

**Formula Funding
Recommendations for the
2026-27 Biennium**

April 2024

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Texas Higher Education Coordinating Board



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The mission of the Texas Higher Education Coordinating Board (THECB) is to serve as a resource, partner, and advocate for Texas higher education, 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.

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Executive Summary

The Texas Higher Education Coordinating Board (THECB) is forwarding to the governor and the Legislature the recommendations of the Commissioner and Formula Advisory Committees for the 2026-27 biennium.

The Formula Advisory Committee meets each biennium to address the Commissioner of Higher Education's charges relating to formula funding as part of the review process for the THECB's formula funding recommendations to the governor and Legislative Budget Board. Before this year, the Texas State Technical Colleges (TSTC) and the Lamar State Colleges were part of the Community and Technical Colleges Formula Advisory Committee. House Bill 8, 88th Texas Legislature, removed the community colleges from the formula advisory process. Due to this, the state and technical colleges have been added to the General Academic Institutions Formula Advisory Committee to ensure the TSTCs and Lamar State Colleges continue to be represented in funding recommendations from the THECB.

The two formula advisory committees recommended rates for each formula for the 2026-27 biennium, and the recommended levels are based on certain inflationary assumptions for each specific sector. Both 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. A high-level summary of each committee's recommendations follows.

General Academic Institutions, Technical Colleges, and State Colleges Committee

- To build on the progress made by the 88th Texas Legislature, the General Academic Institutions, Technical Colleges, and State Colleges Formula Advisory Committee recommends the Legislature fund enrollment growth and inflation for the 2026-27 biennium for all formulas. Recommendations increase each formula rate to account for inflation as well as the base funding levels for the Small Institution Supplement and Comprehensive Regional University Fund.
- The committee recommends the inclusion of workforce continuing education students in the calculation of the TSTC returned value funding formula and the creation of a new dual credit formula for the TSTCs. The Commissioner recommends an update to the salary used in the calculation of the TSTC returned value funding formula to better align with current wages in the state for high school graduates.
- The committee recommends a methodology change in the expenditure study so the matrix weights are calculated compared to a base expenditure per semester credit hour (SCH) rate rather than the current methodology, which compares cost relative to the lower-level liberal arts SCH rate. The committee also recommends that the Legislative Budget Board use actual tuition and fee amounts as the basis for the formula General Revenue-Dedicated calculation.
- In collaboration with the Health-Related Institutions (HRI) Committee, the committee recommends a healthcare workforce program supplement that provides additional funding outside of the Instruction and Operations formula for SCHs for pharmacy,

nursing, and some health services programs to provide the additional funding necessary to fund these SCHs at the same level as if they were taught at an HRI.

Health-Related Institutions Formula Advisory Committee

- To meet the educational needs of Texas' growing and diverse population and to meet the state's demands for healthcare, the committee recommends the Legislature adjust for inflation in the per-unit rates and fund the Instruction & Operations, Infrastructure, Graduate Medical Education, and Research Enhancement formula rates using the U.S. City Average Medical Care Index applied to Fiscal Year (FY) 2019 as the base year.
- The committee recommends adding weights for graduate programs in nursing and allied health to accommodate the higher costs of those programs relative to their undergraduate counterparts. The new weights would be 1.48 for Graduate Nursing and 1.20 for Graduate Allied Health.
- The committee recommends a process for institutions to request the Small Class Supplement (SCS), which accounts for diseconomies of scale at remote teaching sites, from the Coordinating Board; the request would describe the legislative action that would authorize the SCS.
- The committee recommends amendments to the Multi-Campus Adjustment legislative authorization criteria to include receiving funding through the SCS, and to indicate that the parent campus may own or lease the site.
- The committee recommends continuing the existing formulas for mission-specific funding and provides an historical account and detailed summary of the funding formulas. Further, the committee recommends including Senate Bill 30 (88th Legislature) appropriations in the 2026-27 base funding of all HRIs for the upcoming 89th legislative session.
- The Commissioner recommends aligning the agency's definitions of research and professional practice doctorates with the National Science Foundation's annual Survey of Earned Doctorates; this would change the current classifications of eight degree types.
- The Commissioner recommends converting all doctoral semester credit hours (SCH), research and professional practice, at the same conversion factor of 18 SCHs for purposes of the HRI Instruction & Operations formula.
- The Commissioner recommends continuing to review the mission-specific formulas to seek ways to simplify the formulas while continuing to recognize significant differences among the missions of more research-intensive versus more clinical-focused HRIs.

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 institutions of higher education other than public junior colleges funded under Chapter 130A, 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.”

Commissioner's Recommendations for General Academic Institutions, Technical Colleges, and State Colleges

The Commissioner of Higher Education adopts the recommendations of the General Academic Institutions, Technical Colleges, and State Colleges Committee, with a recommendation to refine the methodology used when calculating the Returned Value formula for the Texas State Technical College (TSTC) in [Charge 3](#). With the current methodology, the Returned Value formula compares certain former TSTC students' average wages with the minimum wage to determine the additional value of the education from attending a TSTC institution. However, given the increase in starting wages across the state, minimum wage may not be the most appropriate basis for comparison. The Commissioner recommends to instead use high school graduate wage data based on more recently available data for actual wages in Texas for high school graduates from the American Community Survey and to collaborate with TSTC on a corresponding adjustment to the returned value percentage share.

General Academic Institutions, Technical Colleges, and State Colleges Formula Advisory Committee Recommendations

Charge 1

Study and make recommendations for the appropriate funding levels for all general academic institution formulas, including the Instruction and Operations Support formula, Infrastructure Support formula, comprehensive regional university funding, Texas Research University Fund, National Research Support Fund, and Texas Comprehensive Research Fund. (Texas Education Code, Section 61.059 (b), and General Appropriations Act, House Bill 1, 88th Texas Legislature, Special Provisions Relating Only to State Agencies of Higher Education, Section 26, page III-280)

Recommendation

The Texas economy continues to grow, attracting more businesses and people to relocate to Texas. With increased growth comes increased workforce demands for highly educated workers with credentials of value. These demands cannot be met without the highly skilled graduates produced by the state's general academic institutions, technical, and state colleges. Maintaining significant investments in formula funding enables institutions to meet these workforce demands while remaining affordable for students and their families.

Formula funding accounts for the largest share of state appropriations for general academic institutions (GAIs) and is an essential funding source to support core operations, providing direct support to students in the classroom. Across the state, GAIs are committed to providing high-quality, affordable higher education options and providing the support necessary to help students succeed and reach the goals of *Building a Talent Strong Texas*. However, students now require more support services than previous generations, resulting in increased costs for institutions as they meet students where they are to help them succeed. As costs increase, it becomes more difficult for institutions to continue to provide the same level of high-quality, affordable education needed to meet the state's education and workforce goals.

Recognizing the value of affordable public higher education, the 88th Texas Legislature made significant investments in higher education to help ensure academic institutions have the financial resources needed to continue to provide affordable, high-quality education to students. However, since those investments were made, inflation has continued to rise, increasing costs across institutions.

To build on the progress made by the 88th Texas Legislature, the General Academic Institutions, Technical Colleges, and State Colleges Formula Advisory Committee (GAIFAC) recommends the Legislature fund enrollment growth and inflation for the 2026-27 biennium. Using an estimated inflationary rate of 4.0% based on a three-year rolling average of the Higher Education Price Index (HEPI), recommended formula funding for 2026-27 totals \$6,276.1 million, an increase of \$323.5 million (or 5.4%) compared to 2024-25 formula funding levels. Recommendations increase each formula rate to account for inflation as well as the base funding levels for the Small Institution Supplement and Comprehensive Regional University Fund.

Table 1. General Academic Institution Formula Funding Recommendations

Formula Funding	Formula Driver Growth Est.	2024-25	2026-27	Difference	% Change
Instruction and Operations	0.9%	\$4,620.1M	\$4,846.0M	\$225.9M	4.9%
E&G Space Support*	1.1%	\$845.4M	\$874.9M	\$29.5M	3.5%
Small Institution Supplement*	0.9%	\$52.7M	\$57.7M	\$5.0M	9.4%
Comprehensive Regional University Fund	0.9%	\$71.5M	\$74.9M	\$3.4M	4.7%
Texas Research University Fund	9.4%	\$156.9M	\$178.5M	\$21.6M	13.8%
National Research Support Fund	13.8%	\$175.0M	\$207.0M	\$32.0M	18.3%
Comprehensive Research Fund	15.3%	\$31.0M	\$37.1M	\$6.1M	19.8%
Total		\$5,952.6M	\$6,276.1M	\$323.5M	5.4%

*Educational and General (E&G) Space Support and Small Institution Supplement totals above include technical and state colleges.

Table 2. General Academic Institution Formula Funding Rates

Formula Rates	Formula Driver	2024-25	2026-27	Difference	% Change
Instruction and Operations	Weighted SCH	\$59.08	\$61.42	\$2.34	4.0%
E&G Space Support*	Predicted Sq. Feet	\$5.75	\$5.98	\$0.23	4.0%
Small Institution Supplement*	FTSE: Max Rate	\$1,316,567	\$1,368,673	\$52,106	4.0%
Comprehensive Regional University Fund	Base Rate	\$500,000	\$520,000	\$20,000	4.0%
	At-Risk Degrees	\$1,911	\$1,988	\$77	4.0%
Texas Research University Fund	Total Research Exp.	9.9%	10.3%	0.4%	4.0%
National Research Support Fund	Fed. & Private Research Exp.	28.8%	29.9%	1.1%	4.0%
Comprehensive Research Fund	Fed. & Private Research Exp.	32.8%	34.1%	1.3%	4.0%

*E&G Space Support and Small Institution Supplement totals above include technical and state colleges.

Charge 2

Study and make recommendations for the appropriate funding levels for the Instruction and Administrative formula for the state colleges. (TEC, Section 61.059 (b))

Recommendation

The increase of workforce development programs continues to strengthen economic prosperity around Southeast Texas and statewide by aligning needed job skills with short-term and stackable credentials. The state colleges successfully bridge the existing training and educational credential gaps between available jobs and new jobs that are rapidly being created to support the community and statewide economy by training and serving an array of populations.

Through expanded dual credit partnerships that prepare and develop students for relevant careers, the state colleges are training and producing entry-level skilled workers for relevant careers at an earlier age. Additionally, expanded college-readiness support services and resiliency training for at-risk students that arrive academically underprepared significantly increases access to postsecondary opportunities for first-generation individuals as well as others who are at a disadvantage in navigating the postsecondary experience alone. Finally, adult learners between ages 25-34 that need reskilling or relevant training to prepare for high-value careers benefit from the state colleges' short-term and stackable credentials, which are synched with industry needs.

The state colleges' formula funding is vital for providing the increased levels of support needed to train and prepare students for the existing and newly created jobs paramount to Texas' thriving economy. The funding stream permits state colleges to fulfill their commitment to providing affordable, high-quality, and relevant postsecondary education to students with individualized support systems that assist them through completion and graduation. While more tailored and relevant support services are desperately needed, their costs continue to escalate.

The GAIFAC recommends the Legislature fund enrollment growth and inflation for the 2026-27 biennium. Using an estimated inflationary rate of 4.0% based on a three-year rolling average of the Higher Education Price Index, recommended formula funding for the 2026-27 totals \$78.8 million, an increase of \$5.7 million (or 7.7%) compared to 2024-25 formula funding levels. Increases to account for inflation as well as the base funding levels for the Infrastructure and Small Institution Supplement formulas are also recommended and are included in the [Charge 1](#) totals above.

Table 3. State College Formula Funding Recommendations

Formula Funding	Formula Driver Growth Est.	2024-25	2026-27	Difference	% Change
Instruction and Administrative*	3.65%	\$73.1M	\$78.8M	\$5.7M	7.7%
E&G Space Support	1.1%		See Charge 1 Recommendation		
Small Institution Supplement	0.9%		See Charge 1 Recommendation		

**General Revenue only. General Revenue-Dedicated funds are excluded as they do not count in the formula calculation.*

Table 4. State College Formula Funding Rates

Formula Rates	2024-25	2026-27	Difference	% Change
Average Rate per Contact Hour (Biennial)	\$16.32	\$16.97	\$0.65	4.0%

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, House Bill 1, 88th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 10, page III-246)

Recommendation

Funding for the Technical State Technical Colleges (TSTCs) is provided through a Returned Value formula as well as the same Infrastructure and Small Institution Supplement formulas that fund the GAIs and state colleges. 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. The Legislature funded 35.9% of the Returned Value formula for the 2024-25 biennium.

The cohort years included in the Returned Value formula calculation have been six and seven years, respectively, before the legislative session, with the intent of including five years of wage data in the calculation after a student exits TSTC and was not found in higher education for two years following the last time they were enrolled in TSTC. To ensure five full years of actual wage data is available for the Returned Value formula calculation, the 89th Legislative Session would need to include cohort years 2017 and 2018.

Funding for dual credit is not included in the Returned Value formula and is provided as a sum certain appropriation for the technical colleges during the 2024-25 biennium.

