in the HEPI price index.

A summary of the recommendations are as follows:

Community Colleges Formula Funding Level Recommendations	
Total Formula Funding (in millions)	
2022-2023	
Core	\$68.0
Contact Hour	1,447.2
Success Point	314.8
BAT	3.4
Total	1,833.5
2024-2025	
Core	100.0
Contact Hour	1,507.3
Success Point	418.2
BAT	4.3
Total 2024-2025 Recommendation	\$2,029.8
Recommended Increase	\$196.3
Percent Increase	10.7%

Charge 2:

Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))

Recommendation:

Sector	2022-2023 Appropriations (millions)	2024-25 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public State Colleges	85.8	101.6	15.9	18.5%

- The committee recommends increasing the funding to the State College formulas for the 2024-2025 biennium to \$101.6 million, which is an increase of \$15.9 million, or 18.5 percent as compared to the 2022-2023 biennium.
- Fund \$84.9 million to the State College Instruction and Administration formula for the 2024-25 biennium, which would be an increase of \$14.6 million, or 20.7 percent, compared to the \$70.4 million appropriated for the 2022-23 biennium.
 - ❖ This funding level assumes an inflation-adjusted rate of \$15.39 per contact hour. This is an increase of \$0.98 or 6.8 percent compared to the \$14.41 funded for the 2022-23 biennium.
 - ❖ This funding level assumes a contact hour growth rate of 14.25% percent for the following reasons:
 - Continued trend of explosive 25% growth in workforce development programs that has strengthened economic prosperity around Southeast Texas and statewide by intentionally aligning skills and tailoring short-term credentials to the needs and opportunities of our community and state.
 - Bridge the existing training and educational credential gap between current jobs and new jobs being created to support community and statewide economy by developing new academic and technical programs.
 - Expand services for Dual Enrolled students which has grown 231% in five years. Advising including career path development and tutoring are essential for completion.
 - Develop and expand college readiness support services and resiliency training for at-risk students who arrive academically underprepared and at a disadvantage in navigating the postsecondary experience alone.
 - Re-engage adult learners beyond 25-34 years that have been displaced from the workplace and need reskilling in relevant training to support high-value careers

- Fund \$16.7 million to the Space Support formula and Small Institution supplement for the 2024-2025 biennium, which would be an increase of \$1.3 million over the 2022-2023 biennium.
 - ❖ This funding level assumes a rate of \$5.84 per predicted square foot, representing an increase of \$0.37 compared to the \$5.47 funded for the 2022-23 biennium. The funding level assumes a 3.2% percent increase for growth in predicted square feet between fall 2020 and fall 2022 and a 6.8 percent increase for inflation.
- Split the recommended Space Support rate between “utilities” and “operations and maintenance” components using FY 2022 utility rates, update the utility rate adjustment factors using the FY 2022 utilities expenditures, and allocate the Space Support formula using the fall 2022 predicted square feet.
- Fund the Small Institution Supplement using the same methodology as the 2022-23 biennium, adjusting the Small Institution Supplement each biennium based on Headcount change and inflation, which would increase to \$1,406,171, an increase of \$89,604.

Charge 3:

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, SB 1, 87th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)

Recommendation:

Sector	2022-2023 Appropriations (millions)	2024-2025 Appropriations (millions)	Change Amount (millions)	Percent Change
Texas Public Technical Colleges	\$173.9	\$186.9	\$13.0	7.6%

Administration and Instruction (A&I) and Space Support	2022-2023 Appropriations (millions)	2024-2025 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$155.7	\$168.8	\$13.1	8.4%
General Revenue-Dedicated	8.1	8.1	0.0	0%
All Funds	\$163.8	\$176.9	\$13.1	7.9%

Small Institution Supplement	2022-2023 Appropriations (millions)	2024-2025 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$7.9	\$8.4	\$0.5	6.8%

Dual Credit Contact Hour	2022-2023 Appropriations (millions)	2024-2025 Appropriations (millions)	Change Amount (millions)	Percent Change
General Revenue	\$2.2	\$1.6	-\$0.6	-26.1%

- Fund \$178.8 million in general revenue and \$186.9 million in all funds for the 2024-2025 biennium, an increase of \$13 million, or 7.5 percent, which includes \$8.1 million of general revenue-dedicated funds.
 - The \$186.9 million All Funds recommendation includes an estimated \$8.1 in general revenue-dedicated funds (statutory tuition and fees), which is equal to the amount appropriated in the Administration and Instruction and Space Support formulas for the 2022-2023 biennium.
 - Fund \$168.8 million in general revenue and \$176.9 million in all funds to the Texas State Technical College System (TSTCS) return value formula and space support for the 2024-2025 biennium, an increase of \$13.1 million, or 7.9 percent, compared to the all-funds appropriation of \$163.8 million for the 2022-2023 biennium.
 - The \$151.4 million general revenue recommendation for return value funds 35.9 percent of the \$421.8 million estimated 2014-2015 cohort, which is the same percentage of return value that was funded for the 2022-2023 biennium general revenue appropriation but includes return value for workforce continuing education programs of 144 contact hours or more. The addition of workforce continuing education (for students earning 144+ CHs or more), added \$30.4 million in total value to TSTC's formula, or \$10.9 million in additional funding.
 - Fund \$1.6 million in general revenue for Dual Credit Contact Hours for the 2024-2025 biennium, a decrease from the prior period of \$0.6 million, or -26.1 percent.
 - Fund \$8.4 million to the Small Institution Supplement for the 2024-2025 biennium, applying an inflationary increase to the 2022-2023 biennium rate.

Charge 4:

Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from

the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)

24. Designation of Critical Field Degrees and Certificates.

Community and Technical Colleges Formula Advisory Committee shall institute a formal process to designate and remove critical fields for the purposes of Rider 18 in a transparent, predictable manner based on emerging data and trends. The committee shall apply a formal methodology to the most recent, reasonably available, reliable data to approve two sets of fields for recommendation to the Higher Education Coordinating Board: one recommended for addition to the critical fields list, and one recommended for removal from the critical fields list.

Recommendation:

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). Therefore, the Committee advances the following:

RECOMMENDATION 4.1

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 4.2.

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 17 new fields to be added to 15 existing Critical Fields. As this change is realized, it is recommended all current Critical Fields be grandfathered for the FY 2024-25 budget resulting in 51 (17 new, 15 current and 19 legacy) total fields and nonidentified fields be removed beginning with the FY 2026-27 budget. Below is a description of the process as envisioned by the committee.

Targeted Field Update Methodology

The CTCFAC recommends that the formula advisory committee make biennial updates to the Targeted Fields, to include (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 four-step process based on the analysis of occupations to which fields are most closely associated:

Step 1: Identify the top 25 occupations with wages above the state median wage by highest absolute employment change in each of the 10 higher education regions using TWC Projections.

- TWC Projections: <https://texaslmi.com/LMIbyCategory/Projections>.
- Only includes occupations with a typical education level of: "Some college, no degree", "Postsecondary non-degree award", or "Associate's degree."
- The occupations' associated programs are determined by the Department of Education SOC to CIP crosswalk: <https://nces.ed.gov/ipeds/cipcode/post3.aspx?y=56>.

Step 2: Identify the occupations that appear in the top 25 occupations per region in at least seven regions. These occupations will be on the list of statewide targeted fields. Any fields not currently on the critical fields list will be added. This results in 14 statewide occupations that appear on seven of the ten regions.

Occupation
Automotive Service Technicians and Mechanics
Bookkeeping, Accounting, and Auditing Clerks
Computer User Support Specialists
Occupation
Dental Assistants
Dental Hygienists
Firefighters
Heating, Air Conditioning, and Refrigeration Mechanics and Installers
Heavy and Tractor-Trailer Truck Drivers
Licensed Practical and Licensed Vocational Nurses
Paralegals and Legal Assistants
Physical Therapist Assistants
Preschool Teachers, Except Special Education
Radiologic Technologists
Respiratory Therapists

All CIPs that associate with these occupations will then appear as a targeted field. This results in 21 four-digit CIP codes and can be found in Table 1.0.

Step 3: Identify the top five occupations per region with wages above the state median. Occupations in the top five for a region that are not already included in critical fields or the new

targeted fields will be added to the statewide targeted fields list. This results in additional fields for three regions that would be added to the statewide CIP list. This list can be found in Table 1.1

Step 4. Add the new statewide and regional fields to the existing critical fields list. The final list would appear as the Recommended Statewide Targeted Fields list (Table 1.2)

Table 1.0– New/Current Statewide Targeted Fields

4-Digit CIP	CIP Name	Current Critical Field/New Targeted Field
0101	Agricultural Business and Management	New
0302	Environmental/Natural Resources Management and Policy	New
1110	Computer/Information Technology Administration and Management	Current
1302	Bilingual, Multilingual, and Multicultural Education	New
1312	Teacher Education and Professional Development, Specific Levels and Methods	New
1314	Teaching English or French as a Second or Foreign Language	New
1505	Environmental Control Technologies/Technicians	Current
1508	Mechanical Engineering Related Technologies/Technicians	Current
1907	Human Development, Family Studies, and Related Services	New
2200	Non-Professional Legal Studies	New
2203	Legal Support Services	New
4302	Fire Protection	New
4702	Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician (HAC, HACR, HVAC, HVACR)	New
4706	Vehicle Maintenance and Repair Technologies	New
4902	Ground Transportation	New
5106	Dental Support Services and Allied Professions	Current
5107	Health and Medical Administrative Services	Current
5108	Allied Health and Medical Assisting Services	Current
5109	Allied Health Diagnostic, Intervention, and Treatment Professions	Current
5139	Practical Nursing, Vocational Nursing and Nursing Assistants	Current
5203	Accounting and Related Services	New

Table 1.1 – New/Current Regional Targeted Fields

Of the ten higher education regions, the process identified three regions with top five targeted fields that do not appear on step two of the targeted field methodology statewide list:

Higher Ed Region	CIP Code	Program	Current Critical Field/New Targeted Field
Northwest	1517	Energy Systems Technologies/Technicians	Current
Northwest	4703	Heavy/Industrial Equipment Maintenance Technologies/Technicians	Current
Northwest	4707	Energy Systems Maintenance and Repair Technologies/Technicians	New
Northwest	0102	Agricultural Mechanization	New
Southeast TX	1500	Engineering Technologies/Technicians, General	Current
Southeast TX	1501	Architectural Engineering Technologies/Technicians	Current
Southeast TX	1502	Civil Engineering Technologies/Technicians	Current
Southeast TX	1510	Construction Engineering Technology/Technician	Current
Southeast TX	4604	Building/Construction Finishing, Management, and Inspection	New
West TX	1509	Mining and Petroleum Technologies/Technicians	Current
West TX	4701	Electrical/Electronics Maintenance and Repair Technologies/Technicians	New

Table 1.2– Recommended Statewide Targeted Fields

CIP	CIP Code Field Name	Current/New/Legacy
11	Computer and Information Sciences and Support Services	Legacy
14	Engineering	Legacy

CIP	CIP Code Field Name	Current/New/Legacy
15	Engineering/Engineering-Related Technologies/Technicians	Legacy
27	Mathematics and Statistics	Legacy
40	Physical Sciences	Legacy
0101	Agricultural Business and Management	New
0102	Agricultural Mechanization	New
0302	Environmental/Natural Resources Management and Policy	New
1110	Computer/Information Technology Administration and Management	Current
1302	Bilingual, Multilingual, and Multicultural Education	New
1312	Teacher Education and Professional Development, Specific Levels and Methods	New
1314	Teaching English or French as a Second or Foreign Language	New
1500	Engineering Technologies/Technicians, General	Current
1501	Architectural Engineering Technologies/Technicians	Current
1502	Civil Engineering Technologies/Technicians	Current
1505	Environmental Control Technologies/Technicians	Current
1508	Mechanical Engineering Related Technologies/Technicians	Current
1509	Mining and Petroleum Technologies/Technicians	Current
1510	Construction Engineering Technology/Technician	Current
1517	Energy Systems Technologies/Technicians	Current
1907	Human Development, Family Studies, and Related Services	New
2200	Non-Professional Legal Studies	New
2203	Legal Support Services	New
3001	Biological and Physical Sciences	Legacy

CIP	CIP Code Field Name	Current/New/Legacy
4102	Nuclear and Industrial Radiologic Technologies/Technicians	Legacy
4103	Physical Science Technologies/Technicians ²	Legacy
4302	Fire Protection	New
4604	Building/Construction Finishing, Management, and Inspection	New
4701	Electrical/Electronics Maintenance and Repair Technologies/Technicians	New
4702	Heating, Air Conditioning, Ventilation and Refrigeration Maintenance Technology/Technician (HAC, HACR, HVAC, HVACR)	New
4703	Heavy/Industrial Equipment Maintenance Technologies/Technicians ²	Current
4706	Vehicle Maintenance and Repair Technologies	New
4707	Energy Systems Maintenance and Repair Technologies/Technicians	New
4902	Ground Transportation	New
5102	Communication Disorders Sciences and Services	Legacy
5106	Dental Support Services and Allied Professions	Current
5107	Health and Medical Administrative Services	Current
5108	Allied Health and Medical Assisting Services	Current
5109	Allied Health Diagnostic, Intervention, and Treatment Professions	Current
5110	Clinical/Medical Laboratory Science/Research and Allied Professions	Legacy
5118	Ophthalmic and Optometric Support Services and Allied Professions	Legacy
5123	Rehabilitation and Therapeutic Professions	Legacy
5126	Health Aides/Attendants/Orderlies	Legacy
5127	Medical Illustration and Informatics	Legacy
5131	Dietetics and Clinical Nutrition Services	Legacy
5132	Health Professions Education, Ethics, and Humanities	Legacy

CIP	CIP Code Field Name	Current/New/Legacy
5133	Alternative and Complementary Medicine and Medical Systems	Legacy
5134	Alternative and Complementary Medical Support Services	Legacy
5138	Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	Legacy
5139	Practical Nursing, Vocational Nursing and Nursing Assistants	Current
5203	Accounting and Related Services	New

Targeted Field Identification Timeline

- In the fall of each odd-numbered year (in this is example, August 2021), the Targeted Fields Identification Task Force (TFITF) evaluates available data¹ 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 2022).

Targeted Field Adoption Timeline: Addition/Continuation

- THECB adopts approved Targeted Fields during its April meeting every even-numbered year (in this example, April 2022).
- 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 2019, 2020, and 2021 would be calculated in August 2022)
- 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.

¹The Bureau of Labor Statistics (BLS) publishes labor projections every two years for a ten-year span starting two years prior. For example, data released in Fall 2022 provides labor projections for 2020-2030. For formula funding, the initial fall run will be based on BLS data from two years prior. The spring formula run will reflect updated data released in the fall.

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 2027), 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 2028).
- 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 2028).
- The THECB adopts a Targeted Field list during its April meeting every even-numbered year (in this example, April 2028). Institutions are notified of the fields identified for inclusion no later than June 1 (in this example, June 1, 2028).
- THECB counts graduates in fields for funding through the measurement period affecting the next biennial funding (In this example, December 2028 or August 2028). Funding for the immediate biennium will include prior three-year average (2025, 2026, and 2027 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 2029, but it would include 2027 and may include 2028, depending upon timing of data reported for this category).