The GAIFAC recommends the Legislature maintain the current percentage of the Returned Value formula (35.9%), adding return value for workforce continuing education programs for students earning 144 contact hours or more, transitioning the sum certain appropriation for dual credit to a formula based on dual credit contact hours, and adjusting the cohort years included in the formula calculation to seven and eight years, respectively, before the legislative session. Increases to account for inflation as well as the base funding levels for the Infrastructure and Small Institution Supplement formulas are also recommended and are included in the [Charge 1](#) totals above.

The 88th Texas Legislature, Regular Session, passed House Bill 3287, which authorized TSTC in East Williamson County as a standalone TSTC campus. Accordingly, the GAIFAC recommends the addition of the East Williamson County campus to the respective formula calculations.

Table 5. Technical College Formula Funding Recommendations

Formula Funding	Formula Driver Growth Est.	2024-25	2026-27	Difference	% Change
TSTC Returned Value*	6.9%	\$190.2M	\$203.3M	\$13.1M	6.9%
Dual Credit Hour**	20.8%	\$2.2M	\$2.4M	\$0.2M	9.1%
E&G Space Support	1.1%	See Charge 1 Recommendation			
Small Institution Supplement	0.9%	See Charge 1 Recommendation			

*General Revenue only. General Revenue-Dedicated funds are excluded as they do not count in the formula calculation.

**Dual credit hour funding was not funded by formula in FY 2024-25.

Table 6. Technical College Formula Funding Rates

Formula Rates	2024-25	2026-27	Difference	% Change
Returned Value Percentage Funded	35.9%	35.9%	0	0
Average Rate per Dual Credit Contact Hour*	NA	\$10.58	NA	NA

*Dual credit hour funding was not funded by formula in FY 2024-25.

Charge 4

Study and make recommendations on all inputs to the formulas. This may include, but is not limited to, items such as a review of the weights in the expenditure study, tuition estimate methodologies, and the space model.

Recommendation: Calculation of General Revenue – Dedicated Funds (GR-D) for Tuition Estimate

As part of the GAI formula process, the GR-D amount used in the formula funding model is based on an estimate/projection of statutory tuition and fees each institution would collect for both years of the biennium as determined by the Legislative Budget Board (LBB). These projections assume recent trends in enrollment levels and non-resident tuition rates continue into each year of the upcoming biennium.

To better provide a more simple, straightforward, and more predictable methodology, and to bring the GAI and state colleges in line with how the LBB calculates GR-D for health-related institutions (HRIs), the GAIFAC recommends using actual tuition and fee amounts, as reported in GAI and state college's Legislative Appropriation Request (Schedule 1A), as the basis for the formula GR-D calculation (however, for state colleges, only 10% of formula GR-D is applied toward infrastructure formula funding). Using this methodology, the formula GR-D estimate would be based on most current year actual data, multiplied by two. For example, for the 2026-27 biennium, Fiscal Year 2024 data would be used as the basis for the formula GR-D estimate.

Recommendation: Calculation of Cost Matrix in the Expenditure Study

As part of the GAI Instruction and Operations (I&O) formula, semester credit hours are weighted based on the program and level of the course. The weights are determined by the Texas Higher Education Coordinating Board's Expenditure Study looking at the average expenditures per SCH for each program and discipline level. Each of the program/level weights are based on a three-year average of the cost per SCH statewide compared to the cost per SCH of a lower-level liberal arts (LLLA) SCH. Through this methodology, the LLLA weight is always a 1.0 and the other weights represent the relative cost of the program/level compared to the cost per SCH for LLLA.

As a result of this methodology, any change in the cost of teaching/administering an LLLA SCH is not reflected in the cost matrix, as the LLLA always remains at a 1.0. For example, although the cost of an LLLA SCH has increased over 16% since 2015, the weight has remained at 1.0, not reflecting the actual expenditure and inflationary cost trends across higher education. Similarly, as LLLA SCH expenditures have increased, the relative weights of all the other programs have decreased, resulting in compression in the matrix and weights that mask the actual expenditure trends for the GAIs.

Therefore, to provide a more transparent and accurate cost matrix, the GAIFAC recommends the matrix weights be calculated compared to a base expenditure per SCH rate rather than compared to the cost of an LLLA SCH. The GAIFAC recommends the base rate be set at the average expenditure per SCH for LLLA for the last five years (FY 2018 to FY 2022: \$258.29 per SCH). By comparing expenditure levels for each program/level to a set base expenditure rate, the LLLA weight will be able to increase (or decrease) from 1.0 depending on the actual change in expenditures statewide, and other program/level weights will no longer be compressed due to increases in costs in LLLA. This will result in cost matrix weights that are transparent and that more accurately account for the change in cost and inflation for all SCHs across all programs/levels. The GAIFAC recommends the base rate remain fixed for at least two biennia to assess the effectiveness of the new methodology and allow the weights to reflect the actual changes in cost for each program and discipline for all institutions.

Charge 5 (co-charge with Health-Related Institutions Formula Advisory Committee)

Study and make recommendations on the treatment of health-related programs at general academic institutions co-located with a health-related institution. This may include, but is not limited to, a review of the differences in funding between the general academic and health-related formulas, including for nursing and pharmacy programs at all general academic institutions.

Recommendation

Health-related programs are offered at both general academic and health-related institutions, but I&O formula funding levels differ for various programs depending on whether the program is offered at a general academic or a health-related institution. While students graduating from these health-related programs receive the same degree, regardless of the type of institution they attend, GAIs generally receive less formula funding for those students compared to HRIs. The committee reviewed the structure of both formulas and considered options to provide equitable funding for certain health-related programs that would not: (1) harm the other

programs offered at academic institutions; and (2) compromise the integrity of the GAI or HRI formula funding structure.

While the GAI and HRI I&O formula funding structures are similar, the two formula structures have important differences that align their respective formula structures with the general focus of those different institutions. For instance, GAI I&O formula funding is driven by SCHs weighted based on the discipline and level of the course, accounting for 21 disciplines and five course levels to account for the extensive and comprehensive offerings academic institutions provide to students. In contrast, the HRI I&O formula is program based, driven by the number of full-time student equivalents (FTSE) enrolled in each of the nine defined program offerings, aligning with the more focused, health-care driven purpose of the HRIs.

Although the GAI and HRI I&O formulas are inherently different, the committee recognizes the need for equitable funding for certain health-related programs, regardless of where the program is offered. Texas is experiencing a healthcare workforce shortage, and the volume of students in the pipeline is insufficient to meet both current and future workforce demands. GAIs are a critical piece in the healthcare workforce pipeline, providing education and training needed for students to become healthcare professionals.

Therefore, the GAIFAC recommends a healthcare workforce program supplement that provides additional funding outside of the I&O formula for SCHs taught in the following disciplines at GAIs: all nursing SCHs; all pharmacy SCHs; and health services SCHs taught in the terminal-degree program level (i.e., doctoral, professional practice, and Master of Physician's Assistant Studies). The supplement would provide the additional funding necessary to fund these SCHs at the same level as if they were taught at an HRI. The GAIFAC recommends that the supplement be funded with new General Revenue, in addition to and outside of the recommended I&O formula funding levels.

The supplement amount would be adjusted each session depending on the GAI I&O program weights and the I&O rates adopted by the Legislature for the GAI and HRI I&O formulas. Based on the I&O weights and rates for the 2024-25 biennium, the healthcare workforce program supplement would provide an additional \$251.0 million in funding to GAIs offering the programs included in the supplement.

Table 7. Healthcare Workforce Program Supplement

	Nursing Supplement (all levels)	Pharmacy Supplement (all levels)	Health Services at Terminal- Degree Levels	Total
Healthcare Workforce Program Supplement	\$214.1 million	\$23.7 million	\$13.2 million	\$251.0 million

Note: The cost of the supplement is an estimate based on current 2024-25 GAI I&O weights and base year SCHs. Additional detail on the programs included in the supplement can be found in [Appendix A](#).

The GAIFAC recommends the following rider language in Special Provisions Relating Only to State Agencies of Higher Education in the General Appropriations Act to facilitate the supplement recommendation:

Healthcare Workforce Program Supplement. The Healthcare Workforce Program Supplement shall provide additional funding outside of the Instruction and Operations Formula for certain healthcare programs at general academic institutions that support

high-demand workforce needs in the state of Texas. For the 2026-27 biennium, these programs include nursing, pharmacy, and certain health services disciplines at the terminal-degree level.

It is the intent of the Legislature that the supplement provides the additional funding necessary to support certain healthcare programs at general academic institutions at the same level as those programs at health-related institutions. The supplement amounts will be adjusted each session based on formula funding amounts at general academic and health-related institutions. For the 2026-27 biennium, healthcare workforce program supplement funding shall be provided for semester credit hours taught in the following disciplines at general academic institutions: semester credit hours in nursing; semester credit hours in pharmacy; and semester credit hours taught in the terminal-degree program level in health services.

Commissioner's Recommendations for Health-Related Institutions

The Commissioner of Higher Education adopts the recommendations of the Health-Related Institutions Formula Advisory Committee along with the following two recommendations related to: 1) how doctoral degrees are categorized and funded, and 2) the mission-specific formulas.

Recommendation 1 – Alignment of Research Doctoral Degrees and Full-time Student Equivalent Conversion

Research vs. Professional Practice Doctorates Overview

Doctoral degree programs represent the highest level of academic achievement and generally fall into two categories: research and professional practice.

The Doctor of Philosophy (PhD) is the most common research doctorate and prepares graduates for careers in research, typically as postsecondary faculty. Other common types of research doctorates include the Doctor of Education, Doctor of Business Administration, and Doctor of Public Health. Research doctorates may be offered as a post-baccalaureate or a post-master's degree program and culminate in a dissertation with original research.

The professional practice doctorate is designed to provide the knowledge and skills needed for practice in a field. Common professional practice degree programs include but are not limited to the Doctor of Medicine, Doctor of Veterinary Medicine, Doctor of Dental Science, Doctor of Pharmacy, Doctor of Physical Therapy, and Doctor of Audiology. While these are not research intense programs culminating in a dissertation, professional practice doctorates are equally rigorous, and students engage in activities that require data collection, application, and assessment. Most professional practice programs end with a translational project bridging theory and practice while advancing knowledge in the field.

Although the Department of Education does not define research or professional doctorate, the National Science Foundation, in conjunction with other federal sponsors, set eligibility criteria for the annual Survey of Earned Doctorates (SED), which captures the number of research doctorates earned from postsecondary institutions across the U.S. Currently, the National Science Foundation (NSF) captures 18 different doctoral degree designations for the SED. For inclusion in the SED, an institution must offer a research doctorate, that: (1) requires the completion of an original intellectual contribution in the form of a dissertation or an equivalent culminating project, and (2) is not primarily intended as a degree for the practice of a profession.

THECB's current definition of professional practice doctorate ([Texas Administrative Code, Section 2.3](#)) aligns with the Department of Education's former "first-professional" terminology, which referred to doctoral programs required for entry into a profession:

Professional Degree-- Certain degree programs that prepare students for a career as a practitioner in a particular profession, including certain credential types that are required for professional licensure. For the purpose of this chapter, the term refers specifically to the

following degrees: Doctor of Medicine (M.D.), Doctor of Osteopathy (D.O.), Doctor of Dental Surgery (D.D.S.), Doctor of Podiatric Medicine (D.P.M.), Doctor of Veterinary Medicine (D.V.M.) and Juris Doctor (J.D.).

This terminology is outdated and no longer in use.

Recommendation on Doctoral Classifications

The THECB's Division of Academic and Health Affairs recommends aligning the agency's definitions with the NSF's annual SED and has proposed the following amendments to the definitions of research and professional practice doctorates to go before the July 2024 Board meeting for approval:

Professional Practice Doctoral Degree: Certain degree programs that prepare students for a career as a practitioner in a particular profession, including certain credential types that are required for professional licensure.

Research Doctoral Degree: An academic degree that typically represents the highest level of formal study or research in a given field and that requires completion of original research.

Implications

The change in classification affects the eight doctoral degree programs shown in Table 8.

Table 8. Proposed New Classification of Certain Doctoral Degree Programs

Degree Program	CIP	Current Classification	New Classification
Doctor of Science	51.2300	Professional Practice	Research
Doctor of Psychology	42.2801 42.2803	Research	Professional Practice
Doctor of Occupational Therapy	51.2306	Research	Professional Practice
Doctor of Clinical Science	51.1005	Research	Professional Practice
Doctor of Clinical Nutrition	51.3102	Research	Professional Practice
Doctor of Health Informatics	51.2706	Research	Professional Practice
Doctor of Nursing Practice	51.3804 51.3805 51.3818	Research	Professional Practice
Doctor of Social Work	44.0701	Research	Professional Practice

Additionally, there is a funding implication related to these classifications for the HRI formula. The HRI Instruction and Operations formula funds institutions based on headcount for medical, dental, and podiatric students, and then full-time equivalent students (FTEs), weighted by discipline, for all other students. FTEs are converted by the following:

- Undergraduate: 30 SCH conversion
- Master's: 24 SCH conversion
- Research Doctoral: 18 SCH conversion

- Professional Doctoral: 24 SCH conversion (for professional degrees outside of those funded by headcount – medicine/dental/podiatric)

If the current methodology is maintained, the change in classification of these programs to professional practice programs would result in an estimated loss in funding across five health-related institutions (using FY 2024-25 funding rates and data). This would be primarily due to a decrease in funding for nursing doctoral programs. Other programs that would be negatively impacted included occupational therapy, health informatics, and clinical science.