Targeted Fields in existence as of August 2022 would remain on the list for 2024-25 biennium funding and would only be removed if identified for removal at the refresh of the list in August 2023. 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 2026-27 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 1.2- Proposed Fields Over Time, Statewide

		Biennium			
CIP	CIP Code Field Name	2022-23	2024-25	2026-27	2028-29
11	Computer and Information Sciences and Support Services	Full	Full	Part	
14	Engineering	Full	Full	Part	
15	Engineering/Engineering-Related Technologies/Technicians	Full	Full	Part	
27	Mathematics and Statistics	Full	Full	Part	
40	Physical Sciences	Full	Full	Part	
0101	Agricultural Business and Management		Full	Full	Full
0302	Environmental/Natural Resources Management and Policy		Full	Full	Full
1110	Computer/Information Technology Administration and Management	Full	Full	Full	Full
1302	Bilingual, Multilingual, and Multicultural Education		Full	Full	Full
1312	Teacher Education and Professional Development, Specific Levels and Methods		Full	Full	Full
1314	Teaching English or French as a Second or Foreign Language		Full	Full	Full
1505	Environmental Control Technologies/Technicians	Full	Full	Full	Full
1508	Mechanical Engineering Related Technologies/Technicians	Full	Full	Full	Full
1907	Human Development, Family Studies, and Related Services		Full	Full	Full
2200	Non-Professional Legal Studies		Full	Full	Full
2203	Legal Support Services		Full	Full	Full

CIP	CIP Code Field Name	2022-23	2024-25	2026-27	2028-29
3001	Biological and Physical Sciences	Full	Full	Part	
4102	Nuclear and Industrial Radiologic Technologies/Technicians ²	Full	Full	Full	Full
4103	Physical Science Technologies/Technicians ²	Full	Full	Full	Full
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/Technicians ²	Full	Full	Full	Full
4706	Vehicle Maintenance and Repair Technologies		Full	Full	Full
4902	Ground Transportation		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

² Per 2022-2023 General Appropriations Act, "the Community and Technical Colleges Formula Advisory Committee, which is convened as per TEC, Section 61.059(b), shall designate following programs, as specified in the National Center for Education Statistics' Classification of Instructional Programs, as a critical field included as a metric in Rider 18, Instruction and Administration Funding (Outcomes-Based Model), in the Public Community/Junior College bill pattern, and remove their designation as a field other than a critical field included as a metric in the same rider, beginning in the 2020-21 biennium:

- a. Nuclear and Industrial Radiologic Technologies/Technicians;
- b. Physical Science Technologies/Technicians; and
- c. Heavy/Industrial Equipment Maintenance Technologies

CIP	CIP Code Field Name	2022-23	2024-25	2026-27	2028-29
5109	Allied Health Diagnostic, Intervention, and Treatment Professions	Full	Full	Full	Full
5110	Clinical/Medical Laboratory Science/Research and Allied Professions	Full	Full	Part	
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	Health Professions Education, Ethics, and Humanities	Full	Full	Part	
5133	Alternative and Complementary Medicine and Medical Systems	Full	Full	Part	
5134	Alternative and Complementary Medical Support Services	Full	Full	Part	
5138	Registered Nursing, Nursing Administration, Nursing Research and Clinical Nursing	Full	Full	Part	
5139	Practical Nursing, Vocational Nursing and Nursing Assistants	Full	Full	Full	Full
5203	Accounting and Related Services		Full	Full	Full

Table 1.3-Proposed Fields Over Time, Regional Additions to the Statewide List

Higher Ed Region	CIP Code	Program	Biennium			
			2022-23	2024-25	2026-27	2028-29
Northwest	1517	Energy Systems Technologies/Technicians	Full	Full	Full	Full
Northwest	4707	Energy Systems Maintenance and Repair		Full	Full	Full
Northwest	0102	Agricultural Mechanization		Full	Full	Full
Southeast TX	1500	Engineering Technologies/Technicians,	Full	Full	Full	Full
Southeast TX	1501	Architectural Engineering Technologies/Technicians	Full	Full	Full	Full
Southeast TX	1502	Civil Engineering Technologies/Technicians	Full	Full	Full	Full
Southeast TX	1510	Construction Engineering Technology/Technician	Full	Full	Full	Full
Southeast TX	4604	Building/Construction Finishing, Management, and		Full	Full	Full
West TX	1509	Mining and Petroleum Technologies/Technicians	Full	Full	Full	Full
West TX	4701	Electrical/Electronics Maintenance and Repair		Full	Full	Full

Charge 5:

Study and make recommendations on the inclusion of qualified non-credit workforce continuing education (CE) courses, postsecondary industry certifications, and other workforce credentials, in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th Texas Legislature, Regular Session, 2021 and Senate Bill 1102, 87th Texas Legislature, Regular Session, 2021)

Recommendations:**Recommendation 5.1:**

Include credit and non-credit CE Occupational Skills Awards in success point achievement metrics as follows (amend success point funding rule by removing stricken text and inserting underlined text):

1.a Critical Fields:

Student receives from the institution an Associate's degree, a Bachelor's degree, Occupational Skills Award, or a certificate recognized for this purpose by the Coordinating Board in a critical field, including the fields of Science, Technology, Engineering or Mathematics (STEM), or Allied Health. (3.25 points)

1.b Non-critical Fields

Student receives from the institution an Associate's degree, a Bachelor's degree, Occupational Skills Award, or a certificate recognized for this purpose by the Coordinating Board in a field other than a critical field, such as Science, Technology, Engineering and Mathematics (STEM), or Allied Health. (1.2 points or another weight as proposed under Charge 1.)

Recommendation 5.2:

Include CE hours in attainment metrics as follows (amend success point funding rule by inserting underlined text):

2.a First 15 semester credit hours:

Student successfully completes first 15 semester credit hours (SCH) or 24.0 continuing education units (CEU) at the institution. (1 point)

2.b First 30 semester credit hours:

Student successfully completes first 30 semester credit hours (SCH) or 48.0 continuing education units (CEU) at the institution. (1.5 points)

Recommendation 5.3:

Include CE hours in existing THECB reports and increase new funding.

3.a Reporting Occupational Skills Awards:

Require institutions to report OSAs on the CBM00M report.

3.b Illustrative Fiscal Impact:

Recommend additional funding for the estimated biennial increase of \$7.9M, or as amended in alignment with Charge 1 recommendations for funding rates and success point weights.

Supplemental information is available in the Attachments.

Attachment A.1: Community Colleges Projected Funding Level Recommendation

Community Colleges Formula Funding Level Recommendation		
Core Funding (in millions)		
2022-2023 Appropriations		
General Revenue	\$	68.0
Recommended Increase	\$	32.0
2024-2025 Recommendation	\$	100.0
Recommended Increase	\$	32.0
Percent Increase		47.0%

Contact Hour (in millions)		
2022-2023 Contact Hours		254.92
Projected Growth Rate		-2.49%
2024-2025 Contact Hours		248.58
2022-2023 Contact Hour Rate (Biennial)	\$	5.68
Inflation		6.8%
Recommended Increase	\$	0.39
2024-2025 Recommended Rate (Biennial)	\$	6.06
Percentage Increase		6.8%
2022-2023 Appropriations	\$	1,447.2
2024-2025 Recommendation with Growth & Increases	\$	1,507.3
Recommended Increase	\$	60.1
Percent Increase		4.2%

Three Year Weighted Average Success Points (in millions)		
2022-2023 Weighted Success Points		1.3
2022-2023 FAC recommended additional points**		0.2
Projected Growth Rate		5.0%
2024-2025 Weighted Success Points		1.6
2022-2023 Success Point Rate (Biennial)	\$	247.91
Inflation		6.8%
Recommended Increase		16.87
2024-2025 Committee Recommended Rate (Biennial)	\$	264.78
Percentage Increase		6.8%
2022-2023 Appropriations	\$	314.8
2024-2025 Recommendation with Growth & Increases	\$	418.2
Recommended Increase	\$	103.4
Percent Increase		32.8%

**Includes addition of 0.5 points each for academically and economically disadvantaged for transfer, critical fields awards, and non-critical fields awards. Also includes addition of 0.5 points for 15 SCH dual credit attainment and restoration of non-critical awards (degrees, certificates and core curriculum completers) to 2 points from 1.2 points. Reflects Targeted Statewide and Regional Occupations recommendation from charge four. Includes addition of qualified workforce continuing education hours in 15 and 30 SCH attainment and addition of Occupational Skills Awards to the awards metric per charge five recommendations.

Bachelor of Applied Technology (BAT)		
2022-2023 Weighted Semester Credit Hours		45,184
Projected Growth Rate		13.9%
2024-2025 Weighted Semester Credit Hours		51,456
2022-2023 Semester Credit Hour Rate	\$	38.78
Inflation		6.8%
2024-2025 Recommended Rate	\$	41.42
Percentage Increase		6.8%
2022-2023 Appropriations	\$	3.4
2024-2025 Recommendation with Growth & Increases	\$	4.3
Recommended Increase	\$	0.8
Percent Increase		23.8%
Total Formula Funding (in millions)		
2022-2023		
Core	\$	68.0
Contact Hour	\$	1,447.2
Success Point	\$	314.8
BAT	\$	3.4
Total	\$	1,833.5
2024-2025		
Core	\$	100.0
Contact Hour	\$	1,507.3
Success Point	\$	418.2
BAT	\$	4.3
Total 2024-2025 Recommendation	\$	2,029.8
Recommended Increase	\$	196.3
Percent Increase		10.7%

Attachment A.2: Lamar State Colleges Projected Funding Level Recommendation

State Colleges Formula Funding Level Recommendation		
Instruction and Administration (in millions)		
2022-2023 Contact Hours		4.06
Projected Growth Rate		14.25%
2024-2025		4.64
2022-2023 Contact Hour Rate	\$	14.41
Inflation		6.81%
Recommended Increase	\$	0.98
2024-2025/ Recommended Rate	\$	15.39
Percentage Increase		6.8%
2022-2023 Appropriations		
General Revenue	\$	58.5
General Revenue Dedicated	\$	11.9
Total Instruction and Operations	\$	70.4
2024-2025 Recommendation		
General Revenue	\$	71.4
General Revenue Dedicated Estimate	\$	13.6
2024-2025 Recommendation with Growth, Increases, & General Revenue Dedicated	\$	84.9
Recommended Increase	\$	14.6
Percent Increase		20.7%
Space Support (in millions)		
2022-2023 Total Appropriated Rate		5.47
Inflation		6.8%
2024-2025 Recommended Total Funding Rate (with inflation)	\$	5.84
Growth		
2022-2023 Predicted Square Feet		651,395
Anticipated Growth Rate		3.2%
2024-2025 Projected Predicted Square Feet	\$	671,955
2024-2025 Utility Adjustment	\$	0.43
2022-2023 Utility Adjustment	\$	0.39
2022-2023 Appropriations	\$	7.5
2024-2025 Recommendation with Inflation and Growth	\$	8.3
Recommended Increase	\$	0.8
Percent Increase		10.2%

Small Institution Supplement (in millions)		
2022-2023 Small Institution Supplement	\$	7.9
Inflation		6.8%
2024-2025 Recommendation	\$	8.4
Recommended Increase	\$	0.54
Percent Increase		6.8%

Total Formula Funding (in millions)		
2022-2023		
Instruction and Administration	\$	70.4
Space Support	\$	7.5
Small Institution Supplement	\$	7.9
Total	\$	85.8
2024-2025		
Instruction and Administration	\$	84.9
Space Support	\$	8.3
Small Institution Supplement	\$	8.4
Total	\$	101.6
Recommended Increase	\$	15.9
Percent Increase		18.5%

Attachment A.3: Texas State Technical Colleges Projected Funding Level Recommendation

Texas State Technical College System Formula Funding Level Recommendation 2024-2025		
Total Formula Funding (in millions)		
2022-2023		
Instruction and Administration	\$	147.9
Space Support	\$	15.9
Small Institution Supplement	\$	7.9
Total, Formula Funding	\$	171.7
Sum Certain Amount Provided for Dual Credit	\$	2.2
Total, Formula Funding plus Dual Credit	\$	173.9
2024-2025		
Instruction and Administration	\$	159.5
Space Support	\$	17.3
Small Institution Supplement	\$	8.4
Total 2024-2025 Formula Funding Recommendation	\$	185.3
Dual Credit	\$	1.6
Total, Formula Funding plus Dual Credit	\$	186.9
Recommended Increase	\$	13.0
Percent Increase		7.6%

Instruction and Administration (in millions)		
2022-2023 Appropriations		
Returned Value (2014-2015 Cohort)	\$	389.5
Returned Value Percent Funded		35.9%
General Revenue	\$	139.8
General Revenue Dedicated	\$	8.1
Total	\$	147.9
2024-2025 Appropriations		
Returned Value for the 2024-2025 biennium (Estimated)*	\$	421.8
Returned Value Percent Funded 2022-2023 Biennium		35.9%
General Revenue	\$	151.4
General Revenue Dedicated	\$	8.1
2024-2025 Recommendation with Inflation, Growth, Increases, and Statutory Tuition (Returned Value x Recommended Ratio)		
	\$	159.5
Recommended Increase	\$	11.6
Percent Increase		7.8%

*Includes students earning approved continuing education at TSTCs in the Returned Value calculation.

Space Support (in millions)		
2022-2023 Total Appropriated Rate	\$	5.47
Inflation		6.8%
2024-2025 Recommended Total Funding Rate (with inflation)	\$	5.84
Growth		
2022-2023 Predicted Square Feet		1,333,952
Anticipated Growth Rate		2.4%
2024-2025 Projected Predicted Square Feet		1,365,547
2024-2025 Utility Adjustment	\$	1.39
2022-2023 Utility Adjustment	\$	1.27
2022-2023 Appropriation	\$	15.9
2024-2025 Recommendation with Inflation and Growth	\$	17.3
Recommended Increase	\$	1.48
Percent Increase		9.3%

Small Institution Supplement (in millions)		
2022-2023 Small Institution Supplement	\$	7.9
Inflation		6.8%
2024-2025 Recommendation	\$	8.4
Recommended Increase	\$	0.54
Percent Increase		6.8%

Dual Credit Contact Hours (in millions)		
2022-2023 Dual Credit Contact Hours		191,936
2024-2025 Contact Hours		169,940
Original Sum Certain Dual Credit Funding	\$	2.2
2019 % Change		-21.8%
Reduction Impact of 2019 % Change	\$	(0.5)
Adjusted Formula	\$	1.7
Adjusted 2022-2023 Dual Credit Contact Hour Rate (Bien.)	\$	8.96
Inflation		6.8%
2024-2025 Dual Credit Contact Hour Rate (Bien.)	\$	9.57
2022-2023 Appropriations		
Sum Certain Amount Provided for Dual Credit	\$	2.2
2024-2025 Recommendation	\$	1.6
Recommended Increase	\$	(0.6)
Percent Increase		-26.1%

**Dual credit rate determined from sum certain amount provided for 2022-2023 dual credit funding.

Attachment A.5: Supplemental Information for Charge Five

A. CE Eligible for Funding

A.1. Workforce Continuing Education Contact Hour Funding – Eligible

To be approved for state contact hour funding, workforce continuing education courses must be designed to respond to identified workforce needs by providing the following:

- preparatory education in occupations addressed in credit workforce education programs;
- occupations that require less than an associate degree for which there is a documented demand within the Texas economy; or
- education to enhance or extend the skills of employees already working in a particular field.

A.2 Workforce Continuing Education Certificate Funding – Eligible

Level-1 certificates with 360-779 contact hours in a program based on workforce demand.

- Examples of Level 1 certificates include: Basic Firefighter, Desktop Support Networking Specialist, and Welding Technology

A.3 Workforce Continuing Education Success Point Funding

Student receives from the institution an Associate's degree, a Bachelor's degree, or a certificate recognized for this purpose by the Coordinating Board

- Non-critical field: 1.2 or to a different point value as recommended by Charge 1.
- Critical Field: 3.25

B. CE Ineligible for Funding

B.1 Workforce Continuing Education Contact Hour Funding – Ineligible

Courses that are primarily intended to develop basic skills, such as Adult Basic Education, GED preparation, and TSI preparation, are not eligible for state funding under this category. Developmental education courses, including English as a Second Language, are not eligible for state contact hour funding through continuing education.