Recommendation on Doctoral Conversion

Staff recommends converting all doctoral semester credit hours, research and professional practice, at the same conversion factor of 18 SCHs for purposes of the HRI I&O formula. Both professional practice and research doctorates are terminal degrees beyond the master's degree and prepare graduates for positions in an academic field or profession. Each program culminates in a research-based project, whether it be a PhD student generating a new theory through original research or a PharmD student bridging theory and practice.

This recommendation would result in an increase in funding across six health-related institutions. This would be primarily due to an increase in funding for pharmacy programs. Other programs that would see an increase in funding include medical physics, audiology, and physical therapy.

Recommendation 2 – Health-Related Institutions Mission-Specific Formulas

The HRI Formula Advisory Committee developed an informative overview of the history and mechanics of the mission-specific formulas. The Commissioner recommends continuing to review the formulas to seek ways to simplify the formulas while continuing to recognize significant differences among the missions of more research-intensive versus more clinical-focused HRIs.

Health-Related Institutions Formula Advisory

Committee Recommendations

Background

The Commissioner of Higher Education, Dr. Harrison Keller, delivered his charges to the HRI Formula Advisory Committee (HRIFAC) at its first meeting on August 31, 2023. [Appendix D](#) is a list of current HRIFAC members. The HRIFAC held a total of seven meetings from August 2023 through January 2024 to consider and discuss the commissioner's charges. [Appendix F](#) contains the committee minutes from each meeting.

Executive Summary

HRIs are the primary producers of the state's healthcare providers. The population of Texas, 30.5 million in 2020 per estimates from the U.S. Census Bureau, experienced the largest population growth among all states, at 1.4 million more people, and the fourth-fastest growth rate, at 4.7%, since the last official census in 2020. If it were a state, Harris County, the most populous county in Texas, would be the 25th-largest state in population. The five most populated counties in Texas would rank 25 through 43 in population if they were states, with another seven counties placing ahead of smaller states in population. 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 45th, down from 42nd in 2021, in the U.S. in numbers of active, patient care physicians per 100,000 population. Despite an overall increase of nearly 3,400 (or nearly 5% more) new patient care physicians into Texas since 2021,¹ the state ranking went down.
- Texas ranks 47th, unchanged from 2021, in the number of active, patient care, primary care physicians per 100,000 population. Again, despite over 700 (3%) more primary care physicians added to the state since 2021, Texas' comparative U.S. ranking remains very low.¹
- The shortage of physicians in Texas is projected to increase by 66%, 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

¹ Association of American Medical Colleges. (2023). *State Physician Workforce Data Book*.

internal medicine, family medicine, pediatrics, and psychiatry.²

- Current THECB projections for medical school enrollment and resident positions indicate the state's graduate medical education system will not create a supply of physicians that can meet projected demand.²
- Texas ranks 2nd, unchanged from 2021, in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 59.0%.¹
- Texas ranks 6th, down from 5th in 2021, in physicians retained who completed graduate medical education (GME) within the state, at 59.1%.¹
- Texas ranks 3rd, unchanged from 2021, 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 43rd in the number of registered nurses per 1,000 population.³
- Nearly 90% of the public health workforce has no formal, professional public health training.⁴
- Texas ranks 27th in the number of dentists per 100,000 population.⁵
- Texas' three schools of dentistry rank first, second, and third in the nation in retaining their graduates in state.⁶

The HRI's are grateful to the 88th Texas Legislature for the formula funding increase which, when factoring in the impact of enrollment growth, allowed the Fiscal Year 2024-25 formula funding base rate to remain at a level equivalent to that of Fiscal Year 2022-23; however, these rates are still far below the original formula base rates set in Fiscal Year 2000-01.

Since 2020, HRIs statewide have had to modify operations to meet the traditional tri-partite missions of education, research, and patient care. The challenges presented, initially, by the onset of COVID-19, and now by the demands of the post-pandemic environment, have driven institutions to develop and implement creative solutions using enhanced technological tools including cybersecurity, process flexibility, and dynamic program delivery. In addition, workforce demands have driven hybrid staffing solutions while also driving up personnel costs. Although the changes implemented permitted institutions to continue operations during

² Texas Department of State Health Services. (May 2020). *Texas Physician Supply and Demand Projections, 2018-2032*. <https://www.dshs.texas.gov/sites/default/files/legislative/2020-Reports/TexasPhysicianSupplyDemandProjections-2018-2032.pdf>

³ U.S. Bureau of Labor Statistics and 2022 U.S. Census Data

⁴ de Beaumont Foundation and Association of State and Territorial Health Officials, *Public Health Workforce Interests and Needs Survey, 2021*, for Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas).

⁵ National Center for Health Statistics. (2021). *Health, United States, 2020-2021*. U.S. Department of Health and Human Services, Centers for Disease Control and Prevention. <https://www.cdc.gov/nchs/data/abus/abus20-21.pdf>

⁶ Vujicic M. (2015). Where do dental school graduates end up locating? *The Journal of the American Dental Association*, 146(10): 775-777. <https://jada.ada.org/article/S0002-8177%2815%2900842-9/fulltext>

difficult times, HRIs cannot relax and lose sight of the public health needs of students, faculty, and staff or the broader population served by their research and clinical activities.

HRIs continue to lose ground as they contend with the historical challenges and external factors limiting the abilities of HRIs to fund the increasing gaps between formula funding rates and the associated actual costs. Beyond personnel increases, the compounding impact of inflation affecting all of higher education has diminished purchasing power due to 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. At the same time, 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.

Charge 1

Study and make recommendations for the appropriate funding levels for the Instruction and Operation, Infrastructure, Research Enhancement, Graduate Medical Education, and mission-specific formulas, per Texas Education Code, Section 61.059 (b), and General Appropriations Act, House Bill 1, 88th Texas Legislature, Special Provisions Relating Only to State Agencies of Higher Education, Section 27(8), page III-281.

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 *Building a Talent Strong Texas* 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, 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, with the minor exception of I&O, which increased 0.7%. These flat rates have eroded purchasing power. It should be noted that the proposed inflation adjusted rates would still be below the 2000-01 biennium rates for Infrastructure and Research Enhancement.
- The Legislature continue mission-specific support funding and associated funding limits as defined in Article III, Sections 27.9-27.17 of the General Appropriations Act, Senate Bill (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, GME, and mission specific, 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 2026-27 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 historical and recommended funding rates is outlined in Table 9 followed by the estimated funding amounts.

Table 9. Health-Related Institutions Historical and Recommended Funding Rates

Rates	percentage					
	2000-01 Biennium	2022-23 Biennium	2024-25 Biennium	2026-27 Biennium	Change Amount	Change Over 2024-25
Instruction and Operations	\$ 11,383	\$ 9,622	\$ 9,689	\$ 11,553	\$ 1,864	19.2%
Infrastructure	\$ 11.18	\$ 6.14	\$ 6.14	\$ 7.37	\$ 1.23	20.1%
Research Enhancement	2.85%	1.17%	1.17%	1.40%	0.23%	20.1%
Graduate Medical Education		\$ 5,970	\$ 5,970	\$ 7,168	\$ 1,198	20.1%

Table 10. Health-Related Institutions Estimated Biennial Recommended Funding Amounts

Formula-Funded Item	Est. Metric Growth	2024-25		2026-27		Percentage	
		Biennium (in millions)	Biennium (in millions)	Change Amount	Change Amount	Change Over 2024-25	Change Over 2024-25
Instruction and Operations	7.8%	\$ 1,359.6	\$ 1,735.1	\$ 375.5		27.6%	
Infrastructure	3.0%	\$ 315.9	\$ 390.8	\$ 74.9		23.7%	
Research Enhancement	12.4%	\$ 105.0	\$ 127.9	\$ 22.9		21.8%	
Graduate Medical Education	5.1%	\$ 116.2	\$ 147.2	\$ 31.0		26.7%	
Mission Specific*	NA	\$ 1,059.2	\$ 1,183.7	\$ 124.5		11.8%	
Total		\$ 2,955.9	\$ 3,584.7	\$ 628.8		21.3%	

*2024-25 includes SB 30 funding.

The 2026-27 biennium amounts reflected in Tables 9 and 10 take into consideration the impact of inflation and projected program growth.

Charge 2

Study and make recommendations for the appropriate I&O formula weights, including consideration of any new specialty programs for inclusion.

Working Group 2 was charged to study and make recommendations for the appropriate Instruction and Operation weights for graduate allied health and nursing programs. This

process also considered emerging specialty graduate programs to assess potential formula impact.

Allied Health and Nursing Graduate Weights

The working group evaluated the costs of undergraduate programs compared to graduate programs in both allied health and nursing to determine the need for a rate differential for the graduate programs. The working group compared the average per-student cost (FTSE) between allied health and nursing undergraduate and graduate programs to best determine a differential rate. This methodology allowed the working group to gain a greater sense of how more costly graduate programs are than undergraduate programs.

In studying the programs, the working group found that the costs for allied health and nursing programs vary based on the complexity of the program. For example, Certified Registered Nurse Anesthetist programs are more costly than other graduate nursing curricula. The cost analysis revealed over 580% variance between the lowest and highest cost graduate programs for both allied health and nursing, which highlights how an aggregated analysis is necessary, in discussing weight changes in the I&O.

Nursing

Costs analyzed for eight undergraduate programs and 34 graduate programs at the University of Texas Health Science Center at Houston (UTHSC-Houston), the University of Texas Health Science Center at San Antonio (UTHSC-San Antonio), University of Texas Medical Branch at Galveston (UTMB Galveston), and Texas Tech University Health Sciences Center (TTUHSC):

	<u>2022</u>	<u>2023</u>	<u>Average</u>
Graduate cost as a % of Undergraduate Cost	120%	135%	128%

After these calculations and considerations, the working group recommends the following I&O formula weight: Graduate Nursing 1.48.

Allied Health

Costs analyzed for 11 undergraduate programs and 30 graduate programs at UTHSC-San Antonio, UTMB Galveston, and TTUHSC:

	<u>2022</u>	<u>2023</u>	<u>Average</u>
Graduate cost as a % of Undergraduate Cost	116%	116%	116%

After these calculations and considerations, the working group recommends the following I&O formula weight: Graduate Allied Health 1.20.

Other Programs

There are no recommended changes to the established weights of other programs.

Recommendation

The committee recommends adding weights for graduate programs in nursing and allied health to accommodate the higher costs of those programs relative to their undergraduate

counterparts. The new weights would be 1.48 for Graduate Nursing and 1.20 for Graduate Allied Health.

Charge 3 (co-charge with General Academic Institutions, Technical Colleges, and State Colleges Formula Advisory Committee)

Study and make recommendations on the treatment of health-related programs at general academic institutions co-located with a health-related institution. This may include, but is not limited to, a review of the differences in funding between the general academic and health-related formulas, including for nursing and pharmacy programs at all general academic institutions.

The health-related institution work group concurs with the recommendations as illustrated in the General Academic Institution Formula Advisory Committee report, which addresses the funding disparity between the general academic and health-related institutions for certain healthcare programs.

Both committees recognize the need for equitable funding for these health-related programs and agreed to consider options that would provide equitable funding for certain health-related programs that would: (1) not harm the other programs offered at academic institutions; and (2) not compromise the integrity of the GAI or HRI formula funding structures.

The GAI committee recommended a healthcare workforce program supplement that would provide additional funding outside of the I&O formula for SCHs taught in certain disciplines. The supplement would provide the additional funding necessary to fund these SCHs at the same level as if they were taught at an HRI. The committee recommends that the supplement is funded with new General Revenue, in addition to and outside of the recommended I&O formula funding levels. The supplement amount would be adjusted each session depending on the GAI I&O program weights and the I&O rates adopted by the Legislature for the GAI and HRI I&O formulas.

Recommendation

In alignment with the General Academic Institutions Formula Advisory Committee, the committee recommends a healthcare workforce program supplement that provides additional funding outside of the I&O formula for SCHs taught in the following disciplines at GAIs: all nursing SCHs; all pharmacy SCHs; and health services SCHs taught in the terminal-degree program level (i.e. doctoral, professional practice, and Master of Physician Assistant).

See the [Appendix A](#) for more information.

Charge 4

Study and make recommendations on the eligibility of remote sites for purposes of the Small Class Supplement.

Background

HRIs with remote sites are eligible for additional funding to help with diseconomies of scale. While the Legislature initially targeted "instructional programs with enrollments of less than 200 students at individual campuses," they focused the support in the 2016-17 biennium to

"instructional programs at remote locations and the main campus at The University of Texas Health Science Center at Tyler."