B.2 Workforce Continuing Education Certificate Funding – Ineligible

Occupational Skills Award (OSA) that may be a credit program of 9-14 SCH or a workforce continuing education program of 144-359 contact hours. These awards meet the minimum standard for program length specified in the federal *Workforce Innovation and Opportunity Act (WIOA)* but are too short to qualify as certificate programs on the Coordinating Board program inventory.

- Institutions participating in the WIOA program are not required to report OSAs on the CBM00M.

- Examples of ineligible OSA certificates include: Cisco Certified Network Associate, Commercial Truck Driver, Comprehensive Medical Coding Systems, EKG Technician, EMT-Basic, IT-Cybersecurity, Phlebotomy Technician, Telemetry Technician
- Other examples of ineligible Certificates: institutional credentials responding to employer demands

C. Illustrative Fiscal Impact of Recommendations

- Data and estimate methodology provided by THECB staff, Nov. 10, 2021.

Workforce Continuing Education: 2024-2025 Success Point Estimate for Community Colleges Including OSAs and WCE Contact Hours in Achievement and Attainment Success Point Metrics¹

DRAFT - For Illustrative Purposes

	Critical Field Occupational Skills Awards (OSAs) ²	Field Occupational Skills Awards	15 SCH Attainment ³	30 SCH Attainment ³	Biennial Funding Increase	Percentage Change
Unweighted points	2,601	3,035	11,899	5,295		
Weights ⁴	3.25	1.2	1.0	1.5		
Weighted points	8,454	3,642	11,899	7,943		
Funding increase (millions)	\$ 2.1	\$ 0.9	\$ 2.9	\$ 2.0	\$ 7.9	2.52%

Biennial Success Point funding 2022-2023	\$ 314,796,135
Annual Success Point funding 2022-2023	\$ 157,398,068
Success Point Rate 2022-2023	\$ 247.91

¹ Calculated at 2022-2023 Success Point Rate of \$247.91 per point.

² Based on three-year average of OSAs (2018-2020).

³ Based on 2020 Workforce Continuing Education contact hours. In practice, data would be based on a 3-year average.

⁴ Assumes current weights (3.25 points for critical OSAs, 1.2 points for non-critical OSAs, and existing weights for 15 and 30 SCH).

Attachment A.6: Community and Technical Colleges Formula Advisory Committee for the FY 2024-2025 Biennium

Name	Institution	Contacts
Mr. Texas D. Buckhaults (2022) President and CEO	Clarendon College 1122 College Drive Clarendon, Texas 79226	Tex.Buckhaults@clarendoncollege.edu (806) 874-3571
Mr. Richard Cervantes (2022) Vice President for Business & Finance	Blinn College 902 College Avenue Brenham, TX 77833	richard.cervantes@blinn.edu (979) 830-4123
Ms. Teri Crawford (2022) Vice Chancellor, External Relations	San Jacinto College District 4624 Fairmont Pkwy Pasadena, TX 77504	teri.crawford@sjcd.edu (281)998-6151
Ms. Mary Elizondo (2024) Vice President for Finance and Administrative Services	South Texas College 3201 West Pecan Pecan Campus – X224 McAllen, TX 78501	marye@southtexascollege.edu 956-872-3559
Mr. Raul Garcia (2026) Vice President and Chief Financial Officer	Del Mar College 101 Baldwin Blvd. Corpus Christi, TX 787404	raulgarcia@delmar.edu (361) 698-1258
Mr. Jonathan Hoekstra (2026) Vice Chancellor and Chief Financial Officer	Texas State Technical College, 3801 Campus Drive, Waco, TX 76705	jahoekstra@tstc.edu (254) 867-4892
Mr. Patrick Lee (2022) Dean of Academic Success and Associate Professor of Mathematics	Alamo Colleges 2222 North Alamo Street San Antonio, TX 78215	plee18@alamo.edu (210) 486-3915
Dr. Cesar Maldonado (2022) Chancellor	Houston Community College, 3100 Main Street Houston TX 77002	cesar.maldonado@hccs.edu (713) 718-5059
Dr. Jesús Rodríguez (2026) President	Texas Southmost College 80 Fort Brown Brownsville, TX 78520	jroberto.rodriguez@tsc.edu (956) 295-3399
Dr. Brent Wallace (2024) Chancellor	North Central Texas College, 1525 West California Street, Gainesville, TX 76240	bwallace@nctc.edu (940) 668-4230
Mary Wickland (2026) Vice President for Finance and Operations	Lamar State College Orange, 410 Front Street Orange, TX 77630	Mary.Wickland@lsco.edu (409) 882-3372
Mr. Jim Yeonopolus (2022) Chancellor	Central Texas College 6200 West Central Texas Expressway Killeen, TX 76549	JYeonopolus@ctcd.edu (254) 526-1214

*The year listed after the name is the term expiration.

Attachment A.7: Meeting Notes

Meeting of the Community and Technical Colleges Formula Advisory Committee Tuesday, August 24 9:00 a.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Raul Garcia, Mr. Jonathan Hoekstra, Mr. Patrick Lee, Dr. Cesar Maldonado, Dr. Jesús Roberto Rodriguez, Ms. Mary Wickland, Mr. Jim Yeonopolus
THECB Staff: Ms. Marie Burks, Ms. Emily Cormier

Minutes:

1. The meeting was called to order at 9:07 a.m.
2. Mr. Jim Yeonopolus nominated Dr. Brent Wallace for chair; Mr. Richard Cervantes seconded, committee approval by acclamation; there were no member objections to Dr. Brent Wallace as committee chair.
3. Mr. Richard Cervantes nominated Mr. Raul Garcia for Vice Chair; Ms. Mary Elizondo seconded, committee approval by acclamation; there were no member objections to Mr. Raul Garcia as vice chair.
4. Ms. Burks provided a brief overview of the funding formulas.
5. The chair reviewed the Commissioner's 2024-2025 biennium charges and asked committee members to indicate their preference for working on the charges. Workgroups and members were determined as follows:

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))

Workgroup: Richard Cervantes (lead), Tex Buckhaults, Teri Crawford, Mary Elizondo, and Mary Wickland

Charge 2: Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))

Workgroup: Mary Wickland (lead), Raul Garcia, Jonathan Hoekstra, and Patrick Lee

Charge 3: 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, SB 1, 87th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)

Workgroup: Jonathan Hoekstra (lead), Tex Buckhaults, Teri Crawford, and Mary Wickland

Charge 4: Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)

24. Designation of Critical Field Degrees and Certificates.

...

Community and Technical Colleges Formula Advisory Committee shall institute a formal process to designate and remove critical fields for the purposes of Rider 18 in a transparent, predictable manner based on emerging data and trends. The committee shall apply a formal methodology to the most recent, reasonably available, reliable data to approve two sets of fields for recommendation to the Higher Education Coordinating Board: one recommended for addition to the critical fields list, and one recommended for removal from the critical fields list.

Workgroup: Jesús Roberto Rodriguez (lead), Richard Cervantes, Cesar Maldonado, Jim Yeonopolus, and Brent Wallace

Charge 5: Study and make recommendations on the inclusion of qualified non-credit workforce continuing education courses in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th Texas Legislature, Regular Session, 2021)

Workgroup: Cesar Maldonado (lead), Teri Crawford, Raul Garcia, Jonathan Hoekstra, Jesús Roberto Rodriguez, and Mary Wickland

6. The chair asked the committee if the future meeting dates and times distributed with the agenda were acceptable to the committee. Due to conflicts with the proposed dates,

members suggested alternatives. The committee agreed to hold virtual meetings. The revised meeting dates are:

- Meeting 2: Wednesday, September 22, 2021, 2:00 p.m.
 - Meeting 3: Wednesday, October 27, 2021, 2:00 p.m.
 - Meeting 4: Wednesday, November 17, 2021, 2:00 p.m.
 - Meeting 5: Wednesday, December 8, 2021, 2:00 p.m.
 - Meeting 6 (if needed): Wednesday, January 5, 2022, 2:00 p.m.
7. The chair called for a motion to adjourn. Dr. Jesús Roberto Rodriguez motioned for adjournment, Mr. Jim Yeonopolus seconded, and the meeting was adjourned at 10:12 a.m. The committee will next convene on September 22, 2021 at 2 p.m.

Meeting of the Community and Technical Colleges Formula Advisory Committee
Wednesday, September 22, 2021
2:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual-9-22-2021/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Raul Garcia, Mr. Patrick Lee, Dr. Brent Wallace, Ms. Mary Wickland, Mr. Jim Yeonopolus

Absent: Mr. Jonathan Hoekstra, Dr. Cesar Maldonado, Dr. Jesús Rodriguez

THECB Staff: Ms. Marie Burks, Ms. Emily Cormier

Minutes:

The meeting was called to order at 2:00 p.m.

1. The chair asked if there were any corrections to the minutes of the August 24, 2021, meeting. Mr. Jim Yeonopolus motioned, Mr. Richard Cervantes 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))
 - a. Mr. Cervantes provided an update on the workgroup's progress. A preliminary meeting of the workgroup was held September 14th, during which the committee reviewed projections for contact hour, core, and student success funding for the 2024-2025 biennium. There were no recommendations at the time of the committee meeting.
3. Discussion of Charge 2 - Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))
 - a. Ms. Wickland provided an update of the workgroup's progress. The workgroup is considering recommendations for funding based on growth and inflation and may provide further details at the next committee meeting. There were no recommendations at the time of the committee meeting.
4. Discussion of Charge 3 - 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, SB 1, 87th Texas Legislature, Special

Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)

- a. Mr. Buckhaults, Ms. Burks, and Ms. Crawford provided an update on the workgroup's progress, which included a preliminary meeting to review the returned value funding formula. Committee members discussed the challenges associated with the timeline for receiving returned value funding based on five years of cohort data. There were no recommendations at the time of the committee meeting.
5. Discussion of Charge 4 - Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)
 - a. Dr. Wallace provided an update on behalf of workgroup lead, Dr. Rodriguez. Mr. Yeonopolus discussed the role of regional training centers for statewide employment opportunities. Mr. Garcia proposed the possible consideration of rewarding portability in critical fields. Ms. Crawford emphasized the importance selecting the right metrics in a data-driven methodology. For example, considering the number of opportunities in a field is important in identifying a critical field, not just starting salary. There were no recommendations at the time of the committee meeting.
6. Discuss of Charge 5 - Study and make recommendations on the inclusion of qualified non-credit workforce continuing education courses in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th Texas Legislature, Regular Session, 2021 and Senate Bill 1102, 87th Texas Legislature, Regular Session, 2021)
 - a. Dr. Wallace provided an update from workgroup lead, Dr. Maldonado. Ms. Crawford requested further information from THECB on the rules governing funding of Workforce Continuing Education in advance of the workgroup's meeting. Dr. Wallace encouraged the group to look at federal financial aid availability as well as age considerations in funding for Workforce Continuing Education. There were no recommendations at the time of the committee meeting.
7. The chair asked for a motion to adjourn, Mr. Jim Yeonopolus motioned, Mr. Tex Buckhaults seconded, committee approved by acclamation. The committee adjourned at 2:30 p.m. and will next convene on October 27, 2021, at 2:00 p.m.

Meeting of the Community and Technical Colleges Formula Advisory Committee
Wednesday, October 27, 2021
2:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual-10-27-2021/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Mr. Raul Garcia, Mr. Jonathan Hoekstra, Dr. Cesar Maldonado, Dr. Jesús Rodriguez, Dr. Brent Wallace, Ms. Mary Wickland, Mr. Jim Yeonopolus

Absent: Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Patrick Lee

THECB Staff: Ms. Marie Burks, Ms. Emily Cormier

Minutes:

The meeting was called to order at 2:00 p.m.

1. The chair asked if there were any corrections to the minutes of the September 22, 2021, meeting. Mr. Jim Yeonopolus motioned, Mr. Texas Buckhaults seconded, committee approval by acclamation.
2. Discussion of Charge One - Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b))
 - a. Mr. Cervantes provided an update on the workgroup's progress. A meeting of the workgroup was held October 18th, during which the committee reviewed updated projections for contact hour, core, and student success funding for the 2024-2025 biennium. For core funding, the group recommends an increase of \$32 million as was recommended by the 2022-2023 Formula Advisory Committee for security, high school bridge programs, co-requisite programs, post-covid technology costs, and unfunded mandates. For contact hour, BAT, and success point funding, the workgroup recommends using the Higher Education Price Index (HEPI) for inflation. This index and the decline in contact hours results in a preliminary recommendation to increase contact hour funding by 3.3%. Success point funding recommendations include increasing the rate to \$264.78 per point, including additional success points for academically and economically disadvantaged and dual credit achievement, and restoring the non-critical awards achievement (a degree, a certificate, or core curriculum completer) weighting to 2.0 points from 1.2 points. These changes result

in a 28.8% increase in success point funding. Growth and inflation applied to BAT results in a recommendation to increase this funding 23.8%.

The committee agreed to wait and finalize charge one recommendations once the remaining workgroups have provided recommendations.

3. Discussion of Charge Two - Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))
 - a. Ms. Wickland provided an update of the workgroup's progress. The Lamar State Colleges received additional appropriated funds over the last two biennia to allow the institution to reduce tuition to be competitive with community colleges. The workgroup is considering this additional funding and the enrollment impact from COVID-19 in any recommendations. The shutdown of courses provided in prisons has impacted the college's contact hours significantly. The workgroup expects to have a recommendation at the November or December meeting.
4. Discussion of Charge Three - 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, SB 1, 87th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)
 - a. The charge three workgroup met October 20th and reviewed the returned value estimate and funding projections. The group is looking more closely at space support, dual credit, and continuing education funding for the TSTCs. The HEPI inflation index is being applied to this sector. The workgroup expects to have recommendations at the November or December meeting.
5. Discussion of Charge Four - Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)
 - a. Dr. Rodriguez met with workgroup members, and they agreed that the framework recommended by the 2022-2023 Formula Advisory Committee is a good basis for their work. The workgroup is now focusing on applying a regional lens to identify

critical fields. Dr. Rodriguez is working with TACC to gather data to compare regional and statewide trends. There were no recommendations at the time of the committee meeting.

6. Discuss of Charge Five - Study and make recommendations on the inclusion of qualified non-credit workforce continuing education courses in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th Texas Legislature, Regular Session, 2021 and Senate Bill 1102, 87th Texas Legislature, Regular Session, 2021)
 - a. Dr. Maldonado provided an update from the workgroup and indicated the recommendations will likely impact charge one and the success point appropriation amounts. There were no recommendations at the time of the committee meeting.
7. The chair asked workgroups to send draft recommendations to Ms. Burks prior to the next meeting, if possible.
8. Dr. Wallace asked for a motion to adjourn, Mr. Cervantes motioned, Dr. Maldonado seconded, committee approved by acclamation. The committee adjourned at 3:03 p.m. and will next convene on November 17, 2021, at 2:00 p.m.

Meeting of the Community and Technical Colleges Formula Advisory Committee
Wednesday, November 17, 2021
2:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual-11-17-2021/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Raul Garcia, Mr. Jonathan Hoekstra, Mr. Patrick Lee, Dr. Jesús Rodriguez, Dr. Brent Wallace, Ms. Mary Wickland

Absent: Dr. Cesar Maldonado, Mr. Jim Yeonopolus

THECB Staff: Ms. Marie Burks, Ms. Emily Cormier

Texas Association of Community Colleges (TACC) Staff: Mr. Chris Fernandez

Minutes:

The meeting was called to order at 2:00 p.m.