The following language is from the 2024-25 General Appropriations Act (GAA), 88th Texas Legislature, Regular Session, Special Provisions Relating Only to State Agencies of Higher Education, Section 27-1, Health Related Institutions Funding, Instructions and Operations Support formula, and provides authority for the Small Class Supplement (SCS):

Instructional programs at remote locations and the main campus at The University of Texas Health Science Center at Tyler with enrollments of less than 200 students at individual campuses shall receive additional funding to compensate for the diseconomies of scale. The minimum formula shall generate additional funding per student, on a sliding scale, with programs with small enrollments receiving more additional funding per student.

Additionally, Texas A&M University Health Science Center, University of North Texas Health Science Center at Fort Worth, Texas Tech University Health Science Center, and Texas Tech University Health Sciences Center-El Paso all have riders in the GAA that permit small-class supplements for qualifying locations at their campuses.

The sites that receive small-class supplements do not necessarily align with the sites that qualify for the multi-site adjustment in the space model. The multi-site adjustment uses a prescribed set of criteria, detailed under the material related to the Infrastructure formula, for eligibility purposes.

Current language and guidance from General Appropriations Act:

Infrastructure Support Formula (GAA, Art IX, Section 27 (2)):

Funding to the health related institutions for plant support and utilities shall be distributed by the infrastructure support formula which is driven by the predicted square feet for the health related institutions produced by the Space Projection Model developed by the Texas Higher Education Coordinating Board. The rate per square foot is \$6.14 in fiscal year 2024 and fiscal year 2025 for all health related institutions.

Because the Space Projection Model does not account for hospital space, separate infrastructure funding for hospital space at The University of Texas Medical Branch at Galveston, The University of Texas M.D. Anderson Cancer Center, and The University of Texas Health Science Center at Tyler shall be included in the total funding for hospital and center operations.

Additional information regarding the Infrastructure Support formula:

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 2008-09 HRIFAC 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 educational and general (E&G) square feet of the facilities are included in the calculation of the Space Projection Model.

Conclusion

The Small Class Supplement provides additional funding to accommodate the diseconomies of scale and recognizes that institutions have a minimum cost of operation that may not be covered by funds generated through the formulas. Instructional programs with enrollments of fewer than 200 students at remote individual campuses receive additional funding per student on a sliding scale, with smaller programs receiving more. It is important to acknowledge the learning models and delivery mechanisms available to a growing and geographically dispersed population in Texas.

Recommendation

The committee recommends the following criteria for qualification for a **Small Class Supplement**:

- The institution must request the Small Class Supplement from the Texas Higher Education Coordinating Board by noting the legislative action (e.g. rider) proposed.
- The remote teaching site shall not be in the same county as the parent campus.
- There may be more than one remote teaching site in the separate location if the separate remote teaching site meets all the criteria for eligibility.
- The parent campus must demonstrate responsibility for the remote teaching site support and operations; this includes on-site, distance, or hybrid learning models.
- Institutions should not include non-resident students who are taking only distance education courses delivered outside the state.
- Remote sites receiving the Small Class Supplement and in existence on January 1, 2024, are not required to make a request for SCS and are considered to be eligible going forward in perpetuity as long as they meet all the other requirements.

The Small Class Supplement shall be requested by submitting the attached form ([Appendix E](#)). It is intended that this request and the request for the Multi-Campus Adjustment are separate requests.

The **Multi-Campus Adjustment** criteria established by the FY 2008-09 HRIFAC should be **amended** as follows:

- The site must be specifically authorized by legislative actions (such as a rider, a change to the statute to establish the separate site of the campus, or funding through the Small Class Supplement).
- 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 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, whether owned or leased.
- Only the E&G square feet of the facilities are included in the calculation of the Space Projection Model.

Charge 5

Study and make recommendations on the use of mission-specific formula funding at health-related institutions. This may include a review of the implementation of similar research and/or clinical-based mission-specifics across institutions.

Recommendation

The committee recommends continuing the existing formulas for mission-specific funding and provides an historical account and detailed summary of the funding formulas that will serve as a helpful reference document. Further, the committee recommends including SB 30 appropriations in the 2026-27 base funding of all HRIs for the upcoming 89th Texas legislative session, which were appropriated to support the earned performance match the Legislature was unable to fund in the 87th Texas legislative session and were used during the current 2024-25 biennium. See the next page for the full report.

Mission-Specific Funding

In addition to health-related institution formula funding to support overall operations at all public HRIs, which encompasses instruction and operations support, infrastructure support, research enhancement, and graduate medical education, the Legislature has established several mission-specific formulas tailored to the individual institutions to earn appropriated state support based on their institutional focus and performance. Some HRIs receive mission-specific formula funding to support their unique hospital and clinical operations, while others receive research performance-based mission-specific formula funding to support enhanced research operations.

The first mission-specific formulas for The University of Texas M.D. Anderson Cancer Center (UT-MD Anderson) and The University of Texas Health Science Center at Tyler (UTHSC-Tyler) were established to provide funding parity for these two institutions with other HRIs. Before this formula was created, the vast majority of funding for HRIs, approximately 75% of formula dollars, was allocated through the Instruction & Operations formula, which provides support for the primary teaching missions of the HRIs. UT-MD Anderson and UTHSC-Tyler were at a distinct disadvantage since these institutions did not provide formal medical education and had very few students that qualified for funding through I&O (UTHSC-Tyler now operates a medical school). UT-MD Anderson was appropriated approximately 1% of total I&O funding at the time, a significant funding disparity compared to other HRIs. Therefore, the institution relied heavily on non-formula appropriations, including substantial non-formula support for hospitals and clinics.

Senate Finance Committee Chair at the time, Senator Bill Ratliff, requested that UT-MD Anderson address this disparity in appropriations through a formula funding approach. The

institution, in consultation with members of the Texas Legislature and other HRIs, developed and proposed an Operations formula, which would provide General Revenue support based on the primary statutory mission of cancer patient care, in a manner similar to the Instruction formula, which allocated funds to all other HRIs based on their primary teaching missions. This mission-specific formula was proposed as the Operations subset of the Instruction & Operations formula, hence the budget line item for the formula, “Cancer Center Operations.” The Operations formula is driven by the number of Texas cancer patients served each year by UT-MD Anderson. A similar formula was developed for The University of Texas Health Science Center at Tyler based on New Primary Chest Disease Diagnoses. Accordingly, the 80th Texas Legislature adopted the Cancer Center Operations formula as a pilot program in 2007 and the THECB validated the formula in FY 2008. The 81st Texas Legislature, Regular Session, removed the pilot designation, approved establishment of the formula, and funded it for the first time in 2009.

Research performance-based mission-specific formulas introduced since 2019 incorporate recommendations from the 85th Texas Legislature, Regular Session. In 2017, Senate Bill 1 directed a Joint Interim Committee on Higher Education to examine higher education formula funding and non-formula support. Reports issued by both the Senate and House called for increased accountability of non-formula support, often referred to as special items, and recognized that “formula funding has been refined to address the complexities of a diverse community of mission-specific institutions” and recommended supporting higher education “recognizing the effects of enrollment growth, static enrollment growth, and inflation” that variably impact institutions as they progress from inception to mature enrollment.⁷

Performance-based research formulas were intended to be developed collaboratively between the Legislature and the institution, and customized to each institution’s needs to sustain and grow its research enterprise. Each institution with a performance-based research institution expands on its research operations circumstances and formula support further below.

Current Mission-Specific Formulas and Funding Sources for their Establishment

Funding for the establishment of an institution’s mission-specific formula was reallocated from existing appropriated non-formula support items within the institution’s bill pattern. [Table 13](#) lists the current clinical and research mission-specific formulas and the non-formula support amounts that were reallocated within each institution’s bill pattern to create the mission-specific formula.

⁷ 85th Legislature Joint Interim Committee on Higher Education Formula Funding Report to Lt. Governor Dan Patrick and the Senate and House Letter to Speaker Joe Straus.

Table 11: Funding Reallocations to Support Mission-Specific Formulas

Mission Specific	Name of Institution	Biennium implemented	Funding reallocated from non-formula support items to establish mission-specific formula
Clinical - Cancer Center Operations	The University of Texas M. D. Anderson Cancer Center	2008-09	\$219.1 million
Clinical - Chest Disease Center Operations	The University of Texas Health Science Center at Tyler	2010-11	\$47.3 million
Clinical - Health System Operations	The University of Texas Medical Branch at Galveston	2020-21	\$306.1 million
Clinical - Border Health Operations	Texas Tech University Health Sciences Center-El Paso	2022-23	\$27.5 million
Performance-Based Research Operations	The University of Texas Southwestern Medical Center	2020-21	\$100.8 million
Performance-Based Research Operations	The University of Texas Health Science Center at Houston	2020-21	\$12.5 million
Performance-Based Research Operations	The University of Texas Health Science Center at San Antonio	2020-21	\$12.4 million
Performance-Based Research Operations	Texas A&M University Health Science Center	2022-23	\$24.5 million
Performance-Based Research Operations	University of North Texas Health Science Center	2022-23	\$20.7 million
Performance-Based Research Operations	Texas Tech University Health Sciences Center	2022-23	\$3.2 million

Clinical Mission-Specific Formulas

Cancer Center Operations Formula

The 80th Texas Legislature established an Operations formula for funding UT-MD Anderson, which has a statutory mission to eliminate cancer through patient care, research, education, and prevention. To allocate General Revenue support for UT-MD Anderson based on its primary statutory mission of delivering cancer care and in a manner similar to the mechanism providing support for the primary teaching mission of medical schools through the I&O formula, the mission-specific approach converted special item funding into formula driven funding. This framework established the mission-specific formula for UT-MD Anderson and UTHSC-Tyler starting in FY 2008-09 and FY 2010-11. The Cancer Center Operations formula funding is based on the total number of Texas cancer patients the institution served. The formula growth in funding may not exceed the average growth in funding for HRIs in the I&O Support formula for the current biennium. For the 2024–25 biennium, the Legislature appropriated \$295.0 million in General Revenue funds for the Cancer Center Operations formula, which is calculated as follows:

$$\text{FY 2024-25 Rate } (\$1,613) \times \text{Number of Texas Cancer Patients Served}$$

Chest Disease Center Operations Formula

The Chest Disease Center Operations formula was implemented during the 2010–11 biennium. The institution has a statutory mission to conduct research, develop diagnostic and treatment techniques, provide training and teaching programs, and diagnose and treat inpatients and outpatients with respiratory diseases. The formula is based on the number of primary chest disease patients the institution served. The formula growth in funding may not exceed the average growth in funding for HRIs in the I&O Support formula for the current biennium. For the 2024–25 biennium, the Legislature appropriated \$65.3 million in General Revenue Funds for the Chest Disease Center Operations formula, which is calculated as follows:

$$\text{FY 2024-25 Rate (\$101)} \times \text{Number of Primary Chest Disease Cases}$$

Health System Operations Formula

The 86th Legislature established an Operations formula for funding UT Medical Branch at Galveston (UTMB), the state's first medical school and teaching hospital, to support its mission of providing high-quality healthcare and operating hospitals for the Galveston and League City campuses. UTMB's previous non-formula healthcare support funding was reallocated to the Operations formula to fund this change. This Hospital System Operations formula funding is based on the total number of patient encounters for trauma, primary care, diabetes, heart, psychiatry, and telemedicine services. The operation of a Level 1 trauma center and the provision of primary and chronic care to Texans is critical for the state of Texas and the Southeast Texas region. The formula funding growth may not exceed the average growth in funding for HRIs in the I&O Support formula for the current biennium. For the 2024–25 biennium, the Legislature appropriated \$321.4 million in General Revenue funds and \$0.9 million in Other funds for the Health System Operations formula, which is calculated as follows:

$$\text{FY 2024-25 Rate (\$151)} \times \text{Number of Patient Visits}$$

Border Health Operations Formula

The 87th Texas Legislature established an Operations formula for funding Texas Tech University Health Sciences Center at El Paso to support border health operations. This Border Health Operations formula funding is based on the total number of patients that visit the university's clinics for family care and other specialty care. The formula growth in funding may not exceed the average growth in funding for HRIs in the I&O Support formula for the current biennium. For the 2024–25 biennium, the Legislature appropriated \$28.9 million in General Revenue funds for the Border Health Operations formula, which is calculated as follows:

$$\text{FY 2024-25 Rate (\$21)} \times \text{Number of Patient Visits}$$

Table 12: Clinical Mission-Specific Metrics and Funding Governor

Name of Institution	Metric	Governor
The University of Texas M. D. Anderson Cancer Center	Number of Texas cancer patients the institution served.	The formula growth in funding may not exceed the average growth in funding for HRIs in the I&O Support formula for the current biennium.
The University of Texas Health Science Center at Tyler	Number of primary chest disease patients the institution served.	
The University of Texas Medical Branch at Galveston	Number of Texas patient encounters in trauma, primary care, diabetes, heart, psychiatry, and telemedicine.	
Texas Tech University Health Sciences Center-El Paso	Total number of Texas patient encounters.	