1. The chair asked if there were any corrections to the minutes of the October 27, 2021, meeting. Mr. Richard Cervantes recommended adding a clarification to the notes for charge one, specifically to add "(a degree, a certificate, or core curriculum completer)" after non-critical awards. Mr. Richard Cervantes motioned, Dr. Jesus Rodriguez seconded, committee approved by acclamation.
2. Discussion of Charge One - Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b))
 - a. Mr. Cervantes reported that there are no further updates. The committee agreed to wait and finalize charge one recommendations once the remaining workgroups have provided recommendations.
3. Discussion of Charge Two - Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))
 - a. Ms. Wickland briefed the committee on the workgroup funding recommendations for the Lamar State Colleges. She noted that the projections upon which recommendations are based reflect the Higher Education Price Index for inflation

and include an adjustment for prison contact hours missing from 2020 reports due to closure during the COVID-19 pandemic.

- b. Ms. Wickland presented a motion to adopt the recommendations. Mr. Buckhaults seconded. The committee approved the recommendations by vote. All members present voted ay (Mr. Buckhaults, Mr. Cervantes, Ms. Crawford, Ms. Elizondo, Mr. Garcia, Mr. Hoekstra, Mr. Lee, Dr. Rodriguez, Ms. Wickland, Dr. Wallace.
4. Discussion of Charge Three - 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, SB 1, 87th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)
 - a. Mr. Hoekstra briefed the committee on the workgroup funding recommendations for the Texas State Technical Colleges, noting the inclusion of workforce continuing education in the returned value formula as a refinement and adjustments to the dual credit formula.
 - b. Mr. Hoekstra presented a motion to adopt the recommendations and Ms. Crawford seconded. The committee approved the recommendations by vote. The following members voted ay: Mr. Buckhaults, Mr. Cervantes, Ms. Crawford, Ms. Elizondo, Mr. Garcia, Mr. Hoekstra, Mr. Lee, Ms. Wickland, Dr. Wallace. Dr. Rodriguez abstained.
5. Discussion of Charge Four - Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)
 - a. Dr. Rodriguez provided an update on the progress of the workgroup. Mr. Chris Fernandez from TACC presented a data analysis of top occupations at the state and regional level to inform critical fields. Recommendations will be provided at a future committee meeting.
6. Discussion of Charge Five - Study and make recommendations on the inclusion of qualified non-credit workforce continuing education courses in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th

Texas Legislature, Regular Session, 2021 and Senate Bill 1102, 87th Texas Legislature, Regular Session, 2021)

- a. Ms. Crawford briefed the committee on the workgroup funding recommendations for charge five and the inclusion of qualified non-credit workforce continuing education courses in success point measures. Of note, including Occupational Skills Awards and workforce continuing education hours in attainment metrics is included in the recommendations.
 - b. Ms. Crawford presented a motion to adopt the recommendations and Dr. Rodriguez seconded. The committee approved the recommendations by vote. The following members voted ay: Mr. Buckhaults, Mr. Cervantes, Ms. Crawford, Ms. Elizondo, Mr. Garcia, Mr. Hoekstra, Mr. Lee, Dr. Wallace, and Dr. Rodriguez.
7. The chair suggested adding a committee meeting on December 15, 2021 and the committee agreed.
8. Dr. Wallace asked for a motion to adjourn, Dr. Rodriguez motioned, Ms. Crawford seconded, and committee approved by acclamation. The committee adjourned at 3:08 p.m. and will next convene on November December 8, 2021, at 2:00 p.m.

Meeting of the Community and Technical Colleges Formula Advisory Committee
Wednesday, December 8, 2021
2:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual-12-8-2021/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Raul Garcia, Mr. Jonathan Hoekstra, Mr. Patrick Lee, Dr. Cesar Maldonado, Dr. Jesús Rodríguez, Dr. Brent Wallace, Ms. Mary Wickland, Mr. Jim Yeonopolus

THECB Staff: Ms. Marie Burks, Ms. Emily Cormier, Ms. Chelsea Moore

Minutes:

The meeting was called to order at 2:00 p.m.

1. The chair asked if there were any corrections to the minutes of the November 17, 2021, meeting. Mr. Jim Yeonopolus motioned to accept the minutes, Mr. Richard Cervantes seconded, and the committee approved by acclamation.
2. Discussion of Charge Four - Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)
 - a. Dr. Rodríguez provided an update on the charge four recommendations, including a recommendation to rename critical fields to targeted fields. Ms. Chelsea Moore from THECB described the methodology used to develop the recommended statewide and regional targeted fields list:
 - i. Employment projections from TWC are used to develop the statewide and regional targeted occupations list. Data are utilized at the Workforce Development Area (WDA) level and are limited to occupations that require some college no degree, postsecondary non-degree award, or associate's degree. Data are then aggregated from the 28 WDAs into the ten higher education regions. Occupations are ranked based on highest absolute employment change expected from 2018-2028 per higher education region,

which produces a list of the top 25 occupations per region. These occupations are connected to programs using the SOC to CIP crosswalk produced by the Department of Education. If an occupation appears in at least seven of the ten regions' top 25 lists and has a mean wage higher than the state's median wage, it is included in the statewide list. If an occupation appears on a region's top five list and is higher than the state median, it is included on the list.

- ii. The committee will review the written recommendations in preparation for the meeting on December 15.
 1. Dr. Maldonado is unable to attend the meeting on the 15th and indicated his general agreement with the recommended process.
 2. Ms. Crawford had a question regarding the multiple listings of a single occupation in the list. These lists will be collapsed in the written recommendation. Multiple listings of a single occupation appear due to multiple CIPs being associated with one occupation.
3. Discussion of Charge One - Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b))
 - a. Mr. Cervantes provided an update on the charge. The committee agreed on the need to view updated projections before voting on the recommendations at the next meeting.
4. Discussion of Charge Two - Study and make recommendations for the appropriate funding levels for the operations support and space support formulas for the state colleges. (TEC, Section 61.059 (b))
 - a. Recommendations were adopted in a prior meeting. No updates.
5. Discussion of Charge Three - 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, SB 1, 87th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 11, page III-231)
 - a. Recommendations were adopted in a prior meeting. No updates.
6. Discussion of Charge Five - Study and make recommendations on the inclusion of qualified non-credit workforce continuing education courses in student success point measures,

implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels. (Senate Bill 959, 87th Texas Legislature, Regular Session, 2021 and Senate Bill 1102, 87th Texas Legislature, Regular Session, 2021)

- a. Recommendations were adopted in a prior meeting. No updates.

Dr. Wallace asked for a motion to adjourn and Dr. Rodriguez motioned. The committee adjourned at 2:40 p.m. and will next convene on December 15, 2021, at 2:00 p.m.

Meeting of the Community and Technical Colleges Formula Advisory Committee
Wednesday, December 15, 2021
2:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/community-and-technical-colleges-formula-advisory-committee-virtual-12-15-2021/>.

Attendees: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Raul Garcia, Mr. Jonathan Hoekstra, Mr. Patrick Lee, Dr. Jesús Rodriguez, Dr. Brent Wallace, Ms. Mary Wickland, Mr. Jim Yeonopolus

Absent: Dr. Cesar Maldonado

THECB Staff: Ms. Marie Burks, Ms. Emily Cormier

Minutes:

The meeting was called to order at 2:00 p.m.

1. The chair asked if there were any corrections to the minutes of the December 8, 2021, meeting. Ms. Teri Crawford motioned to accept the minutes, Mr. Richard Cervantes seconded, and the committee approved by acclamation.
2. Discussion of Charge Four - Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. (General Appropriations Act, SB 1, 87th Texas Legislature, Public Community/Junior Colleges, Rider 24, page III-217)
 - a. Dr. Rodriguez presented a motion to adopt the recommendations as provided to the committee. Mr. Cervantes seconded. The committee approved the recommendations by vote. The following members voted ay: Mr. Buckhaults, Mr. Cervantes, Ms. Crawford, Ms. Elizondo, Mr. Garcia, Mr. Hoekstra, Mr. Lee, Dr. Rodriguez, Dr. Wallace, Ms. Mary Wickland, and Mr. Yeonopolus.
3. Discussion of Charge One - Study and make recommendations for the appropriate funding levels for the contact hour, core, and the student success funding. (TEC, Section 61.059 (b))

- a. Mr. Cervantes presented the updated recommendations and motioned for adoption by the committee. Mr. Yeonopolous seconded. The committee approved the recommendations by vote. The following members voted ay: Mr. Buckhaults, Mr. Cervantes, Ms. Crawford, Ms. Elizondo, Mr. Garcia, Mr. Hoekstra, Mr. Lee, Dr. Rodriguez, Dr. Wallace, Ms. Mary Wickland, and Mr. Yeonopolus.
4. The committee discussed the process for finalizing the written recommendations to the Commissioner via email.
5. The committee was advised to provide any direct costs related to their service to the Coordinating Board for reporting.
6. The committee agreed to cancel the January meeting.

Dr. Wallace asked for a motion to adjourn and Dr. Rodriguez motioned. The committee adjourned at 2:25 p.m.

Appendix B: General Academic Institutions Formula Advisory Committee

Report on Commissioner's Charges for FY 2024-25 Biennial Appropriations

The General Academic Institutions Formula Advisory Committee (GAIFAC), organized in August 2021, met to address the charges identified by the Commissioner relating to formula funding for the FY 2024-2025 biennium. The GAIFAC met on the following days: August 25, September 22, October 27, and December 7.

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:

Formula Funding provided by the State is key to the core operations for all public universities to ensure a quality education is provided at an affordable price. Recognizing that importance, the GAIFAC is recommending continued support of higher education with an adjustment to the funding rates for the 2024-2025 biennium to reflect enrollment growth and inflation.

Maintaining strong state support is vital in order for the Texas Legislature to support and maintain a robust economy and reach the goals of *60X30TX*, the state plan for Texas Higher Education. As the number of economically disadvantaged and first-generation college students continue to increase and comprise a greater portion of the student population, Institutions will see increasing costs in order to retain and timely graduate these future cohorts of students and meet the state's educational and workforce goals.

The GAIFAC recommends the Legislature fund enrollment growth and inflation for the 2024-2025 biennium. Using an enrollment growth rate of 1.7%, an estimated annual inflationary rate based on HEPI (projected at 2.7%) and a projected increase of 2.7% in predicted square feet, recommended formula funding for the 2024-2025 biennium would be \$5,686 million; this represents an increase of \$455 million (8.7%). Regarding each portion of the formula:

- Fund the Operations Support formula and Teaching Experience Supplement at a rate of \$59.45 per WSCH for the 2024-2025 biennium.
 - This rate would fund the Operations Support formula and Teaching Experience Supplement at approximately \$4,787.1 million, an increase of \$380.2 million or 8.6%;
 - The recommended rate would increase \$3.79 per WSCH to account for inflation, compared to the \$55.66 rate funded for the 2022-2023 biennium;
 - The overall funding level assumes a 1.7% increase for growth in WSCH between the 2020 and 2022 base years using the recommended rate of \$59.45 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 2020, 2021 and 2022.

- Fund the Space Support formula at an average adjusted rate of \$5.84 per predicted square foot for the 2024-2025 biennium.
 - This rate would fund the Space Support formula at \$867.1 million, an increase of \$74 million;
 - The recommended rate would increase \$0.37 per predicted square foot to account for inflation,
 - The rate assumes a 2.7% increase for growth in predicted square feet between fall 2020 and 2022;
 - Split the recommended space support rate between “utilities” and “operations and maintenance” components using FY 2022 utility rates, update the utility rate adjustment factors using the FY 2022 utilities expenditures, and allocate the space support formula using the fall 2022 space model predicted square feet.
 - The Committee also recommends using the same methodology used for the 2022-2023 biennium, adjusting the Small Institution Supplement each biennium based on Headcount change and inflation, which would increase to \$1,406,171, an increase of \$89,604.

Charge 2:

Study and make recommendations on the inputs to the operations support and space support formula, including, but not limited to, items such as a review of the weights in the expenditure study, tuition estimate methodologies, and online adjustments in the space model.

Recommendation – Weights in the Expenditure Study:

The GAIFAC for the FY 2022-2023 biennial appropriations recommended that a consistent methodology be used for the cost expenditure study with respect to the allocation of Department Operating Expenses (“DOE”). This recommendation was incorporated into the THECB’s instructions indicating that 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 was updated to default to faculty salaries and not SCH.

The current Charge 2 subcommittee requested information, and data was provided by THECB, to show what the relative weights in the expenditure study would have been if 5 years of expenditure data were used in the calculation of the weights, rather than the 3-year average that is currently used. After reviewing the data, the subcommittee agreed that improvements were noted with the prior recommendation regarding DOE and that the current methodology of the 3-year average was still appropriate (see Charge #1 recommendations). No further changes were recommended.

Recommendation – Tuition Estimate Methodologies:

The subcommittee reviewed data provided by LBB, including

- The traditional GAI tuition estimates calculated by LBB, which uses the change in total SCH (both resident and nonresident) from the most recent Fall-to-Fall semesters (e.g.,

from FY20 to FY21 in the latest tuition estimate) to estimate a one-year increase in total gross tuition as part of the larger tuition estimate. This estimated tuition amount is then held flat for gross resident tuition in future years, while the gross nonresident tuition amounts are increased or decreased in future years (e.g., FY 21, FY22, and FY23) based on the most recent nonresident undergraduate tuition rates for Texas residents at public universities in the five most populous states.

- The revised GAI tuition estimates using the Fall-to-Fall SCH increase, broken down by resident and nonresident SCHs, to estimate a one-year increase in gross resident tuition (using Fall to Fall Resident SCH change) and a one-year increase in gross nonresident tuition (using Fall to Fall Nonresident SCH change). Again, this would be from FY20 to FY21 in the latest tuition estimate. Similar to the traditional LBB tuition estimate, this estimated tuition amount is then held flat for gross resident tuition in future years, while the gross nonresident tuition amounts are increased or decreased in future years (e.g., FY 21, FY22, and FY23) based on the most recent nonresident undergraduate tuition rates for Texas residents at public universities in the five most populous states.

After reviewing the data, the subcommittee recommends estimating SCH growth separately for resident tuition and nonresident tuition. This recommended methodology will provide a more nuanced and accurate tuition estimate used in formula funding calculations. The subcommittee further recommends that additional review and discussion would be needed to determine if other changes would be appropriate in the future to continue to improve the accuracy of the tuition estimate.

Recommendation – Online Adjustments in the Space Model:

The GAIFAC for the FY 2022-2023 biennial appropriations recommended the following:

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, but it should also 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.

The subcommittee expressed that the above recommendation and comments are still valid. In a recent study conducted by WICHE (<https://wcet.wiche.edu/initiatives/research/price-cost-distance-ed>), national researchers also noted that there is very limited data on the cost structure of producing online versus traditional courses. In addition, the subcommittee noted that data we have for the past 2 years is an anomaly due to the impacts of COVID-19. The subcommittee is recommending no changes at this time as it is difficult to determine what the online environment will look like going forward and more consistent cost data will be needed before changes can be evaluated.

Charge 3:

Study and make recommendations for the appropriate funding for the Texas Research University Fund, Texas Comprehensive Research Fund, and the Core Research Support Fund.

Recommendation:

In support of a heightened focus on research, development, and innovation as part of Building a Talent Strong Texas, the GAIFAC discussed increased attention on the three existing performance-based research formulas. To achieve this, the GAIFAC recommends continued support of research by an adjustment to the funding rates for the 2024-25 biennium to reflect growth in research expenditures and inflation.

Regarding each of the research formulas:

- Fund the Texas Research University Fund (TRUF), which supports research at the two Research Institutions, at a rate of 10.8% of the 3-year average research expenditures for the 2024-2025 biennium.
 - This rate would fund the TRUF at approximately \$170 million, an increase of \$23 million.

- Fund the Core Research Support Fund (CRS), which supports research at the Emerging Research Institutions, at a rate of 11.1% of the 3-year average restricted and total research expenditures for the 2024-2025 biennium.
 - This rate would fund the CRS at approximately \$142.1 million, an increase of \$25 million.
- Fund the Comprehensive Research Fund (CRF), which supports research at the remaining Universities, at a rate of 17.4% of the 3-year average restricted research expenditures for the 2024-2025 biennium.
 - This rate would fund the CRF at approximately \$15.7 million, an increase of \$1.5 million.

In support of the continued focus on funding rates, the GAIFAC recommend these research funds be presented similar to other GAI formulas by including them in recommendations on “formula funding” levels (see Attachment B.1). Similarly, the committee recommends moving the research formula riders in Special Provisions Relating Only to State Agencies of Higher Education in the GAA (Sec. 56 and Sec. 58(2)) to be included with the Special Provisions riders relating to GAI formula funding (Sec. 26).

Charge 4:

Study and make recommendations on the funding methodology for the Comprehensive Regional Universities under Senate Bill 1295. The study must review the methodology’s allocation of funds and the promotion of student success. (Senate Bill 1295, 87th Texas Legislature, Regular Session, 2021)

Recommendation:

The committee agreed that providing some amount of base funding was important to fund additional fixed costs and that the amount of \$500,000 per biennium as outlined in SB 1295 was appropriate. Future committees should continue to review the base amount after additional experience with this proposal is realized. In addition, the committee was in agreement that without any experience, the allocation of \$1,000 per “at-risk” degree was a fair and equitable method of providing funding to institutions and allocating resources but should be re-evaluated each biennium. The combination of both the base amount and \$1,000 per “at-risk” degree was sufficient to support the cost of providing enhanced student success initiatives over and above what each of the universities are currently doing to keep “at-risk” students in the pipeline and on the path to graduation.

As more universities move to making the SAT/ACT test “optional” for admission, the committee also discussed the need for further study on the definition of an “at-risk” student. The committee agreed that we need to ensure the definition and data used are capturing all of these students.

The full report to fulfill the study requirements for SB 1295 can be found in [Attachment B.2](#).

Charge 5:

Study and discuss considerations for adjusting formula funding to reflect the cost of education related to student characteristics, enrollment changes during the biennium, and any other relevant factors.

Recommendation on Student Characteristics:

The GAIFAC spent significant focus on the feasibility of identifying student characteristics that require additional financial resources for an institution to serve their educational needs and funding structures that could be implemented to provide state support to address those additional costs, (e.g., a Teaching Experience Supplement model). Understanding that as institutions moving away from requiring standardized test (ACT/SAT) results as an admission requirement, the commonly used definition of "At-Risk" will be further narrowed to include the eligibility of a student to receive a grant under the Federal Pell program as the sole criteria. The committee recommends continued study on the most appropriate definition to identify students who are at risk of not successfully completing their academic program.

Future study should include more comprehensive, targeted risk factors that evaluate the likelihood of successful completion in a dynamic way. Assessments may include factors such as a student's specific academic program, progression through degree requirements, and other environmental factors in addition to traditional socio-economic factors.

Recommendation on Enrollment Changes:

The GAIFAC reviewed headcount and weighted semester credit hours (WSCH) data for the past few biennia. The review didn't indicate significant deviations overall between the base period and non-base period. While some institutions did experience more significant enrollment changes during the biennium, the financial impact associated with those enrollment changes can be addressed through the Legislature's existing funding processes, such as Hold Harmless or Non-Formula Support items. The Committee did not feel an alternate mechanism was needed.

Attachment B.1: Projected Funding Level Recommendation

Total Formula Funding (in millions)	
2022-2023 Appropriations	
I&O Formula (with Teaching Experience Supplement)	\$ 4,406.9
Infrastructure Support	\$ 793.1
Small Institution Supplement	\$ 30.2
Texas Research University Fund	\$ 147.1
Core Research Support Fund	\$ 117.1
Comprehensive Research Fund	\$ 14.3
Total	\$ 5,508.7
2024-2025 Recommendations	
I&O Formula (with Teaching Experience Supplement)	\$ 4,787.1
Infrastructure Support	\$ 867.1
Small Institution Supplement	\$ 31.5
Texas Research University Fund	\$ 170.1
Core Research Support Fund	\$ 142.1
Comprehensive Research Fund	\$ 15.7
Total	\$ 6,013.7
Recommended Increase	\$ 504.9
Percent Increase	9.2%

Attachment B.2: General Academic Institutions Formula Advisory Committee Study on Comprehensive Regional University Funding & Student Success Initiative

The sub-committee for the General Academic Institutions Formula Advisory Committee was formed to review the following charge:

Conduct a study and make recommendations on the funding methodology for the Comprehensive Regional Universities under Senate Bill 1295 (87th Legislature, Regular Session).

Sec. 62.184 Study and Report. (a) The coordinating board, in consultation with a representative group of eligible institutions, shall conduct a study on the method of funding provided under Section 62.183 to determine that method's effectiveness in:

- 1. allocating state funds fairly and equitably; and*
- 2. promoting student success at eligible institutions.*

Sub-Committee members included:

1. Dr. Loren Blanchard
President
University of Houston – Downtown
2. Ms. Susan Brown
AVP for Strategic Analysis & Institutional Reporting
The University of Texas Rio Grande Valley
3. Mr. Daniel Harper
Vice Chancellor & CFO
The Texas State University System
4. Dr. James Hurley
President
Tarleton State University
5. Mr. Joseph Duron (Sub-Committee Chair)
Chief Administrative Officer
The Texas A&M University System

Sub-Committee Meetings:

The sub-committee held two remote WebEx meetings:

1. Wednesday, September 15, 2021 at 3 p.m.
2. Monday, October 25, 2021 at 10 a.m.

Sub-Committee Report:

A. Allocating state funds fairly and equitably:

The methodology for allocating funding as outlined in SB 1295 includes:

1. \$500,000 per biennium in base funding; and
2. \$1,000 per "at-risk" degree awarded. An "at-risk" student is defined as:
 - a. a student whose score on the SAT or ACT assessment test is less than the national mean score of students' scores on that test; or
 - b. a student who previously received a grant under the federal Pell Grant program.

As a sub-committee, we agreed that providing some amount of base funding was important to fund additional fixed costs and that the amount of \$500,000 per biennium as outlined in SB 1295 was appropriate. Future committees should continue to review the base amount after additional experience with this proposal is realized. In addition, the sub-committee was in agreement that without any experience the allocation of \$1,000 per "at-risk" degree was a fair and equitable method of providing funding to institutions and allocating resources but should be re-evaluated each biennium. The combination of both the base amount and \$1,000 per "at-risk" degree was sufficient to support the cost of providing enhanced student success initiatives over and above what each of the universities are currently doing to keep our "at-risk" students in the pipeline and on the path to graduation.

As more universities move to making the SAT/ACT test "optional" for admission, the sub-committee also discussed the need for further study on the definition of an "at-risk" student. The sub-committee agreed that we need to ensure the definition and data used are capturing all of these students.

B. Promoting student success:

The ultimate goal of this initiative is to provide state funding to support more of the state's "at-risk" students enrolled at our Comprehensive Regional Universities progress and ultimately graduate. Student success begins at recruitment, followed by, enrollment, persistence, graduation, and subsequent employment. This initiative will help meet the state's workforce needs and enhance the institution's regional economy.

By providing this outcomes-based funding, universities will be able to enhance and expand on the services already provided. These services could include providing access to additional advisors, tutors, financial aid, career counselling, job placement, etc. As a sub-committee, we agreed that to better promote student success, these additional

resources should be used to enhance financial support for these activities and not supplant current funding/service levels.

Other:

In addition to the further study needed on the definition of an “at-risk” student, the sub-committee agreed that this supplemental funding in future bienniums should be appropriated directly to applicable institutions and should be reflected in the General Appropriations Act under Goal A – Instruction/Operations and included as part of the general revenue base limit established by the Legislative Budget Board and Office of the Governor for the 2024-25 Legislative Appropriations Request.

Attachment B.3: General Academic Institutions Formula Advisory Committee for the FY 2024-2025 Biennium

Name	Institution	Contacts
Ms. Bonnie Albright (2024) Associate VP for Finance & Operations	Sul Ross State University P.O. Box C-97 Alpine, Texas, 79832	bonnie.albright@sulross.edu 432-837-8078
Dr. Loren Blanchard (2024) President	University of Houston-Downtown One Main Street, Houston, TX 77002	blanchardl@uhd.edu 713-221-8001
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
Ms. Emily Deardorff (2022) Assistant Vice Chancellor for Government Relations	University of North Texas System (representing the University of North Texas) 208 E 10th St, Ste 630, Austin, TX 78701	emily.deardorff@untsystem.edu 512-936-8200
Mr. Joseph Duron (2026) Chief Administrative Officer	Texas A&M University System (representing Texas A&M University) 301 Tarrow St, College Station, TX 77840	duron@tamus.edu 979-458-6110
Ms. Judi Kruwell (2022) Interim VP for Finance & Administrative Services	Stephen F. Austin State University P.O. Box 6108, SFA Station Nacogdoches, TX 75962	kruwelljf@sfasu.edu 936-468-4541
Mr. Daniel Harper (2024) Vice Chancellor & CFO	Texas State University System (representing Sul Ross State University – Rio Grande College), 601 Colorado St, Austin, TX 78701	daniel.harper@tsus.edu 512-463-6449
Dr. James Hurley (2026) President & CEO	Tarleton State University Box T-0001, Stephenville, TX 76402	hurley@tarleton.edu 254-968-9100
Ms. Veronica Mendez (2022) VP for Business Affairs	The University of Texas at San Antonio 1 UTSA Circle, San Antonio, TX 78249	veronica.mendez@utsa.edu 210-458-4201
Ms. Noel Sloan (2026) Senior VP and CFO	Texas Tech University 2500 Broadway, Lubbock, TX 79409	noel.a.sloan@ttu.edu 806-834-1625
Mr. R. Jason Tomlinson (2024) VP for Finance & Administration	Texas Woman's University P.O. Box 425588, Denton, TX 76204-5588	jtomlinson1@twu.edu 940-898-3505

Attachment B.4: Meeting Notes

Meeting 1 - Wednesday, August 25 | 10:00 a.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/general-academic-institutions-formula-advisory-committee-virtual/>

Attendees

Ms. Bonnie Albright, Dr. Loren Blanchard, Ms. Susan Brown, Mr. John Davidson, Ms. Emily Deardorff, Ms. Judi Kruwell, Mr. Daniel Harper, Dr. James Hurley, Ms. Veronica Mendez, Ms. Noel Sloan, Mr. R. Jason Tomlinson, Ms. Lauri Deviney (listening in for Mr. Joseph Duron)
THECB Staff: Ms. Jennifer Gonzales, Ms. Emily Cormier

Minutes

1. The meeting was called to order at 10:08 a.m.
2. The Convening Chair, Ms. Sloan, opened the floor for nominations. Ms. Deardorff nominated Mr. Harper as Chair and Ms. Sloan as Vice-Chair. Ms. Brown seconded the nominations. All voted unanimously in favor.
3. Ms. Cormier presented an overview of the general academic institution formula funding and research funds (attached at the end of these minutes for reference) and a slide detailing the group's 5 charges.
4. Chair Harper expressed that Charge 1, 3, and 5 were well-suited for full committee discussion. The committee agreed, with comments by both Ms. Brown and Ms. Mendez that Charge 5 may require additional subcommittee work after initial discussions of how to address the charge.
5. Mr. Harper recommended subcommittees for Charge 2 and 4. The members below committed to the following workgroups:
 - Charge 2:** Ms. Sloan (lead), Ms. Deardorff, Ms. Mendez, Mr. Davidson, and Mr. Tomlinson
 - Charge 4:** Mr. Duron (lead), Mr. Harper, Dr. Hurley, Ms. Brown, and Dr. Blanchard
6. Chair Harper asked the committee if there were any conflicts with the proposed future meeting dates and times. No conflicts were mentioned, so the meeting dates will be as follows:
 - Meeting 2: Wednesday, September 22, 2021, 10:00 a.m.
 - Meeting 3: Wednesday, October 27, 2021, 10:00 a.m.
 - Meeting 4: Wednesday, November 17, 2021, 10:00 a.m.

- Meeting 5 (if needed): Wednesday, December 8, 2021, 10:00 a.m.
 - Meeting 6 (if needed): Wednesday, January 5, 2022, 10:00 a.m.
7. The meeting adjourned with a motion by Dr. Blanchard and a second by Ms. Brown with all in favor at 10:46 a.m.

Meeting 2 - Wednesday, September 22, 2021 | 10:00 a.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/general-academic-institutions-formula-advisory-committee-virtual-9-22-2021/>

Attendees

Ms. Bonnie Albright, Dr. Loren Blanchard, Ms. Susan Brown, Mr. John Davidson, Ms. Emily Deardorff, Mr. Joseph Duron, Ms. Judi Kruwell, Mr. Daniel Harper, Ms. Veronica Mendez, Ms. Noel Sloan, Mr. R. Jason Tomlinson, Ms. Lauri Deviney (listening in for Dr. James Hurley)
THECB Staff: Ms. Jennifer Gonzales, Ms. Emily Cormier

Minutes

1. The Chair, Mr. Harper, called the meeting to order at 10:02 a.m. and attendance was taken.
2. The committee reviewed a draft of the minutes from the August 25th meeting. Ms. Brown motioned to approve the minutes, with a second from Ms. Mendez. All voted unanimously in favor.
3. Charge 1 – The committee reviewed the ratio of utility to O&M data over the last several biennium, which shows that the utility percentage has been decreasing. Mr. Duron and Ms. Deviney mentioned that these could have been due to the pandemic (lower utility costs due to less building use and higher O&M cost for return to campus cleaning protocols, etc.). Ms. Cormier and Ms. Gonzales added that THECB is looking into the utility survey responses, has been in contact with the Texas Association of State Senior University & Business Officers (TASSCUBO) regarding instructions, and is providing clarifying instructions in the template to assist in consistent institutional reporting. No changes are currently recommended to the utility to O&M split.
4. Regarding the funding levels, the members agreed that using the newest HEPI rate (2.7%, published in Aug 2021) was appropriate for the projections and that the Small Institution Supplement amount should also account for inflation. The group also considered a suggestion from Ms. Brown that the committee recommend updating the inflation rate to the most recently available rate at the time the initial formula is run.
5. Charge 2 - The Charge 2 workgroup reviewed data using a 5-year average in the Expenditure Study and determined the current methodology of the 3-year average was still appropriate. The group is still reviewing historical tuition estimate data (Attachment A in agenda materials). The group also considered online adjustments in the space model but is not recommending changes because the data we have for the past 2 years is an anomaly due to COVID-19 and it's hard to suggest changes since it's difficult to determine what the online environment will look like going forward. Ms. Sloan also stated the report that the committee submitted during last biennium's GAIFAC meeting is still valid and that there isn't data that suggests online courses cost less to deliver than in-person instruction.

6. Charge 3 – In consideration of the 3 research funds, the committee recommends to fund the growth in applicable research expenditures and fund inflation in the research rates for the 3 funds. Additionally, it was recommended to treat these funds as formula items.
7. Charge 4 – The Charge 4 workgroup reviewed the methodology of SB1295 and recommends keeping the current methodology. Mr. Duron suggested that this funding also be treated as a formula allocation rather than a special item.
8. Charge 5 –Regarding enrollment changes during the biennium, Mr. Harper has requested THECB to run data on weighted semester credit hour changes in the base-period vs Year 1 and Year 2 in the biennium. This approach is looking at whether higher education should have a “settle up” similar to the way public education does. In consideration of formula adjustments based on student characteristics, the discussion moved toward how an at-risk student would be defined. Currently Pell recipient or low ACT/SAT is used, but some institutions are going “test-optional”, so it was discussed whether we have the right metrics to be able to define at-risk. The committee discussed the nuance between students who were at-risk financially versus academically. The committee requested that THECB run data to determine the overlap between those that did not meet the Texas Success Initiative (TSI) standards in any 3 subject areas and those with below national average ACT/SAT. The committee also requested data to look at unduplicated students with below national average ACT/SAT who were not Pell recipients to determine how many students are not captured in the at-risk definition through the use of Pell recipient data.
9. Ms. Sloan (Charge 2) and Mr. Duron (Charge 4 lead) plan to schedule workgroup meetings between now and the next full committee meeting on Wednesday, October 27, 2021, 10:00 a.m.
10. The meeting adjourned with a motion by Ms. Brown and a second by Mr. Duron with all in favor at 11:06 a.m.