Performance-Based Research Operations Formulas

The 86th Texas Legislature established three Performance-Based Research Operations formulas for funding at The University of Texas Southwestern Medical Center (UT Southwestern), The University of Texas Health Science Center at Houston (UTHSC-Houston), and The University of Texas Health Science Center at San Antonio (UTHSC-San Antonio). The formulas support enhanced research capacity at the institutions to assist each institution in leveraging external research grants and gifts, and support the expansion of the institutions' research operations as described by the institutions below.

The 87th Texas Legislature expanded these formulas to include Texas A&M University Health Science Center (TAMU-HSC), University of North Texas Health Science Center at Fort Worth (UNT Health Science Center), and Texas Tech University Health Sciences Center (Texas Tech-UHSC) for the same purpose.

Each institution's formula is similar in structure, including a base match and tiered incentives. However, each formula distributes funds based on different rates and drivers – as developed by the Legislature with the institution to fit the institution's profile – including appropriate short- and long-term performance goals. Funding is allocated to each formula through two mechanisms:

- 1) Base Match – set at a specified rate of certain research expenditures during the three-year base period preceding the biennium.
 - a. The Performance-Based Research Operations formula for UT Southwestern, UTHSC-Houston, and UTHSC-San Antonio provide a dynamic base match rate that is adjusted each biennium in proportion to the increase or decrease of average annual research expenditures compared to the previous biennium's three-year base average. This rate is dynamic as the base match will change in proportion to the increase or decrease of the average research expenditures since the prior biennium to incentivize research growth while holding the institution accountable for declines in performance.
 - b. The base match rates for the TAMU-HSC, UNT Health Science Center, and Texas Tech-UHSC are determined based on available General Revenue funds and do not use the dynamic base match calculation.
- 2) Tiered Match – based on the increase of the institution's average annual research

expenditures compared to the prior biennium. The increase in expenditures is matched in a tiered manner such that larger increases are awarded a higher matching percentage. The percentages and ranges vary by institution, per their targeted institutional performance goals.

All six Performance-Based Research Operations formula increases are limited to 5.0% of the institution's total General Revenue funds appropriations during the previous biennium, excluding Capital Construction Assistance Project bond debt service. The appendix includes a schedule with THECB research expenditures that reflect an increase across institutions stimulated by the support from the state since the inception of the performance-based formulas.

The University of Texas Southwestern Medical Center

The FY 2024-25 GAA includes \$130.8 million in General Revenue funds with a base match rate of 13.35% of total research expenditures, excluding state appropriations. As an established institution, UT Southwestern maintains significant education and research missions supported by the state, in addition to a sizable patient care enterprise that is not supported by state appropriations. Its recognized excellence in research sustains and drives the quality of UT Southwestern's education and patient care as well as improved healthcare and economic growth through commercialization. However, as a mature institution at enrollment capacity, UT Southwestern has historically had limited access to increased state support except through variable special item appropriations that were regularly subject to significant decreases and even zero funding. Recognizing its limited options for earning additional state research support, UT Southwestern was the first institution to volunteer to receive research support through a more accountable yet predictable performance-based formula mechanism. At inception, UT Southwestern contributed 100%, or \$100.8 million, of its appropriated research non-formula support items to establish its Performance-Based Research Operations formula.

UT Southwestern has used earned funds to sustain its research operations and performance-based increases to augment research infrastructure necessary for proof-of-concept work that is critical to securing competitive grants, to establish a performance incentive program for faculty investigators, and to help recruit and retain the best and brightest in their respective fields. This has leveraged increased return on the state's investment in research at UT Southwestern, resulting in more external research funding brought to Texas.

Performance-based support has helped UT Southwestern increase its total research expenditures to \$707.8 million in FY 2023, compared to \$489.4 million in FY 2019, the year before performance-based funding was adopted for UT Southwestern. This translates to an annual increase/return on investment (ROI) of funds coming into the economy of Texas of approximately \$37.9 million, or 6.8% return, from FY 2020 to FY 2023, compared to an annual increase of approximately \$12.6 million, or 3.1% return, in the prior seven-year period.

The University of Texas Health Science Center at Houston

The FY 2024-25 GAA includes \$42.9 million in General Revenue funds with a base match rate of 6.46% of total research expenditures, excluding state appropriations. UTHSC-Houston contributed all its research-oriented non-formula support items to its new research

performance-based mission-specific formula, totaling \$12.5 million, starting with the FY 2020-21 biennium.

The funding UTHSC-Houston earned through its mission-specific formula has helped UTHSC-Houston to recruit research talent from all over the world to the Texas Medical Center, helped retain the best and brightest at UTHSC-Houston, helped with acquiring research equipment, and funded cutting-edge research. UTHSC-Houston achieved \$338.4 million in research expenditures in FY 2023, a 9.3% jump from FY 2022 and an almost 52% increase from FY2016. In the short time since the inception of the mission-specific formula, research expenditures have increased by \$85 million.

The University of Texas Health Science Center at San Antonio

The FY 2024-25 GAA includes \$38.5 million in General Revenue funds with a base match rate of 8.58% of total research expenditures, excluding state appropriations. At inception, UTHSC-San Antonio contributed 100%, or \$12.4 million, of its appropriated research non-formula support items to establish the Performance-Based Research Operations formula.

Performance-based support has helped UTHSC-San Antonio increase its total research expenditures to \$261.0 million in FY 2023, compared to \$180.7 million in FY 2019, the year before the Legislature adopted performance-based funding. This translates to an average annual increase of approximately \$14 million, or 7.0%, from FY 2020 to FY 2023, compared to volatile annual changes averaging 1.4% without mission-specific funding in the prior six-year period. There is a 7-8 multiplier effect to the state's economy with research investments that serves as a catalyst to job creation in the Texas workforce.

UTHSC-San Antonio has used General Revenue appropriated from the mission-specific formula for research to establish new and strengthen ongoing research initiatives that include concentration on diseases that have a disproportionately high incidence in the San Antonio and the South Texas Border Region. UTHSC-San Antonio is the only research-intensive university in South Texas and ranks in the top 3% of all organizations worldwide receiving National Institutes of Health funding. UTHSC-San Antonio is a national research leader in the areas of aging, cancer, substance use disorders, diabetes, immunology and infection diseases, population health/outcomes, as well as in neurosciences and brain health, transforming dementia care as the only Texas National Institute on Aging-designated Alzheimer's Disease Research Center. Mission-specific formula funding appropriations have been imperative to support UTHSC-San Antonio's growth momentum, to help maximize research productivity by updating space, technology, databases, and other laboratory resources, as well as to leverage extramural funding opportunities.

Texas A&M University Health Science Center

The FY 2024-25 GAA includes \$37.5 million in General Revenue funds with a base match rate of 12.17% of total research expenditures, excluding state appropriations and amounts associated with the Biomedical Advanced Research and Development Authority. TAMU-HSC is a committed partner to the state, moving toward the future of medicine with an emphasis on preventive care; addressing social determinants of health; and educating future healthcare practitioners in cross-disciplinary curriculum with a focus on research. TAMU-HSC's commitment to growing their research portfolio is best exemplified by increased numbers of federal and private awards in the past five years in the areas of brain disorders, cancer,

cardiovascular disease, health disparities, infectious diseases—including COVID-19—and neurodegeneration. Despite these achievements, much remains to be done to position TAMU-HSC among the premier academic health science centers in the nation. TAMU-HSC is committed to continuing the expansion of their research portfolio, recruiting national leaders in research areas of emphasis, and further promoting technological innovation. TAMU-HSC has numerous research projects planned for the coming years, including projects in development related to biomarkers and disease prevention; cancer; and neurobiology, behavior, and cognition.

Performance-based support has helped TAMU-HSC increase its total research expenditures to \$147.3 million in FY 2023, compared to \$115.3 million in FY 2021, the year before the Legislature adopted performance-based funding. Investment by the state through the performance-based formula provides the impetus for TAMU-HSC to compete more effectively in national and international theaters, and ultimately return dividends to the state in the form of highly skilled healthcare practitioners; leadership in technological innovation; and improved health outcomes for Texans.

University of North Texas Health Science Center at Fort Worth

The FY 2024-25 GAA includes \$29.3 million in General Revenue funds with a base match rate of 28.58% of total research expenditures, excluding state appropriations. UNT Health Science Center's Performance-Based Research Operations formula supports the continuation of the UNT Center for Human Identification's important work and the expansion of the institution's research enterprise. Since the creation of the formula in 2021, UNT Health Science Center's total research expenditures have grown 55%, and UNTHSC has received the largest research awards in the institution's history. The University of North Texas Health Science Center at Fort Worth is providing a healthier future for a changing world with new discoveries through research. Their internationally known faculty researchers are exploring new approaches to the treatment of disease, including aging and Alzheimer's disease, primary care and prevention, and investigative genetics.

Texas Tech University Health Sciences Center

The FY 2024-25 GAA includes \$3.9 million in General Revenue funds with a base match rate of 10.00% of total research expenditures from federal and private sources. The legislative purpose of this formula is to enhance research capacity, assist in leveraging external research grants and gifts, and support expansion of research operations.

Texas Tech University Health Sciences Center requested the establishment of the performance-based Operations formula in the 87th legislative session to be established with \$20 million of one-time funding provided by the 86th Legislature for a physician assistant facility. This approach aligned with the precedent established by the 86th Legislature to use one-time funding to support mission-specific formulas. The request was denied, and the one-time funding was removed from the Texas Tech University Health Sciences Center bill pattern. The institution's only non-formula research strategy, Cancer Research, was utilized to establish the formula at \$3.2 million. This level of funding falls far short of providing competitive support to expand research capacity at the institution. Additional base funding for this formula has been and remains a top legislative priority for Texas Tech University Health Sciences Center.

Performance-Based Research Operations Funding Methodology

[Table 13](#) provides information about each institution's funding methodology. It identifies the base match methodology, the base match rate, whether it is a dynamic base match, the funding tiers used for matching funds, and the funding governor that limits the rate of funding increase.

[Table 14](#) shows a 10-year history of the performance-based research expenditures by institution, when the formula was implemented, and a comparison of the return on investment prior to the formula implementation and after formula implementation.

Table 13: Performance-Based Research Operations Funding Methodology

Name of Institution	Dynamic Base Match	Base Match Rate %	Base match methodology	Tiered Match methodology	Governor
The University of Texas Southwestern Medical Center	Yes	13.35%	Three year average of total research expenditures excluding state appropriations.	Tier 1: \$0m - \$10m at 25% Tier 2: \$10m - \$20m at 50% Tier 3: \$20m+ at 75%	Performance Based Research Operations formula increases are limited to 5.0 percent of the institution's general revenue funds appropriations during the previous biennium, excluding Capital Construction Assistance Project bond debt service.
The University of Texas Health Science Center at Houston		6.46%		Tier 1: \$0m - \$10m at 25% Tier 2: \$10m - \$20m at 50% Tier 3: \$20m+ at 75%	
The University of Texas Health Science Center at San Antonio		8.58%		Tier 1: \$0m - \$10m at 25% Tier 2: \$10m - \$20m at 50% Tier 3: \$20m+ at 75%	
Texas A&M University Health Science Center	No	12.17%	Three year average of total research expenditures excluding state appropriation and amounts associated with the Biomedical Advanced Research and Development Authority.	Tier 1: \$0m - \$2.5m at 20% Tier 2: \$2.5m - \$5m at 40% Tier 3: \$5m+ at 60%	
University of North Texas Health Science Center		28.58%	Three year average of total research expenditures excluding state appropriations.	Tier 1: \$0m - \$1.5m at 20% Tier 2: \$1.5m - \$3m at 40% Tier 3: \$3m+ at 60%	
Texas Tech University Health Sciences Center		10.00%	Three year average of total research expenditures from federal and private sources.	Tier 1: \$0m - \$2.5m at 25% Tier 2: \$2.5m - \$5m at 50% Tier 3: \$5m+ at 75%	

Table 14: Ten-Year History of Performance-Based Research Expenditures

Ten-Year History of Research Expenditures (in millions) at Texas HRLs- Before and After Receiving Performance-Based Match Funding (Mission-Specific Research Formulas established for listed Institutions beginning in the year noted)															
Total Research Expenditures - in millions	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Annualized \$ growth before MSF	Annualized \$ growth after MSF	Annualized growth before MSF	Annualized growth after MSF
UT Southwestern Medical Center* (2020)	368.6	358.6	366.0	394.6	418.4	432.0	456.9	504.5	532.7	597.9	656.1	12.6	37.9	3.1%	6.8%
UT Health Science Center at Houston* (2020)	204.8	198.1	195.0	202.3	213.0	219.7	231.8	231.5	262.0	285.6	311.6	3.9	20.0	1.8%	7.7%
UT Health Science Center at San Antonio* (2020)	151.8	137.6	134.2	158.9	155.3	160.6	167.3	180.7	187.2	205.0	236.6	2.2	14.0	1.4%	7.0%
Texas A&M University Health Science Center ** (2022)	62.4	81.6	71.8	88.3	78.3	85.9	86.3	129.8	115.3	129.4	147.3	5.9	8.9	7.1%	6.7%
UNT Health Science Center * (2022)	34.8	32.2	31.9	38.5	37.0	37.2	36.3	35.0	44.8	52.7	80.1	1.1	13.7	2.8%	23.2%
Texas Tech University Health Sciences Center*** (2022)	21.0	20.8	20.2	15.5	13.6	12.8	17.5	17.2	16.9	19.9	20.4	(0.5)	0.3	-2.4%	1.3%
* Research expenditures, excluding the category of state appropriations, as reported in the Survey on Research Expenditures.															
** Research expenditures, excluding the category of state appropriations, as reported in the Survey on Research Expenditures. Additionally, research expenditures exclude Biomedical Advanced Research and Development															
*** Research federal and private expenditures, as reported in the Survey on Research Expenditures.															