Meeting 3 - Wednesday, October 27, 2021 | 10:00 a.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/general-academic-institutions-formula-advisory-committee-virtual-10-27-2021/>

Attendees

Ms. Bonnie Albright, Dr. Loren Blanchard, Ms. Susan Brown, Mr. Trever Simmons (listening for Mr. John Davidson), Ms. Emily Deardorff, Mr. Joseph Duron, Dr. James Hurley, Ms. Judi Kruwell, Mr. Daniel Harper, Ms. Veronica Mendez, Ms. Noel Sloan
THECB Staff: Ms. Jennifer Gonzales, Ms. Emily Cormier

Minutes

1. Mr. Harper, called the meeting to order at 10:05 a.m. and attendance was taken.
2. The committee reviewed a draft of the minutes from the September 22nd meeting. Ms. Brown motioned to approve the minutes, with a second from Ms. Sloan. All voted unanimously in favor.
3. The committee started with review of Charge 5. Mr. Harper invited a guest panel to discuss defining at-risk students. The panel included Tami Rice (Texas State), Daniel Brown (Lamar), and David Troutman (UT System). They discussed the different ways their institutions look at at-risk students and how looking at just Pell and/or just test scores doesn't cover it all. There was an hour-long discussion regarding consideration of a blended index that looks at both student characteristics when they enter (socioeconomic status, race/gender, high school characteristics, tests), but also seeing how students do after they are enrolled (persistence, grades, advancing after development education, etc.). Additional discussion went into what institutions can do in other ways to help students (such as enrollment management to make sure students don't wait a year to retake a course, administrative policy to not keep students from registering for owing parking fees, etc.). There was a lot of discussion about getting more into FADS data to use estimated family contribution or unmet need as factors when defining at-risk students based on socioeconomic status. There was general agreement that this is a very complex subject matter, and everyone would welcome further discussions on the topic. Emily Cormier then presented data on at-risk students to determine the overlap between TSI Status and SAT/ACT scores, and to determine the overlap between Pell recipients and academic preparedness.
4. The committee also explored base year issues by reviewing THECB-provided data on how weighted semester credit hours (WSCHs) changed during year one and year two of the biennium. In consideration of the data, the members supported the need for predictability and stability in two-year funding vs. potentially thinking about ideas to help fast growth institutions who see a lot of changes during the biennium. The committee members planned to review the data further before the November meeting.

5. Charge 1 – Members reviewed the updated projections based on the use of a forecasted HEPI rate, the inclusion of the 3 research funds in the formula, and the application of inflation to the small institution supplement. The changes resulted in a total increase in funding of \$500M (9.2%). The committee reiterated its desire to update the HEPI inflation rate to the most recent value available at the time the committee makes its recommendation to the Commissioner.
6. Charge 2 – Noel Sloan provided an update on the Charge 2 workgroup which met twice in October to review historical tuition estimate data provided by THECB and LBB. The group is recommending that at this point in time, LBB implement a finer approach to their estimates of tuition collection by breaking down the assumption on SCH growth from being all SCHs to separating between resident and nonresident SCH changes. The group also noted that a future committee may want to review data and recommend that LBB consider using the most recent actual tuition collections, rather than an estimate, similar to what is done for the HRIs.
7. Charge 3 – No further discussion (was covered during Charge 1 discussion)
8. Charge 4 – Joseph Duron provided an update on the Charge 4 workgroup which met this week before the full committee. The group reviewed the appropriateness of the base amounts and will recommend keeping the current methodology as laid out in the legislation.
9. Mr. Harper talked about preparation of a draft report that is planned to be sent out to committee member for review before the November 17th meeting.
10. The meeting adjourned with a motion by Dr. Hurley and a second by Ms. Deardorff with all in favor at 11:21 a.m.

Meeting 4 - Tuesday, December 7, 2021 | 3:00 p.m.

Held via video conference. A link to the live broadcast and meeting materials is available at <https://www.highered.texas.gov/apps/events/other-meetings/general-academic-institutions-formula-advisory-committee-virtual-12-7-2021/>

Attendees

Ms. Bonnie Albright, Dr. Loren Blanchard, Ms. Susan Brown, Mr. John Davidson, Ms. Emily Deardorff, Mr. Joseph Duron, Dr. James Hurley, Ms. Judi Kruwell, Mr. Daniel Harper (Chair), Ms. Veronica Mendez, Ms. Noel Sloan, Mr. Tomlinson
THECB Staff: Ms. Jennifer Gonzales, Ms. Emily Cormier

Minutes

1. Mr. Harper, called the meeting to order at 10:04 a.m. and attendance was taken.
2. The committee reviewed a draft of the minutes from the October 27th meeting. Ms. Brown motioned to approve the minutes, with a second from Mr. Duron. All voted unanimously in favor.
3. The committee reviewed the draft report and made minor suggested edits. Ms. Brown made a motion to approve the recommendations in the report for Charge 1 and to authorize the Chair to make technical corrections to the report as needed. Ms. Sloan seconded the motion and all approved.
4. Ms. Deardorff motioned to approve the draft language provided on Charge 2, with a second by Dr. Hurley. The group unanimously approved.
5. During discussion on Charge 3, the group agreed that adding the funding levels projection chart as an appendix to the report would be helpful as a summary to the end user. Ms. Mendez motioned for approval on Charge 3 language, and Dr. Blanchard seconded. All members voted in favor of approval.
6. The committee reviewed the Charge 4 draft regarding student success for comprehensive regional universities. Ms. Brown motioned for approval and Dr. Blanchard seconded. The committee voted unanimously in favor.
7. The group reviewed Charge 5 and indicated that the issue of costs related to educating based on student characteristics is a broader goal that should continue to be examined over a longer-term period. An example of a potential problem is the continued use of SAT/ACT scores as a criteria to determine at-risk student status since more institutions are moving away from use of those scores for admission. Ms. Brown motioned that the report language be modified and that the changes could be emailed out to committee members for approval. Mr. Duron seconded, and all committee members voted in favor.
8. With the committee voting that additional consensus on Charge 5 could be accomplished by email, Mr. Harper cancelled the meeting held for January 5. Ms. Gonzales announced that expense records would be emailed to committee members.
9. The meeting adjourned with a motion by Mr. Duron and a second by Ms. Brown with all in favor at 10:27 a.m.

Appendix C: Health-Related Institutions Formula Advisory Committee

Report on Commissioner's Charges for FY 2024-25 Biennial Appropriations

The Commissioner of the THECB, Dr. Harrison Keller, delivered his charges to the HRI Formula Advisory Committee (HRIFAC) at its first meeting on August 26, 2021 (Attachment A). The HRIFAC held four additional meetings in September, October, November, and December 2021 to consider and discuss the Commissioner's charges.

Executive Summary

The HRIs are the primary producers of the state's healthcare providers. The population of Texas, per the 2020 U.S. Census, experienced the largest population growth among all states at 4 million more people and the third fastest growth rate at 15.9 percent since 2010 – only outpaced by small population centers Utah and Idaho. If it were a state, Harris County, the most populous county in Texas would be the 25th largest state in population and the 12 most populated counties in Texas would all rank in the top 50 of state populations. The state's population is projected to increase to a total of 47.3 million by 2050 per the Texas Demographic Center. 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 expanding 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 not keeping pace with costs.

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

- Texas currently ranks 42nd, down from 41st in 2019, in the U.S. in numbers of active, patient care physicians per 100,000 population. Despite an overall increase of nearly 2,000 (or over 3% more) new patient care physicians into Texas since 2019³, the state ranking went down.
- Texas ranks 47th, unchanged from 2019, in the number of active, patient care, primary care physicians per 100,000 population. Again, despite over 600 (or nearly 3%) more primary care physicians added to the state since 2019, Texas' comparative U.S. ranking remains very low.¹
- The shortage of physicians in Texas is projected to increase by 66 percent from 6,218 full-time equivalents (FTEs) in 2020 to 10,330 in 2032. The specialties projected to have the most significant shortages by FTE deficit include general

³ Association of American Medical Colleges (AAMC) (2021) *State Physician Workforce Data Book*

internal medicine, family medicine, pediatrics, and psychiatry.⁶

- Current projections in medical school enrollment and resident positions by the Texas Higher Education Coordinating Board indicate that the state's graduate medical education system will not create a supply of physicians that can meet projected demand.⁶
- Texas ranks 2nd, unchanged from 2019, overall in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 59.3%.¹
- Texas ranks 5th, down from 4th in 2019, in physicians retained who completed graduate medical education (GME) within the state, at 59.0%.¹
- Texas ranks 3rd, unchanged from 2019, in physicians retained that completed both UME and GME within the state, at 81.1%.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.⁴
- Nearly 85% of the public health workforce in Texas has no formal, professional public health training.⁵
- Texas ranks 31st in the number of dentists per 100,000 population.⁶
- 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 87th Legislature for funding formula driver growth to maintain the formula funding rates equivalent in fiscal years 2022-2023 as compared to fiscal years 2020-2021; however, these rates are still far below the rates in fiscal years 2000-2001. Institutions continue to face the difficult task of maintaining and expanding quality programs to address critical shortages, further exacerbated during the COVID-19 pandemic. Since 2020, HRIs statewide pivoted to meet the traditional tri-partite missions, education, research, and patient care in a vastly different pandemic environment. This shift required enhanced technology,

⁴ U.S. Bureau of Labor Statistics and 2020 U.S. Census Data

⁵ The Future of Public Health in Texas: A Report by the Task Force on the Future of Public Health in Texas

⁶ *Health, United States, 2019*, 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 (May 2020) *Texas Physician Supply and Demand Projections, 2018-2032*

safety protocols and capacity demands, while simultaneously meeting evolving public health needs ranging from serving as testing and vaccination centers, forecasting infection rates and cases to help health systems and businesses plan operations, absorbing COVID-19 case surges and treating the most critically ill infected patients, and conducting research to advance prevention and treatment options in a way that only Health Related Institutions had the capacity and capability to do in most communities.

In the meantime, HRIs continue to contend with the historical challenges and external factors 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. Inflation is a new challenge affecting all of higher education as purchasing power is greatly impacted by supply chain issues and increased prices of goods and services.

Additionally, 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 treated 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. (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)

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 adjust for inflation the per-unit rates and fund the I&O, infrastructure, Graduate Medical Education (GME), and research enhancement formula rates using the U.S. City Average Medical Care Index applied to the Fiscal Year 2019 as base. This is necessary as per-unit rates have remained flat since the FY 2020-21 biennium further eroding purchasing power. It should be noted the proposed inflation adjusted rates would still be below the 2000-01 biennium rates.
- The continuation of Mission Specific Support funding and associated funding limits as defined in Article III, Sections 27.9-27.17 of the General Appropriations Act, SB 1, 87th

Texas Legislature. The committee also recommends the Legislature provide the appropriate performance-driven funding target based on the institution's performance as measured by its mission specific formula incentives.

It is critically important to note that the committee's recommendation applies to all formula funding areas – I&O, infrastructure, research enhancement, and GME, not just to the I&O 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 2024 – 2025 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 is outlined in the following table followed by the estimated funding amounts.

Rates	2020-21 Biennium	2022-23 Biennium	2024-25 Biennium	Change Amount	Percent Change
Instruction and Operations	\$9,622	\$9,622	\$11,142	\$1,520	15.8%
Infrastructure Formula	6.14	6.14	7.11	0.97	15.8%
Research Enhancement	1.18%	1.17%	1.35%	0.18%	15.8%
Graduate Medical Education	\$5,970	\$5,970	\$6,913	\$943	15.8%
Mission Specific	Rates are recommended based on institution's performance against institution specific formula requirements.				

Funding	Est. Unit Growth	2022-23 Biennium	2024-25 Biennium	Change Amount	Percent Change
Instruction and Operations	5.17%	\$ 1,294.9	\$ 1,537.6	\$1,520	15.8%
Infrastructure Formula	9.23%	306.2	387.3	0.97	15.8%
Research Enhancement	17.18%	96.5	117.9	0.18%	15.8%
Mission Specific		891.4	1,083.6		
Graduate Medical Education	2.79%	103.6	123.6	\$943	15.8%
Total		\$ 2,692.6	\$ 3,250.0	\$557.4	20.7%

Despite increases to the drivers of mission specific formulas, no additional funding was provided in FY 2022-23. The 2024-2025 biennium amounts reflected above take into consideration the impact of inflation and program growth.

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 inclusions and/or weights assigned to the current programs.

Charge 4

Study and make recommendations related to formula funding for the new podiatric medicine program.

Recommendation:

The committee recommends the inclusion of podiatric education program into the I&O formula at the medical education weight of 4.753 percent. If the program meets the standards, the small class supplement for podiatric medicine is recommended at the medical education rate of \$30,000 per FTSE. The committee also recommends the inclusion of podiatric medicine residents accredited by the Council on Podiatric Medical Education in the GME formula.

Attachment C.1: Health-Related Institutions Formula Advisory Committee for the FY 2024-2025 Biennium

Name	Institution	Contacts
Ms. Angelica Marin-Hill (2026) 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 (2022) Vice President, Health Policy & 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 (2026) 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 (2024) Vice President and Chief Financial Officer	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. Tomas Guajardo (2026) Associate Vice President, State and System Reporting	The University of Texas M. D. Anderson Cancer Center 1515 Holcombe Blvd., Box 95 Houston, TX 77030	tgguajardo@mdanderson.org (713) 563-2245
Ms. Kris Kavasch (2022) Vice President and Chief Financial Officer	The University of Texas Health Science Center at Tyler 11937 Hwy 271, Tyler, TX 75708	kris.kavasch@uthct.edu (903) 877-7399
Mr. Jeff Burton (2024) 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. Chuck Fox (2026) Vice President for Finance and Planning	University of North Texas Health Science Center 3500 Camp Bowie Blvd. Fort Worth, TX 76107-2644	Chuck.Fox@unthsc.edu (817) 735-5030
Ms. Penny Harkey (2026) 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 (2026) President	Texas Tech University Health Sciences Center-El Paso 5001 El Paso Dr, El Paso, TX 79905	Richard.Lange@ttuhsc.edu (915) 215-4300
Mr. Dwain Morris (2022) Chief Administrative Officer	The University of Texas at Austin Dell Medical School 1912 Speedway, Austin, TX 78712	dwain.morris@austin.utexas.edu (512) 495-5222
Mr. Rick Anderson (2022) Executive Vice President for Finance and Administration	The University of Texas Rio Grande Valley School of Medicine 2102 Treasure Hills Blvd. Harlingen, TX 78550	rick.anderson@utrgv.edu (512) 586-6685
Dr. Paula Myrick Short (2024) Senior Vice Chancellor for Academic Affairs	University of Houston College of Medicine 4302 University Dr., Room 204 S2019, Houston, TX 77204	pmsshort@central.uh.edu (832) 842-0550

Attachment C.2: Health-Related Institutions Charge 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	Percent 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 including the amount converted from non-formula items (formerly known as special items) are shown below:

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	Percent 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.

Attachment C.3: Health-Related Institutions 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.

Attachment C.4: Meeting Minutes

Health-Related Institutions Formula Advisory Committee Meeting 10:00 A.M. Texas Higher Education Coordinating Board August 26, 2021

Minutes

Members:

Jeff Burton – TAMHSC	Present
Michael Tramonte – UTHSCH	Present
Chuck Fox – UNTHSC	Present
Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Kris Kavasch – UTHSCT	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Dwain Morris – UT-Austin Medical School	Present
Rick Anderson – UTRGV School of Medicine	Present
Paula Myrick Short – UH College of Medicine	

Agenda Item: Welcome, introduction & remarks

The meeting was convened virtually via Zoom with introductory remarks from Mr. Ed Buchanan, Manager, Funding Texas Higher Education Coordinating Board (THECB) and Dr. Harrison Keller, THECB Commissioner. Commissioner Keller highlighted initiatives to refresh Texas' 60x30 goals with 4 pillars, 1) broadening scope of 60x30 Texas, 2) educational credentials, 3) multiple public research institutes counted among top 10 in nation, and 4) commitment to equity for all Texans.

Mr. Jeff Burton officially called the meeting to order, and members of the committee introduced themselves.

Agenda Item: Election of a Chair, Vice Chair and Secretary

Mr. Burton requested nominations for the new Chair for the Health-Related Formula Advisory Committee. Mr. Chuck Fox nominated Mr. Michael Tramonte as the Chair. The nomination was seconded by Mr. Tomas Guajardo and Mr. Tramonte was voted as the new Chair.

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

Mr. Tramonte requested nominations for the position of Secretary. Mr. Burton nominated Mr. Fox as the Secretary. The nomination was seconded by Ms. Lauren Sheer and Mr. Fox was voted as the new Secretary.

Agenda Item: Briefing on funding formulas for the Health-Related Institutions

Ms. Emily Cormier, Assistant Commissioner of Funding presented an overview of Health-Related Institutions Formula Funding. Formulas that comprise formula funding were reviewed to include instruction & operations (I&O) formula, infrastructure support formula, research enhancement formula, graduate medical education (GME) formula, and mission specific formulas. Mission specific formulas by HRI were presented.

Ms. Cormier presented formula funding for the 20-21 biennium compared to the 22-23 biennium, noting that the almost \$76 million increase in the mission specific formula was due to four (4) new mission specific formulas added in 22-23, but all \$76 million had been previously given to institutions as non-formula support.

Ms. Cormier reviewed the formula funding recommendation timeline. Ms. Cormier ended with the list of charges given to the committee.

Agenda Item: Presentation of charges to the committee

Mr. Tramonte reviewed the Commissioner's charges to the committee, beginning with charge #2, recommendations for the appropriate I&O formula weights. Ms. Sheer opened the discussion specifically related to the weighting factor of 1.0 for Allied Health for consideration of appropriateness of splitting and providing separate weights for graduate vs. undergraduate funding, with graduate weight being increased higher than 1.0. Mr. Tramonte noted Ms. Sheer's recommendation for the THECB to perform a state-wide analysis of cost impact to split and increase the weight for graduate level Allied Health formula funding and asked for a second. Ms. Ginny Gomez-Leon seconded the recommendation and the committee voted in favor of the recommendation.

Dr. Lange clarified that the THECB analysis should also be delineated by discipline type within Allied Health. Mr. Buchanan informed the committee there are a very long list of disciplines, it would be useful for the committee to identify specific disciplines useful for the analysis. Ms. Gomez-Leon suggested clinical disciplines and Mr. Rick Anderson agreed with a look at clinical disciplines. Ms. Harkey suggested the analysis be performed at all graduate level disciplines. Ms. Angelica Marin Hill agreed with all graduate level disciplines. Mr. Tramonte confirmed that the analysis requested of the THECB is for all graduate level Allied Health disciplines. Mr. Tramonte asked for a second to clarify the analysis asked for from THECB. Ms. Harkey seconded the recommendation. The committee voted in favor for the recommendation.

Mr. Tramonte opened discussion for charge #3 to study and make recommendations for the inclusion and weight of specialty programs in the I&O formula. The committee had no recommendations for any specialty programs for inclusion into the I&O formula.

Mr. Tramonte opened discussion for 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. Mr. Buchanan provided an overview for the methodology used for the metric estimates (growth factors) utilizing a 3 previous biennium base period. I&O formula detailed at discipline level while others are at a more simplistic level.

Mr. Tramonte opened discussion to have the THECB follow the same methodology or if there would be any committee recommendations to alter or recommend new methodologies. Mr. Guajardo stated that the THECB methodologies as derived from the past couple of HRI Formula Advisory Committees has provided consistency and is in favor of the same methodology.

Mr. Buchanan presented growth projections by each formula, the projected FTSE growth for the I&O formula is 5.17%, projected square foot growth for infrastructure is 9.23%, projected research expenditure for the research formula is 16.51%, and projected GME residents for the GME formula is 2.79%.

Mr. Tramonte put the recommendation forward to the committee for the THECB to continue with same methodology for growth metric estimates utilizing the growth factors aforementioned. Ms. Marin Hill seconded the motion. The motion was passed by the committee.

Mr. Buchanan clarified there would be differences due to previous discussions and direction regarding the Allied Health breakout.

Mr. Tramonte reviewed funding rates with the committee. The committee discussed rate targets. Ms. Harkey suggested a different approach to consider, specifically, by looking at CPI/Inflation, suggesting CPI since September 2019. Dr. Lange noted difference in CPI and medical CPI, and that medical CPI is potentially higher than CPI. Ms. Kris Kavasch suggested looking at both CPI and medical CPI. Mr. Burton noted that there is also a higher education price index.

A recommendation from the committee was presented using 2019 as the base year, analyzing growth rates using general CPI, medical CPI, and higher education CPI. Mr. Guajardo seconded the recommendation. The committee voted in favor of the recommendation.

Mr. Tramonte reviewed charge #4, study and make recommendations related to formula funding for the new podiatric medicine program. Mr. Tramonte requested Mr. Anderson to provide background. Mr. Anderson provided background on this new program at UT Rio Grande Valley and suggested a work group to evaluate and make a rate recommendation to the full committee. Mr. Anderson stated Podiatric medicine is very similar in structure to an MD or DO program. Mr. Burton inquired as to size of the program which Mr. Anderson responded with a class of 40 with full size being 160.

Mr. Tramonte put forward the recommendation to create a work group to report back to the HRIFAC a recommendation for a rate based on headcount for the podiatric medicine program. Dr. Lange seconded the motion. The committee voted in favor of the recommendation.

Mr. Tramonte requested Mr. Anderson and accepted Dr. Lange and Ms. Harkey as members of the workgroup. The committee also discussed reaching out to Dr. Paula Myrick Short to inquire in interest to be a member of the work group.

Agenda Item: Discussion of dates and assignments for subsequent meetings

Mr. Tramonte opened discussion for future meeting dates. The committee agreed to the following dates. All meetings are from 10 to 12.

September 16, 2021 (Zoom)
October 12, 2021
November 16, 2021

Agenda Item: Other items of discussion

Mr. Tramonte asked the committee for any other items of discussion. Mr. Anderson noted that he has taken another position outside of Texas and will be leaving the committee. Mr. Anderson will be recommending Mr. Michael Mueller, Vice President for Finance and Operations at UTRGV as a replacement.

Agenda Item: Adjournment

With no further discussion, committee voted to adjourn.

**Health-Related Institutions
Formula Advisory Committee Meeting 10:00 A.M.
Texas Higher Education Coordinating Board
September 16, 2021**

Minutes

Members:

Jeff Burton – TAMHSC	Present
Michael Tramonte – UTHSCH	Present
Chuck Fox – UNTHSC	Present
Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Kris Kavasch – UTHSCT	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Dwain Morris – UT-Austin Medical School	Present
Michael Mueller (Non-Voting) – UTRGV School of Medicine	Present
Paula Myrick Short – UH College of Medicine	Present

Agenda Item: Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order at 10:00am via Zoom and confirmed a forum was present. Mr. Michael Mueller was present on behalf of Mr. Rick Anderson from UTRGV School of Medicine as a non-voting contributing member. Mr. Mueller will replace Mr. Anderson on the committee once approval is obtained from the Texas Higher Education Coordinating Board (THECB). Mr. Dwain Morris and Ms. Paula Short were not present during the call to order but joined the meeting shortly thereafter.

Agenda Item: Consideration and approval of the minutes from August 26, 2021, meeting

Ms. Ginny Gomez-Leon made a motion to approve the minutes, seconded by Mr. Tomas Guajardo and the minutes were approved by full vote of the committee.

Agenda Item: Consideration, discussion, and possible approval of the Commissioner's 2024-2025 charges

Mr. Tramonte opened discussion of the first Commissioner's charge for the study of and make recommendations for the appropriate funding levels for the I&O, infrastructure, research enhancement, GME, and mission specific formulas.

The THECB put forward as recommended by the HRIFAC a comparison of projections based on various CPI indexes. The committee discussed the outcomes of the various CPI indexes and which CPI index was the most appropriate index to recommend for use in the 24-25

projections. The CPI indexes provided by THECB were U.S City Average, Medical Care, TX Regional-DFW area, and Higher Education.

Mr. Ed Buchanan provided clarification of the data materials provided by THECB to the HRIFAC and instructed the committee that forecast numbers are based on the prior three index years. Dr. Rick Lange made a recommendation to have the THECB provide the data utilizing a ten-year average for the indexes back to 2011 and include additionally the Houston metropolitan area index for discussion at the next HRIFAC meeting. Ms. Angelica Marin Hill seconded the recommendation, and the committee approved the recommendation.

Mr. Tramonte opened discussion on the Allied Health weight factors and splitting out the graduate level Allied Health programs to a higher rate while maintaining undergraduate level Allied Health programs at a factor of 1.0. The THECB provided data to the committee that applied a 1.018 weighting factor to all graduate level Allied Health programs in the state as requested by HRIFAC which resulted in additional formula funding overall for FY22/23 to all HRIs with graduate level programs combined of \$1.8M.

Ms. Lauren Sheer put forward to the committee for discussion of whether 1.018 is the appropriate weight and stressed that any recommendation should be for additional new formula funding to fund the change in weight and not a reallocation of existing formula funding. Ms. Gomez-Leon also reiterated that it was unknown at this time if 1.018 is the appropriate rate to put forward as a recommendation. Ms. Penny Harkey discussed the differences among the various Allied Health programs themselves and agreed that without a cost study it is unknown if 1.018 is the appropriate weight factor to recommend.

Mr. Michael Mueller suggested that in order to substantiate a weight factor increase a cost study would support a factor increase recommendation. Upon further discussion by the committee a workgroup was created to further look at costs at HRIs specifically related to graduate level Allied Health programs to appropriately determine if 1.018 is an appropriate weight to recommend based on cost analysis. Ms. Harkey suggested the cost analysis should ascertain the cost differential between undergraduate and graduate level Allied Health programs. Ms. Sheer, Ms. Gomez-Leon, Ms. Harkey, Ms. Marin Hill, Mr. Chuck Fox, Mr. Tomas Guajardo, and representation from THECB agreed to be a member of the workgroup with Ms. Gomez-Leon and Ms. Sheer as co-chairs of the workgroup. Ms. Gomez-Leon made a recommendation to the committee to charge the workgroup to study the differential in costs between undergraduate and graduate level Allied Health programs and whether 1.018 is an appropriate weight to cover that differential. Ms. Sheer seconded the recommendation, and it was approved by the committee. The workgroup is charged with presenting findings at the next HRIFAC meeting.

Mr. Tramonte opened discussion on charge number three which is consideration and discussion and approval of the current I&O programs and whether any specialties need to be assigned any weights. The committee had no discussions regarding charge number three. Dr. Lange made a recommendation to close discussion on charge number three with no change. Mr. Jeff Burton seconded the recommendation, and the committee approved the recommendation.

Mr. Tramonte opened discussion on charge number four, the consideration and discussion of formula funding for the planned Doctor of Podiatric Medicine degree. Mr. Mueller presented an overview of the progress of the podiatric medicine workgroup's progress on a working

document that will outline a recommendation for podiatric medicine funding to be the same as or different than the school of medicine. Mr. Mueller presented a draft of the working document. In addition, the workgroup will be looking at the relation of Doctor of Podiatric Medicine residents and HB2509 which expanded the definition of graduate medical education programs. Mr. Mueller suggested that further analysis will be presented to the HRIFAC in the November meeting. Mr. Tramonte clarified that the costs that are being looked at by the workgroup in the funding recommendations are the on-going mature costs and start-up costs are not part of the study. Mr. Mueller confirmed that is the direction the workgroup is taking. Mr. Tramonte asked the THECB for next meeting to provide any information that they have regarding podiatric residents so the committee could evaluate from a GME standpoint. Ms. Emily Cormier from THECB clarified that formal tracking of podiatric residents has not been done by THECB up until now since there has not been any GME funding associated with podiatric residents, but THECB will start tracking in the fall. THECB agreed to provide data that they have been able to obtain at the next meeting regarding podiatric residents. Ms. Gomez-Leon also suggested that the podiatric medicine workgroup put forth in their recommendations that any formula funding recommendations be new formula funding and not a reallocation of existing formula funding.

Agenda Item: Planning for subsequent meetings

Mr. Tramonte opened discussion for future meeting dates. The committee agreed to the following dates. All meetings are from 10 to 12.

October 12, 2021 (via Zoom)
November 16, 2021

Agenda Item: Other items of discussion

Mr. Guajardo opened discussion about mission specific formula funding, particularly that the mission specific increases have been tied to the average growth of the I&O recommended increases. THECB asked for guidance as to what the growth factors should be for the mission specific formulas. Considering new research mission specific formulas, the committee would ask the THECB to comment on how caps are established. Ms. Cormier commented that the clinically based performance formulas are tied to an I&O cap and the research-based performance formulas are capped by the previous biennium's general revenue appropriations less TRB debt times 5%. Mr. Buchanan asked the committee members with research-based mission specific formulas if they would be comfortable providing individually their own estimates for their respective mission specific performance-based formula growth to the THECB. The committee members agreed to provide the draft data by September 30th with the caveat, year-end financial numbers are still being drafted and there should be an opportunity to update numbers later when numbers are final. No further action was needed by HRIs with clinically based mission specific formulas.

Agenda Item: Adjournment

With no further discussion, Ms. Harkey recommended the committee adjourn. Ms. Gomez-Leon seconded the recommendation, and the committee approved the recommendation.

**Health-Related Institutions
Formula Advisory Committee Meeting 10:00 A.M.
Texas Higher Education Coordinating Board
October 12, 2021**

Minutes

Members:

Jeff Burton – TAMHSC	Present
Michael Tramonte – UTHSCH	Present
Chuck Fox – UNTHSC	Present
Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Kris Kavasch – UTHSCT	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Dwain Morris – UT-Austin Medical School	Present
Michael Mueller (Non-Voting) – UTRGV School of Medicine	Present
Paula Myrick Short – UH College of Medicine	Present

Agenda Item: Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order at 10:00am via Zoom and confirmed a quorum was present. Mr. Ken Kellough was present and represented UT Southwestern as a non-voting attendee for the meeting until Ms. Angelica Marin-Hill joined the meeting a few minutes after roll call. Mr. Michael Mueller was present as a non-voting member for UTRGV pending approval to become a voting member.

Agenda Item: Consideration and approval of the minutes from September 16, 2021, meeting

Dr. Richard Lange made a motion to approve the minutes, seconded by Mr. Tomas Guajardo and the minutes were approved by full vote of the committee.

Agenda Item: Consideration, discussion, and possible approval of the Commissioner's 2024-2025 charges

Mr. Tramonte opened discussion regarding the appropriate funding level study and analysis specifically addressing an appropriate inflationary index to apply to formula rates to use in the recommendation of the appropriate funding levels for the instruction and operation, infrastructure, research enhancement, graduate medical education, and mission specific formulas. Mr. Tramonte recommended to the committee for consideration the use of the U.S. City Average-Medical Care index. Mr. Jeff Burton supported the use of the U.S. City Average-Medical Care index as being an appropriate index and comments were made in the discussion by the committee that even with the rates adjusted by the U.S. City Average-Medical Care index the rates would still not be all the way back to the formula rates of 2000-2001. Dr. Lange

provided comments supporting the U.S. City Average-Medical Care index and suggested that as part of the recommendation the Texas Regional-Medical Care indices should also be referenced for perspective.