FY 2024-25 Appropriations

The 87th Legislature maintained the 2020-21 biennial mission-specific appropriations for the 2022-23 biennium for all HRIs. For the 2024-25 biennium, the 88th Legislature adopted: 1) in SB 1, the earned match for the 2024-25 biennium; and 2) in SB 30 Supplemental Appropriation Act, funding to HRIs totaling \$64.8 million for their respective clinical and performance-driven growth and match earned in the 2022-23 biennium that the Legislature was unable to fund due to budget constraints in the 2021 legislative session. These formulas were designed to accommodate funding of a biennium's earned performance match by a future Legislature, and the HRIs are grateful that the 88th Legislature elected to fund past performance when funds became available in the 2023 Session.

Table 15: FYs 2020-25 Mission-Specific Formula Funding (Clinical and Performance-Based Research Operations)

Operations Formula	FY 20-21			FY 22-23			FY 24-25		
	Funding reallocated from non-formula support to establish MSF	Match	Total	New MSF reallocated seed funds	Match	Total	FY 24-25 match appropriated in SB 1	Delayed FY 22-23 match appropriated in SB 30	Total
Clinical	\$ 306,758,682		\$ 306,758,682	\$ -	\$ -	\$ 306,758,682	\$ 15,493,466	\$ 8,951,493	\$ 331,203,641
Clinical	N/A		\$ 280,815,980	\$ -	\$ -	\$ 280,815,980	\$ 14,183,177	\$ 8,212,583	\$ 303,211,740
Clinical	N/A		\$ 62,181,804	\$ -	\$ -	\$ 62,181,804	\$ 3,140,617	\$ 1,818,533	\$ 67,140,954
Clinical	N/A			\$ 27,500,000	\$ -	\$ 27,500,000	\$ 1,388,943	\$ 804,249	\$ 29,693,192
Research performance	\$ 101,800,000		\$ 114,849,889	\$ -	\$ -	\$ 114,849,889	\$ 15,990,266	\$ 5,105,328	\$ 145,945,483
Research performance	\$ 12,500,000		\$ 25,476,160	\$ -	\$ -	\$ 25,476,160	\$ 17,473,787	\$ 7,783,389	\$ 50,733,336
Research performance	\$ 12,400,000		\$ 25,448,000	\$ -	\$ -	\$ 25,448,000	\$ 13,067,512	\$ 7,995,279	\$ 46,510,791
Research performance	N/A			\$ 24,500,000	\$ -	\$ 24,500,000	\$ 12,967,052	\$ 12,692,293	\$ 50,159,345
Research performance	N/A			\$ 20,691,695	\$ -	\$ 20,691,695	\$ 8,603,941	\$ -	\$ 29,295,636
Research performance	N/A			\$ 3,160,628	\$ -	\$ 3,160,628	\$ 691,459	\$ 1,456,457	\$ 5,308,544

Committee Recommendation

These formulas acknowledge the diversity of HRIs, tailoring support to their specialized areas of expertise and priorities. This approach ensures each institution can effectively fulfill its specific mission, whether focused on healthcare services, medical education, or cutting-edge research. The committee recommends the Legislature maintain the formula approach to mission-based appropriations. Further, the committee recommends including SB 30 appropriations in the 2026-27 base funding of all HRIs for the upcoming 89th legislative session, which were appropriated to support the earned performance match the Legislature was unable to fund in the 87th legislative session and were used for the current 2024-25 biennium.

Sources used for the Mission-Specific Funding section of this report

In drafting this report, the HRIFAC drew from two documents produced by the Legislative Budget Board: the Legislative Primer, *Financing Public Higher Education in Texas*, from August 2022 and *Summary of Mission Specific Formulas* prepared for the HRIFAC in September 2019. The HRIFAC also relied on expertise provided by the various institution representatives,

analysts at the Texas Higher Education Coordinating Board, and analysts from the Higher Education team at the Legislative Budget Board.

Appendix A: Classification of Instructional Programs (CIP) Included in the Healthcare Workforce Supplement

Nursing (at all levels)	CIP Code
Registered Nursing/Registered Nurse	51.3801.00
Nursing Administration	51.3802.00
Adult Health Nurse/Nursing	51.3803.00
Nurse Anesthetist	51.3804.00
Family Practice Nurse/Nursing	51.3805.00
Maternal/Child Health and Neonatal Nurse/Nursing	51.3806.00
Nurse Midwife/Nursing Midwifery	51.3807.00
Nursing Science	51.3808.00
Pediatric Nurse/Nursing	51.3809.00
Psychiatric/Mental Health Nurse/Nursing	51.3810.00
Public Health/Community Nurse/Nursing	51.3811.00
Perioperative/Operating Room and Surgical Nurse/Nursing	51.3812.00
Clinical Nurse Specialist	51.3813.00
Critical Care Nursing	51.3814.00
Occupational and Environmental Health Nursing	51.3815.00
Emergency Room/Trauma Nursing	51.3816.00
Nursing Education	51.3817.00
Nursing Practice	51.3818.00
Palliative Care Nursing	51.3819.00
Clinical Nurse Leader	51.3820.00
Geriatric Nurse/Nursing	51.3821.00
Women's Health Nurse/Nursing	51.3822.00
Licensed Practical/Vocational Nurse Training	51.3901.00
Nursing Assistant/Aide and Patient Care Assistant/Aide	51.3902.00

Pharmacy (at all levels)	CIP Code
Pharmacy	51.2001.00
Pharmacy Administration and Pharmacy Policy and Regulatory Affairs	51.2002.00
Pharmaceutics and Drug Design	51.2003.00
Medicinal and Pharmaceutical Chemistry	51.2004.00
Natural Products Chemistry and Pharmacognosy	51.2005.00
Clinical and Industrial Drug Development	51.2006.00
Pharmacoeconomics/Pharmaceutical Economics	51.2007.00
Clinical, Hospital, and Managed Care Pharmacy	51.2008.00
Industrial and Physical Pharmacy and Cosmetic Sciences	51.2009.00
Pharmaceutical Sciences	51.2010.00
Pharmaceutical Marketing and Management	51.2011.00

Allied Health/51-Series (at Doctoral & Professional Practice level)	CIP Code
Health Services/Allied Health/Health Sciences, General	51.0000.00
Health and Wellness, General	51.0001.00
Communication Sciences and Disorders, General	51.0201.00
Audiology/Audiologist	51.0202.00
Speech-Language Pathology/Pathologist	51.0203.00
Audiology/Audiologist and Speech-Language Pathology/Pathologist	51.0204.00
Health/Health Care Administration/Management	51.0701.00
Hospital and Health Care Facilities Administration/Management	51.0702.00
Health Unit Coordinator/Ward Clerk	51.0703.00
Health Unit Manager/Ward Supervisor	51.0704.00
Health Information/Medical Records Administration/Administrator	51.0706.00
Health Information/Medical Records Technology/Technician	51.0707.00
Medical Transcription/Transcriptionist	51.0708.00
Substance Abuse/Addiction Counseling	51.1501.00
Psychiatric/Mental Health Services Technician	51.1502.00
Clinical/Medical Social Work	51.1503.00
Community Health Services/Liaison/Counseling	51.1504.00
Psychoanalysis and Psychotherapy	51.1507.00
Mental Health Counseling/Counselor	51.1508.00
Genetic Counseling/Counselor	51.1509.00
Public Health, General	51.2201.00
Environmental Health	51.2202.00
Health/Medical Physics	51.2205.00
Occupational Health and Industrial Hygiene	51.2206.00
Public Health Education and Promotion	51.2207.00
Community Health and Preventive Medicine	51.2208.00
Maternal and Child Health	51.2209.00
International Public Health/International Health	51.2210.00
Health Services Administration	51.2211.00
Behavioral Aspects of Health	51.2212.00
Art Therapy/Therapist	51.2301.00
Dance Therapy/Therapist	51.2302.00
Music Therapy/Therapist	51.2305.00
Occupational Therapy/Therapist	51.2306.00
Orthotist/Prosthetist	51.2307.00
Physical Therapy/Therapist	51.2308.00
Therapeutic Recreation/Recreational Therapy	51.2309.00
Vocational Rehabilitation Counseling/Counselor	51.2310.00
Kinesiotherapy/Kinesiotherapist	51.2311.00

Allied Health/51-Series (at Doctoral & Professional Practice level)	CIP Code
Assistive/Augmentative Technology and Rehabilitation Engineering	51.2312.00
Animal-Assisted Therapy	51.2313.00
Rehabilitation Science	51.2314.00
Rehabilitation of the Visually Handicapped	51.2399.11
Dietetics/ Dietitian	51.3101.00
Clinical Nutrition/Nutritionist	51.3102.00

Allied Health/51-Series (at Terminal-Degree/Master's level)	CIP Code
Physician Assistant	51.0912.00

Appendix B: General Academic Institutions, Technical Colleges, and Lamar State Colleges Formula Advisory Committee for the 2026-27 Biennium

Name & Term Expiration	Institution	Accountability Group
Bonnie Albright (2024) Vice President for Finance & Operations	Sul Ross State University P.O. Box C-97, Alpine, Texas, 79832 bonnie.albright@sulross.edu	Master's
*Rana Askins (2024) Associate Vice President - Budget & Finance	Texas Woman's University P.O. Box 425588, Denton, TX 76204-5588 raskins@twu.edu	Doctoral
Dr. Loren Blanchard (2024) President	University of Houston-Downtown One Main Street, Houston, TX 77002 blanchardl@uhd.edu	Master's
Susan Brown (2024) AVP for Strategic Analysis & Institutional Reporting	The University of Texas Rio Grande Valley, 1201 West Univ. Drive, Edinburg, TX 78539 susan.brown@utrgv.edu	Doctoral
Emily Deardorff (2028) 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	Emerging Research
Joseph Duron (2026) Chief Administrative Officer	Texas A&M University System (representing Texas A&M University) 301 Tarrow St, College Station, TX 77840 duro@tamus.edu	Research
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	Master's
Dr. James Hurley (2026) Chief Executive Officer and President	Tarleton State University Box T-0001, Stephenville, TX 76402 hurley@tarleton.edu	Comprehensive
Judi Kruwell (2028) Interim VP for Finance and Administration	Stephen F. Austin State University PO Box 6108, SFA Station, Nacogdoches, TX 75962 kruwelljf@sfasu.edu	Comprehensive
Veronica Salazar (2028) CFO & Senior VP for Business Affairs	The University of Texas at San Antonio 1 UTSA Circle, San Antonio, TX 78249 veronica.salazar.vpba@utsa.edu	Emerging Research
Noel Sloan (2026) CFO and Senior VP of Administration & Finance	Texas Tech University 2500 Broadway, Lubbock, TX 79409 noel.a.sloan@ttu.edu	Emerging Research

Name & Term Expiration	Institution	Accountability Group
*Chad Wooten (2026) Vice Chancellor and Chief Financial Officer	Texas State Technical College 3801 Campus Drive, Waco, TX 76705 chad.wooten@tstc.edu	Technical Colleges
*Wendy Elmore (2026) Provost and Executive Vice President	Lamar State College Orange 410 Front Street, Orange, TX 77630 Wendy.elmore@lsco.edu	State Colleges

**Individual is replacing a member for the remainder of an existing term.*

Appendix C: GAIFAC Meeting Notes

All meetings were held via video conference. A link to the live broadcast and meeting materials is available at: <https://www.highered.texas.gov/about/advisory-committees/formula/>.

Meeting 1 - Wednesday, August 30, 2023 - 10:00 a.m.

Attendees

Present: Ms. Bonnie Albright, Ms. Rana Askins, Dr. Loren Blanchard, Ms. Susan Brown, Ms. Emily Deardorff, Mr. Joseph Duron, Ms. Wendy Elmore, Mr. Daniel Harper, Ms. Judi Kruwell, Ms. Veronica Salazar, Ms. Noel Sloan, Mr. Chad Wooten. Absent: Dr. James Hurley
THECB Staff: Ms. Emily Cormier, Ms. Jennifer Gonzales

Minutes

1. The meeting began at 10:04 a.m. Commissioner Keller provided introductory remarks and a brief overview of the charges.
2. The Convening Chair, Mr. Harper, opened the meeting and asked the floor for Chair nominations. Ms. Deardorff nominated Mr. Harper and Mr. Duron seconded. Mr. Harper accepted and all voted unanimously to approve. Mr. Harper asked for Vice Chair nominees. Ms. Sloan nominated Ms. Deardorff, seconded by Ms. Brown. All voted unanimously in favor.
3. Ms. Cormier presented an overview of formula funding and an ending slide detailing the group's 5 charges.
4. Mr. Harper delegated Charge 2 to Ms. Elmore and Charge 3 to Mr. Wooten. He expressed that Charges 4 and 5 were well-suited for working groups and that Charge 1 could be taken up by the full committee. The members were in agreement. Mr. Duron was named lead as the work group for Charge 4, and Ms. Deardorff was named as lead for Charge 5. Members agreed to contact the lead of the working group they were interested in serving on.
5. The committee discussed and agreed to go forward with virtual meetings. Mr. Harper asked members if there were conflicts with the proposed meeting dates and times. The date for **Meeting 2 is set for Wednesday, September 27, 2023, 9:00 a.m.** Tentative future dates are listed below, but if these conflict with a member's schedule, they should contact Ms. Gonzales and she can poll the group to see if a new meeting date/time would work better.
 - Meeting 3: Wednesday, November 1, 2023, 10:00 a.m.
 - Meeting 4: Wednesday, December 6, 2023, 10:00 a.m.
 - Meeting 5 (if needed): Wednesday, January 10, 2024, 10:00 a.m.
6. The meeting adjourned with a motion by Mr. Duron and a second by Ms. Brown with all in favor at 10:51 a.m.

Meeting 2 - Wednesday, September 27, 2023 | 9:00 a.m.

Attendees

Present: Ms. Bonnie Albright, Ms. Rana Askins, Dr. Loren Blanchard, Ms. Susan Brown, Ms. Emily Deardorff, Mr. Joseph Duron, Ms. Wendy Elmore, Mr. Daniel Harper, Ms. Judi Kruwell, Ms. Veronica Salazar, Ms. Noel Sloan, Mr. Chad Wooten. Absent: Dr. James Hurley
THECB Staff: Ms. Emily Cormier, Ms. Jennifer Gonzales

Minutes

1. The meeting began at 9:02 a.m.
2. The Chair, Mr. Harper, opened the meeting and asked for a motion to approve the minutes from the August 30, 2023 meeting. Mr. Duron made a motion, seconded by Ms. Brown. All voted in favor.
3. The Chair started with a review of Charge 1, looking at the projections and in particular, the HEPI inflation rate. The group considered the high volatility of inflation in recent years and thought the original projection rate of 11.7% might be too high. Ms. Sloan recommended using a rolling 3-year average of HEPI, updated with the most recent available HEPI data at the time that the recommendations move forward to the Commissioner (Commonfund Institute will publish 2023 calendar year data in January 2024). Ms. Deardorff seconded the motion and the committee agreed.
4. Chair Harper asked for an update from the Charge 4 work group. Mr. Duron explained that the group discussed several data inputs to funding and are now mainly focusing on tuition estimates and the expenditure study. For the tuition estimates, the work group is comparing the use of Actual GRD, like the HRIs do, rather than projections in its recommendations. Using historical biennia, they are also considering what effect freezing the weights in the expenditure study would have had on formula funding and will come back with more research at the next meeting.
5. Chair Harper asked for an update from the Charge 5 work group. Ms. Deardorff explained that the group is looking at recommending a healthcare workforce supplement, outside of the I&O formula, for the difference in funding between GAI and HRI institutions for all nursing and pharmacy programs. The group has also asked THECB to look into Health Services programs that are offered at both GAIs and HRIs (specifically, courses with a 51-series Classification of Instructional Program (CIP). Progress will be shared at the next meeting.
6. The date for **Meeting 2 is set for Wednesday, November 1, 2023, 1:00 p.m.** Future dates are listed below:
 - Meeting 4: Wednesday, December 6, 2023, 1:00 p.m.
 - Meeting 5 (if needed): Wednesday, January 10, 2024, 10:00 a.m.
7. The meeting adjourned with a motion by Mr. Duron, seconded by Ms. Salazar with all in favor at 9:32 a.m.

Meeting 3 - Wednesday, November 1, 2023 | 1:00 p.m.

Attendees

Present: Ms. Bonnie Albright, Ms. Rana Askins, Dr. Loren Blanchard, Ms. Susan Brown, Ms. Emily Deardorff, Mr. Joseph Duron, Ms. Wendy Elmore, Mr. Daniel Harper, Dr. James Hurley, Ms. Judi Kruwell, Ms. Veronica Salazar, Mr. Chad Wooten. Absent: Ms. Noel Sloan
THECB Staff: Ms. Emily Cormier, Ms. Jennifer Gonzales

Minutes

1. The meeting began at 9:05 a.m. and Chair Harper asked for a motion to approve the minutes from September 27, 2023. Ms. Brown made a motion, seconded by Ms. Elmore. All voted in favor.
2. The Chair started with a review of Charge 1, looking at the updated projections using the 3-year rolling average HEPI inflation rate. The group agreed that applying inflation and growth with the new projections looked appropriate.
3. Chair Harper provided the projections for Charge 2, which generally echoed the methodology for the general academic institutions. The committee did not have additional comments.
4. For Charge 3, Mr. Wooten provided an overview for the committee of TSTC's returned value formula. TSTC plans to recommend a rate of 35.9% (the same rate used in the FY 2024-25 biennium). In addition, TSTC plans to recommend that the biennial cohort used for the return value formula be adjusted back by a year (so using the 2017-2018 cohort for the FY 2026-27. TSTC also plans to request dual credit hour funding for the FY 2026-26 biennium. The committee did not have additional comments.
5. Mr. Duron discussed progress on the Charge 4 work group and that they would be following through with a recommendation to use actual GR-D for the tuition estimates. Using this methodology for the 2026-27 biennium, FY2024 data would be used as the basis for the formula GR-D estimate. Since the last meeting, the work group also looked into the expenditure study, specifically the lower-level liberal arts weight, which is always weighted at 1.0. Ms. Deardorff shared that since it never changes, it's not reflecting the actual expenditures and inflationary cost trends, and that by comparing expenditure levels for each program/level, the committee could recommend to a set base expenditure rate. The LLLA weight would be able to increase/decrease from 1.0 depending on actual expenditures. The working group plans to bring the full recommendation to the next meeting.
6. On Charge 5, Ms. Deardorff explained that the working group's recommendation would be to provide a healthcare workforce supplement, outside of the I&O formula, for the difference in funding between GAI and HRI institutions for all nursing and pharmacy programs, for doctoral and special professional disciplines in Allied Health, and for programs with a terminal degree at the master's level (like Physician's Assistant programs). The working group met with the HRI working group, which was supportive of this approach as well.

7. If a fifth meeting is needed, Wednesday, January 10, 2024, is held on the calendar. The meeting adjourned with a motion by Mr. Duron, seconded by Ms. Brown with all in favor at 1:32 p.m.

Meeting 3 - Wednesday, December 6, 2023 | 1:00 p.m.

Attendees

Present: Ms. Bonnie Albright, Ms. Rana Askins, Dr. Loren Blanchard, Ms. Susan Brown, Ms. Emily Deardorff, Mr. Joseph Duron, Ms. Wendy Elmore, Mr. Daniel Harper, Dr. James Hurley, Ms. Judi Kruwell, Ms. Noel Sloan, Ms. Veronica Salazar, Mr. Chad Wooten.
THECB Staff: Ms. Emily Cormier, Ms. Jennifer Gonzales

Minutes

1. The meeting began at 1:03 p.m. and Chair Harper asked for a motion to approve the minutes from November 1, 2023. Ms. Brown made a motion, seconded by Ms. Elmore. All voted in favor.
2. The Chair reviewed the draft recommendations by charge. There was no further discussion on Charges 1-3.
3. Mr. Duron and Ms. Deardorff provided a summary of the draft recommendations coming out of the Charge 4 work group.
4. Ms. Deardorff summarized the Charge 5 work group draft recommendations.
5. Chair Harper recommended minor editorial edits to make sure voices of the differing charges flowed together better.
6. Mr. Duron made a motion to adopt the draft recommendations with minor formatting changes as needed. Dr. Hurley seconded. The committee voted unanimously in favor to adopt its 2026-27 recommendations to the Commissioner's charges.
7. The committee concluded its work and the meeting adjourned with a motion by Ms. Brown, seconded by Mr. Duron with all in favor at 1:22 p.m.

Appendix D: Health-Related Institutions Formula Advisory Committee for the 2026-2027 Biennium

Name & Term Expiration*	Institution	Contact Info
Angelica Marin-Hill (2026) Vice President for Government Affairs and Policy	The University of Texas Southwestern Medical Center 5323 Harry Hines Blvd. Dallas, TX 75390-9131	angelica.marin-hill@utsouthwestern.edu (214) 394-2974
Lauren Sheer (2028) Vice President, Legislative Affairs	The University of Texas Medical Branch at Galveston 301 University Blvd. Galveston, TX 77555-0126	lesheer@utmb.edu (512) 609-8046
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
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
Tomas Guajardo (2026) Associate Vice President	The University of Texas M. D. Anderson Cancer Center 1515 Holcombe Blvd., Box 95 Houston, TX 77030	tgguajardo@mdanderson.org (713) 563-2245
Natalie Harms (2028) Vice President of Finance	The University of Texas Health Science Center at Tyler 11937 US Hwy 271 Tyler, TX 75708	natalie.harms@uthct.edu (903) 877-7855 (office) (903) 539-7724 (cell)
Kristin Nace (2024) Acting Chief Financial Officer	Texas A&M University System Health Science Center Clinical Building 1, Ste 4130 8441 State Hwy 47 Bryan, TX 77807	k-nace@tamu.edu (979) 436-9228
Kemp Louis (2026) Chief Financial Officer	University of North Texas Health Science Center 3500 Camp Bowie Blvd. Fort Worth, TX 76107-2644	Kempton.louis@unthsc.edu (817) 735-5642
Penny Harkey (2026) Executive 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., Suite 3200 El Paso, TX 79905	Richard.Lange@ttuhsc.edu (915) 215-4300

Name & Term Expiration*	Institution	Contact Info
Michael Morrey, PhD (2028) Chief Administrative Officer	The University of Texas at Austin Dell Medical School 1912 Speedway Austin, TX 78712	Michael.morrey@austin.utexas.edu (507) 271-5431
Michael Mueller (2028) Executive VP for Finance and Business Affairs and CFO	The University of Texas Rio Grande Valley School of Medicine 2102 Treasure Hills Blvd. Harlingen, TX 78550	michael.mueller@utrgv.edu
Diane Chase, PhD (2028) Senior Vice President for Academic Affairs and Provost	University of Houston College of Medicine 4302 University Dr., Room 204 S2019 Houston, TX 77204	dzchase@Central.UH.EDU (713) 743-6788
Amanda Withers (2028) Chief Financial Officer and Senior Vice President for Operations	Sam Houston State University College of Osteopathic Medicine 925 City Central Ave. Conroe, TX 77304	withers@shsu.edu (936) 294-1017

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

Appendix E: Request for a Remote Site Code and Eligibility for the Small Class Supplement in the Health-Related I&O Funding Model

Instructions: To obtain a remote site code in the HRI Instruction and Operations (I&O) formula, as provided for in the General Appropriations Act, institutions must send an email that contains a PDF of the below form to funding@highered.texas.gov. Replace the bracketed text with what is being called for. Please note existing remote sites as of January 1, 2024, are not required to submit this form. Provision of the Small Class Supplement depends on legislative action to appropriate funding for that purpose.

Category	Requirement	Institutional Response
Specific Legislative Authorization Proposed	The remote campus must be proposed for authorization by legislative action, such as a rider or statute to establish the separate site of the campus. Note that if a new remote campus is not authorized by legislative action, the Small Class Supplement will not be provided.	[Copy of rider/statute proposed]
Remote Teaching Site Code	The campus must be established as a remote teaching site. Codes are provided by the Texas Higher Education Coordinating Board's Educational Data Center. Please indicate whether you are requesting a new site code.	[Request new site code.]
Facilities Inventory Report	The campus facilities must be in the facilities inventory report certified by the institution at the time the Space Projection Model is calculated.	[Acknowledge understanding of the requirement]
Site County	The remote campus cannot be in the same county as the main campus. There may be more than one remote campus in a county provided it meets all the criteria for eligibility.	[Provide the site county]
Fiscal and Operational Responsibility	The main campus is financially and operationally responsible for the remote campus being considered for the supplement. The institution will not include non-resident students who are taking only distance education courses delivered outside the state.	[Acknowledge understanding of the requirement]

Institution Name: _____

Institution FICE: _____

CFO Signature: _____

Date: _____

Appendix F: HRIFAC Meeting Minutes

Health-Related Institutions Formula Advisory Committee Meeting 10:00 A.M.
Texas Higher Education Coordinating Board
August 31, 2023

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Not Present
Michael Morrey – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Not Present
Amanda Withers – SHSU College of Osteopathic Medicine	Present

Agenda Item: THECB Commissioner Keller Opening Remarks

Commissioner Keller welcomed all committee members via Zoom meeting to study and provide recommendations on appropriate funding levels and additional changes that might be needed regarding formula funding. This work is particularly important as we come off a very strong session for higher education and we want to make sure we keep that momentum and help inform the upcoming discussions about how they need to continue to invest to improve affordability and to support our institutions. The Commissioner provided an overview of the charges, mentioned there is not a predetermined outcome but rather THECB will be supportive of the committee's work and recommendations.