Mr. Tramonte asked for a motion for a recommendation to put forward the U.S. City Average-Medical Care inflationary index to be used in the calculation of formula funding rates. Dr. Lange put forward the motion which was seconded by Mr. Guajardo. The motion was approved by the committee.

Mr. Tramonte opened discussion regarding adding funding for an additional 21 Podiatric Medical Residents to the Graduate Medical Education formula. Dr. Lange confirmed student enrollment counts for the new podiatric medicine program with Mr. Michael Mueller at 40 for each class. Dr. Lange pointed out that the goal for residencies is 1.1 per student and these additional 21 residencies would equal just over half. Dr. Lange supported adding the additional residents and Dr. Paula Short also joined the discussion with full support.

Ms. Penny Harkey made a motion to recommend adding funding for an additional 21 Podiatric Medical Residents and Dr. Short seconded the motion. The motion was approved by the committee.

Dr. Lange opened discussion that formula funding for the podiatric residencies into the future should have a goal of attaining funding levels at 1.1 per student. Mr. Tramonte agreed and discussed the need to ensure that more broadly all residency programs should be recommended for funding at the 1.1 per student level.

Mr. Tramonte opened discussion on the progress of the Allied Health workgroup that was charged with studying the differential in costs between undergraduate and graduate level Allied Health programs and whether 1.018 is an appropriate weight to cover that differential. Ms. Lauren Sheer and Ms. Ginny Gomez-Leon informed the committee that a format and methodology had been agreed upon by the workgroup and that the collection and analysis of data due to time constraints may carry over to the next Health Related Institution Formula Advisory Committee (HRIFAC) in 2023. Mr. Tramonte recommended the workgroup continue to move forward and provide a status update at the next HRIFAC meeting.

Mr. Tramonte opened discussion on the study and make recommendations related to formula funding for the new podiatric medicine program and asked for an update from the podiatric medicine workgroup. Mr. Mueller provided an update of the workgroups progress highlighting that the workgroup will recommend to the committee that the weight for a Podiatric Medicine Student should be the same as a School of Medicine Student. Mr. Mueller is currently working on a white paper for the committee's review that will outline how the workgroup determined the recommended weight and that the recommendation will be for new additional funding not a reallocation of existing formula funding.

Mr. Tramonte reported that all institutions did provide to the THECB estimates for their mission specific formulas and those estimates have also been provided to the committee. Mr. Tramonte suggested to the committee that the letter of recommendations to the board can begin to be drafted for those items that have been solidified up to this point.

Agenda Item: Planning for subsequent meetings

Mr. Tramonte opened discussion for future meeting dates. The committee agreed to the following dates. All meetings are from 10 to 12.

November 16, 2021 (via Zoom)

December 7, 2021 (If needed)

January 4, 2022 (If needed)

Agenda Item: Adjournment

With no further discussion, Dr. Lange recommended the committee adjourn. Ms. Harkey seconded the recommendation, and the committee approved the recommendation and adjourned.

**Health-Related Institutions
Formula Advisory Committee Meeting 10:00 A.M.
Texas Higher Education Coordinating Board
November 16, 2021**

Minutes

Members:

Jeff Burton – TAMHSC	Present
Michael Tramonte – UTHSCH	Present
Chuck Fox – UNTHSC	Present
Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Kris Kavasch – UTHSCT	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Dwain Morris – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Paula Myrick Short – UH College of Medicine	Present

Agenda Item: Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order at 10:00am via Zoom and confirmed a quorum was present. Ms. Lauren Sheer was not present for roll call but joined the meeting a few minutes after roll call.

Agenda Item: Consideration and approval of the minutes from October 12, 2021, meeting

Mr. Tomas Guajardo made a motion to approve the minutes, seconded by Ms. Angelica Marin Hill and the minutes were approved by full vote of the committee.

Agenda Item: Consideration, discussion, and possible approval of the Commissioner's 2024-2025 charges

Mr. Tramonte opened discussion on the committee's draft report on the Commissioner's 2024-2025 charges that were distributed to the committee members prior to the meeting. Committee members discussed the value of showing tables with formula rate funding from 2001 fiscal year in addition to fiscal year 2019 which is the year the committee is recommending be the base year of formula adjustments based on the national city medical inflationary index. Mr. Michael Mueller referenced with confirmation by Ms. Penny Harkey earlier discussions by the committee to focus on current rates rather than making the focus on past rates of 20 years ago.

Mr. Tramonte reviewed key points and data within the report that still need to be updated for the final version and opened discussion on the charges and committee recommendations.

Wording has shifted for charge one and the references to mission specific have been broken out for clinical versus research and the caps that are imposed for each. Mr. Tramonte also pointed out that formula funding recommended rate increase for I&O, infrastructure, research enhancement, and GME based on the national city medical inflationary index are all presented in the report in one bullet point.

Ms. Harkey discussed the relevance of pointing out that funding levels have remained flat for Health-Related Institutes (HRI) at a time of significant inflationary increases with agreement by Mr. Guajardo. Further discussion by Mr. Mueller regarding current inflationary pressures resulted in Mr. Ed Buchanan from the Texas Higher Education Coordinating Board confirming that current inflationary pressures have been factored into the national city medical inflationary index as of July 2021.

The committee discussed further minor wording changes to the Executive Summary.

Ms. Harkey recommended in the charges and recommendations section of the report that focus should be adjusting for inflation and not restoration of funding. The committee discussed the mission specific references and the table presented for the mission specific formulas. It was noted via the tables that HRIs used existing funding as seed money to fund new mission specific funding and increases were minimal keeping HRIs flat funded. Discussion was made to update the table to only reflect those institutions who received new mission specific formula funding in the 2022-2023 biennium and remove the references to 2020-2021.

Ms. Harkey discussed the removal of references to 2000-2001 rates and only focusing on 2019 and forward and stressing the flat funding. Dr. Rick Lange pointed out that the 2024-2025 increase may be concerning only referencing back to 2019 and that showing the 2000-2001 rates not as a focal point but for a reference point would indicate that the 2024-2025 increase is not an increase from historical context. The committee agreed to leave the 2000-2001 rates within the individual formula table presented in the report as a reference.

Mr. Tramonte opened discussion on charge two and asked Ms. Sheer and Ms. Ginny Gomez-Leon for any updates on Allied Health weight factor. Ms. Sheer reported that the workgroup recommendation to the committee is that the Allied Health weight factor remain the same with the recommendation that the weight factor be looked at during the next HRI Formula Advisory Committee cycle in 2023.

Dr. Lange made a motion to leave the wording for charge two the same in the report with no change to weight factors assigned to current programs. The motion was seconded by Ms. Gomez-Leon and the motion was approved by full vote of the committee.

Mr. Tramonte pointed out that the committee previously acted on charge three at a prior meeting and that further discussion was not needed.

Mr. Tramonte opened discussion on charge 4 which is the planned formula funding for the Doctor of Podiatric Medicine (DPM) Degree. Mr. Tramonte asked Mr. Mueller to provide an update on the DPM workgroup activities. Mr. Mueller reviewed a white paper distributed to the committee prior to the meeting and presented the proforma of the DPM program for committee discussion. Discussion items include the extent of inclusion of indirect costs, gifts, and how the funding weight was determined with caution being communicated about a weight factor backed

into to ensure all costs are covered. Mr. Mueller pointed out that in out years the weight factor used will not cover all costs. Dr. Lange suggested that the weight factor should not exceed the weight factor of the medical school weight factor.

Ms. Harkey made a motion to accept the medical school weight factor as recommended to the committee by the DPM workgroup for the planned DPM degree. Dr. Lange seconded the motion, and the motion was approved by the committee.

Agenda Item: Planning for subsequent meetings

Mr. Tramonte opened discussion for future meeting dates. The committee agreed to the following dates. All meetings are from 10 to 12.

December 7, 2021 (via Zoom)
January 4, 2022 (If needed)

Agenda Item: Adjournment

With no further discussion, Dr. Lange recommended the committee adjourn. Mr. Mueller seconded the recommendation, and the committee approved the recommendation and adjourned.

**Health-Related Institutions
Formula Advisory Committee Meeting 10:00 A.M.
Texas Higher Education Coordinating Board
December 7, 2021**

Minutes

Members:

Jeff Burton – TAMHSC	Present
Michael Tramonte – UTHSCH	Present
Chuck Fox – UNTHSC	Present
Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Kris Kavasch – UTHSCT	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Dwain Morris – UT-Austin Medical School	Not Present
Michael Mueller – UTRGV School of Medicine	Not Present
Paula Myrick Short – UH College of Medicine	Present

Agenda Item: Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order at 10:00am via Zoom and confirmed a quorum was present. Ms. Ginny Gomez-Leon was not present for roll call but joined the meeting a couple minutes after roll call. Mr. Richard Wilson attended the meeting on behalf of Mr. Michael Mueller.

Agenda Item: Consideration and approval of the minutes from November 16, 2021, meeting

Mr. Tomas Guajardo made a motion to approve the minutes, seconded by Dr. Paula Short and the minutes were approved by full vote of the committee.

Agenda Item: Consideration, discussion, and possible approval of the Commissioner's 2024-2025 charges

Mr. Tramonte opened discussion on the committee's draft report on the Commissioner's 2024-2025 charges that were distributed to the committee members prior to the meeting. Mr. Tramonte reported that minor changes to wording in the report based on feedback from committee members since the last meeting have been completed and that the report still needed to be updated for current AAMC data.

The committee discussed adding a table to further support a bullet point in the report that provides more detail on the mission specific formulas. The committee agreed the table and bullet point regarding mission specific formulas is not a focal point that needed to be addressed in relation to the charge recommendation and should be removed from the report.

Mr. Tramonte discussed an update to the research enhancement rate on the state appropriations table for the 20/21 biennium in the report to reflect the correct rate of 1.18. Ms. Angelica Marin Hill also suggested that the 24/25 biennium column should reflect "recommended" rates in the column heading for clarity. Committee members agreed with suggested changes.

Mr. Tramonte pointed out that the charge 4 recommendation has been inserted into the report to reflect the I&O Formula for the Doctorate of Podiatric Medicine to be the same as that of medical education at a rate of 4.753 with a small class supplement of \$30,000. Mr. Guajardo pointed out that small class supplement is for remote classes only and the small class supplement would not be applicable if classes are all on-campus. Mr. Wilson confirmed the intent is for all classes to be on-campus.

Mr. Tramonte inquired with the committee if there were any other suggested changes to the report from any committee members other than the insertion of the AAMC data updates. Committee members had no other changes.

Having no other changes Dr. Rick Lange made a motion to approve the report and authorize Mr. Tramonte to edit the report with the appropriate and applicable missing AAMC data and submit the report on behalf of the HRI Formula Advisory Committee. Ms. Penny Harkey seconded the motion, and the motion was approved by the committee.

Agenda Item: Other discussion items

Committee members expressed appreciation of Mr. Tramonte's leadership as Chair of the committee and to committee members that served on workgroups.

Mr. Ed Buchanan from the Texas Higher Education Coordinating Board informed committee members a survey would be sent to each committee member to report any expenses that committee members may have incurred while serving on the committee.

No further committee meetings are planned.

Agenda Item: Adjournment

With no further discussion, Ms. Lauren Sheer recommended the committee adjourn. Ms. Kris Kavasch seconded the recommendation, and the committee approved the recommendation and adjourned.

Appendix D: Biennial Reports of Administrative Activities Related to Committee Work

CTCFAC 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 community and technical colleges.
Report Period: 2024-2025 Biennium
Chair: Dr. Brent Wallace Vice Chair: Mr. Raul Garcia Committee Members: Mr. Texas Buckhaults, Mr. Richard Cervantes, Ms. Teri Crawford, Ms. Mary Elizondo, Mr. Jonathan Hoekstra, Mr. Patrick Lee, Dr. Cesar Maldonado, Dr. Jesús Rodríguez, Ms. Mary Wickland, and Mr. Jim Yeonopolus
Committee Meeting Dates: August 24, September 22, October 27, November 17, December 8, and December 15, 2021 (minutes of all committee meetings are attached)
Annual Costs Expended
Travel or Other- \$0 (Note: all meetings were held virtually and no expenses were reported)
Time Commitments: Coordinating Board Staff: 305 working hours 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 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 levels for the operations support and space support formulas for the state colleges. 3. Study and make recommendations for the appropriate funding level for, and the refinement of, Texas State Technical College System's returned value funding formula. 4. Institute a formal process for the committee to recommend critical fields for inclusion or removal for success points based on the best available data and trends about regional and state workforce needs. Using this formal methodology and the most recently available data, develop recommendations for two sets of fields to the Coordinating Board: one set of fields recommended for addition to the critical fields list, and one set recommended for removal from the critical fields list. 5. Study and make recommendations on the inclusion of qualified non-credit workforce continuing education (CE) courses, postsecondary industry certifications, and other workforce credentials, in student success point measures, implications to existing formula methodologies, and as needed, recommendations on any associated data and reporting, course requirements, or funding levels.

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: 2024-2025 Biennium
Chair: Mr. Daniel Harper Vice Chair: Ms. Noel Sloan Committee Members: Ms. Bonnie Albright, Dr. Loren Blanchard, Ms. Susan Brown, Mr. John Davidson, Mr. Joseph Duron, Ms. Emily Deardorff, Ms. Judi Kruwell, Dr. James Hurley, Ms. Veronica Mendez, and Mr. R. Jason Tomlinson
Committee Meeting Dates: August 25, September 22, October 27, and December 7, 2021 (minutes of all committee meetings are attached)
Annual Costs Expended Travel or Other- \$0 (Note: all meetings were held virtually and no expenses were reported)
Time Commitments: Coordinating Board Staff: 356 working hours 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. Study and make recommendations on the inputs to the operations support and space support formula, including, but not limited to, items such as a review of the weights in the expenditure study, tuition estimate methodologies, and online adjustments in the space model. 3. Study and make recommendations for the appropriate funding for the Texas Research University Fund, Texas Comprehensive Research Fund, and the Core Research Support Fund. 4. Study and make recommendations on the funding methodology for the Comprehensive Regional Universities under Senate Bill 1295. The study must review the methodology's allocation of funds and the promotion of student success. 5. Study and discuss considerations for adjusting formula funding to reflect the cost of education related to student characteristics, enrollment changes during the biennium, and any other relevant factors.

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: 2024-2025 Biennium
Chair: Mr. Michael Tramonte Vice Chair: Mr. Jeff Burton Committee Members: Ms. Angelica Marin-Hill, Ms. Lauren Sheer, Mr. Chuck Fox, Ms. Ginny Gomez-Leon, Mr. Tomas Guajardo, Ms. Penny Harkey, Ms. Kris Kavasch, Dr. Richard A. Lange, Mr. Dwain Morris, Mr. Rick Anderson, and Dr. Paula Short
Committee Meeting Dates: August 26, September 16, October 12, and November 16, and December 7, 2021 (minutes of all committee meetings are attached)
Annual Costs Expended Travel or Other -\$0 (Note: all meetings were held virtually and no expenses were reported)
Time Commitments: Coordinating Board Staff: 257 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. 2. Study and make recommendations for the appropriate I&O formula weights. 3. Study and make recommendations for the inclusion and/or weights assigned to the current programs. 4. Study and make recommendations related to formula funding for the new podiatric medicine program.



This document is available on the Texas Higher Education Coordinating Board website:
<https://www.highered.texas.gov/institutional-resources-programs/funding-facilities/formula-funding/formula-funding-recommendations>

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