Agenda Item: Call to order and possible action to approve a non-voting member participation

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order and welcomed all committee members. Dr. Jim Briggs represented University of Houston as Dr. Diane Chase was not available. Jessica Fisher represented Texas Tech HSC El Paso as Dr. Richard Lange was not available. Mr. Kemp Louis will be representing UNTHSC, while not an official member, THECB will consider his nomination at the October THECB board meeting. Mr. Mike Tramonte made a motion that until that time, Mr. Louis participate as a non-voting member. Motion was approved by full vote of committee.

Agenda Item: Election of a chair, vice chair and secretary.

Mr. Mike Tramonte opened the floor for nominations. Ms. Ginny Gomez-Leon re-nominated Mr. Mike Tramonte as chair of the committee, seconded by Mr. Michael Muller and approved by full vote of the committee. Mr. Tramonte accepted the nomination. Mr. Tomas Guajardo nominated Kristin Nace as vice chair of the committee, Ms. Nace consented to nomination and was approved by full vote of committee. Ms. Penny Harkey nominated Mr. Tomas Guajardo for Secretary, Mr. Guajardo consented to nomination, and was approved by full vote of the committee.

Agenda Item: Briefing on formula funding for the health-related institutions.

Ms. Melitta Berger provided an overview of health-related institution formula funding. Texas has 37 General Academic Institutions (GAIs) and 14 Health Related Institutions (HRIs). Of the 14 HRIs, 6 are part of a general academic institution. GAIs and HRIs have different state funding formulas and methodologies. Formula funding is an allocation methodology to distribute state funding among institutions. It reflects how funds are allocated and not how they must be spent.

The Instruction and Operations formula provides funding for faculty salaries, operating expenses, academic support, instructional administration and libraries. It is calculated with student FTSE or head count X program weight X funding rate + small class supplement. The Infrastructure formula provides for physical plant support and utilities. It is calculated by predicted square feet in the space model X rate. The Research Enhancement formula provides support to enhance research activities. It is calculated by research expenditures X rate. The graduate medical education formula provides funding to increase the number of resident slots and for faculty costs related to GME. It is calculated by medical/podiatric residents X rate. Mission specific formula funding are categorized as patient care base or Performance-Based Research Operations. Mission specific formulas were generally seeded with existing non-formula support funding items that were recategorized into a formula-based methodology.

General revenue formula funding amounts, excluding mission specific, increased by \$88.6 million for the 2024-2025 biennium. Despite increases in funding, formula rates have remained relatively flat.

THECB is required by statute to provide recommendations on higher education formulas to the LBB and Governor's office each summer prior to a legislative session. Statute requires THECB to use a committee review process to receive expert input on these topics via formula advisory committees. Committees work through the fall to develop these recommendations for Commissioner review and ultimately THECB Board approval. THECB staff provides data and formula runs to LBB and Governor's office by November 1 prior to session and March 1 during the legislative session.

Agenda Item: Consideration, discussion, and possible approval of the commissioner's 2026-27 charges

Mr. Tramonte walked through the committee charges. The first one is the standard charge of making recommendations for funding levels for the HRI formulas. Last session the committee brought forward a recommendation to get these adjusted for inflation which was supported by THECB Commissioner and THECB Board. This charge will be dealt by the entire committee

Mr. Tramonte opened discussion on charge 2 which is to study and make recommendations for the appropriate I&O formula weights, including consideration of any new specialty program for inclusion. Page six of the materials includes a descriptive chart on formula weights. Last session committee began looking at allied health and whether there should be a separate weight for graduate. The committee ran out of time and tabled the discussion for this year. Mr. Tramonte recommends that similar to last year we form a work group to focus on this charge and ask the group to bring forward a recommendation. Both nursing and allied health are two areas that have come to mind.

Ms. Penny Harkey asked about the comment from the commissioner about OTPT and if it's related to the charge. Mr. Tramonte understands the OTPT issue is being reviewed on a broad basis beyond OTPT and doesn't believe group should focus on FTSE definition. Ms. Emily Cormier mentioned that it was brought up that some programs were converted to an FTSE with 18 sch and others with 24 sch. It has broader implications for all doctoral programs, and that is what is being looked at and what is the appropriate conversion metric. That is a distinct review while this charge is focused on the weights. Ms. Ginny Gomez-Leon mentioned that she would be interested in helping explore a weight for the allied health programs as well as nursing. Mr. Tramonte said that as we discuss all charges, there may be the need to have three working groups and have everyone submit their preferences on participation of committees.

Mr. Tramonte opened discussion on charge 3 which is a joint charge to make recommendations on the treatment of health-related programs at general academic institutions co-located with a health-related institution. Mr. Michael Muller asked what is the focus or end goal coming out of the committee. This issue goes back ten years or more. Are we looking at equalizing the rate per student? Mr. Tramonte mentioned that his take is that the committee, which ever way we come down, to provide a solid substantiation of an approach. The formulas are dramatically different. Let's have our group identify the magnitude, and what does this mean. It can't be viewed in a vacuum for only these programs as it impacts members. Mr. Mueller mentions that he would like to be part of this working group. The dollars that are funding the pharmacy and nursing programs, specifically since they are mentioned in the charge are still in the general academic formula. The problem that I see, is the cost matrix; and how the general academics were reporting their costs and how that is affecting the cost matrix and its weights and shifting dollars that were once funding these programs to different areas. Mr. Tramonte mentioned that its one thing to look at this conceptually, its another to look at how would the funding be impacted. Again, is it a lift and shift, we move monies from academics to health related. Those are some of the great unknowns and hope that some of the items the working group can bring forward. Here are current issues, roadblocks, concerns and recommendations. Ms. Kristin Nace mentioned that she too would like to participate as it's been an idea that has been there for a while and explore various options. Mr. Mueller asked if we could know what the ultimate outcome or desired goal is. Mr. Tramonte mentioned this would be a popular committee, an issue that has been batted around for various sessions, we will try to get some additional guidance.

Mr. Tramonte opened discussion on charge 4 on eligibility of remote sites for purposes of the small class supplements. On page fifteen of the materials there is a summary of the sites eligible for supplement. When I asked for guidance on charge, was told there is reference to a multi campus adjustment on the infrastructure formula. Historically there hasn't been an effort

to align that with multi campus adjustment and that may be what we will be focusing on. This will be handled by the full committee.

Mr. Tramonte opened discussion on charge 5 on the use of mission specific formula funding at health-related institutions. This may include a review of the implementation of similar research and/or clinical based mission specific across institutions. On page 17 of the materials there is a summary of the mission specific formulas with dates of creation as these have evolved over biennium. My recommendation is for this to be the third working group to focus on issues of what has been in, what led to creation and how they been funded.

Mr. Guajardo asked how committee members would share their preferences as to what working groups they would like to attend. Mr. Tramonte suggested committee members to share preferences (first, second and third choice) with Tomas as Secretary of the group.

Agenda Item: Planning for subsequent meetings

Mr. Tramonte opened discussion for future meeting dates. Prior to covid, the meetings were in person. With covid, we took advantage of virtual meetings and were very productive as well. However, there is not quite the networking opportunities with virtual meetings. I would like to entertain the idea of having at least one in person meeting to learn a little bit more of the people they are working with.

The committee agreed to the following dates. All meetings are from 10 to 12.

First meeting in week of September 11th. To be determined via doodle poll.

September 27, 2023 (potentially in person/hybrid)

November 1, 2023 (TBD)

November 30th 2023 (TBD)

December 6th, 2023 (As needed – virtual)

January 10th, 2024 (As needed – virtual/TBD)

Focus of meeting in mid-September is to announce work group membership and any discussion for any adjustments. In addition, send out information of current year calculations as well as last session report.

Agenda Item: Adjournment

With no further discussion, Mr. Guajardo recommended the committee adjourn. Ms. Sheer 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
September 11, 2023**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Not Present
Michael Morrey – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Not Present
Amanda Withers – SHSU College of Osteopathic Medicine	Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Ms Berger conducted roll call with all members present except for President Richard Lange and Dr. Diane Chase.

Agenda Item: Approval of August 31, 2023 Meeting minutes

Mr. Tomas Guajardo mentioned that the minutes were shared last week. With no discussion of the minutes, Ms. Ginny Gomez Leon made a motion to approve, with a second by Ms. Angelica Marin-Hill and was approved by full vote of the committee.

Agenda Item: Discussion of charges

Mr. Mike Tramonte discussed the first charge and discussed last year's report that recommended applying an inflation adjusted rate to the base rate using FY 2019 as the base year. Mr. Tramonte referenced that despite increases in funding, formula rates have remained relatively flat over the last sessions. Ms. Penny Harkey liked the approach the committee took last session, so did Mr. Guajardo and Ms. Gomez-Leon. Mr. Tramonte mentioned he would be happy to look at various CPI metrics after Ms. Marin-Hill comments, as the medical index may have had a dip recently. A motion was made by Ms. Harkey to move forward with an inflation adjusted recommendations with 2019 as the base with CPI rates to be determined, seconded by Ms. Gomez-Leon. Motion approved by full committee.

Mr. Tramonte appreciates all members providing their preferences for work group recommendations. We were able to accommodate everyone's first or second choice. We shared with the group draft work group assignments. We looked at what was requested and sought a

balance with newer and more experienced members to provide a good mix. Ms. Nace and Mr. Tramonte will not participate in working groups as they will be working on charges 1 and 4. Desire is for working group to come up with recommendations by mid-November to have for late November meeting to consider them.

Committee was comfortable with committee breakouts. Mr. Tramonte asked Ms. Berger to share with Dr. Lange as we didn't receive his preferences. The work group leaders accepted their assignments: Ms. Harkey, Mr. Mueller and Mr. Guajardo.

Mr. Tramonte mentioned clarification on charge 4. Previously it was mentioned the alignment with I&O small school with infrastructure formulas. It was a little bit more in depth. The charge is to come up with a recommended definition that crosses formula. Plan is to have a draft for committee review and consideration.

Mr. Mueller mentioned since charge 3 is a joint charge with the academics, if we knew who was heading that working group. Mr. Tramonte mentioned that he assumed both groups would work in parallel and there may be some overlap in membership as with his counterpart being on the academic working group. Mentioned it may be nice if they were in agreement with recommendations, but time would tell. Ms. Cormier mentioned the members of the academic working group.

Agenda Item: Plan for Future meetings

Mr. Tramonte mentioned next meeting on September 27th to be in person with an option for remote attendance for those that cannot attend. First part will be general meeting to discuss first draft of charge 1. Subsequently to adjourn to allow working groups to begin their work.

Ms. Berger provided the new location of THECB and meeting location for the meeting. More specific information such as parking will be sent prior to meeting.

Agenda Item: Adjournment

With no further discussion, Mr. Tramonte recommended the committee adjourn. Mr. Guajardo 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
September 27, 2023**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Not Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Michael Morrey – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Present
Amanda Withers – SHSU College of Osteopathic Medicine	Not Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Mr. Tramonte thanked those who were able to attend the meeting in person. It was a hybrid meeting to accommodate those that could not attend in person. Ms Berger conducted roll call with all members present except for Ms. Gomez-Leon and Ms. Withers. Dr. Chase and Dr. Morrey attended the meeting after the initial roll call. Mr. Daniel Harper was in attendance representing Ms. Withers.

Agenda Item: Approval of September 11th, 2023 Meeting minutes

Mr. Guajardo mentioned that the minutes from the prior meeting were shared with committee. With no discussion of the minutes, Ms. Sheer made a motion to approve, with a second by Ms. Harkey and was approved by full vote of the committee.

Agenda Item: Discussion of charges

Mr. Mike Tramonte discussed the first charge and asked the group to review and discuss the inflation rate indexes to use for report. He noted that the medical inflation indexes were lower than the general inflation index since 2019. The way this report was completed last time and suggesting we continue doing is to look at 2019 through 2023. The general index was just shy of 35% while the medical care index was 18.6%. We also provided the regional index for Dallas and Houston area for each category. Ms. Berger shared screen with the index information that was previously shared with committee members. Mr. Mueller asked for the possibility of a blended rate or go with the larger rate in a phased approach? Mr. Tramonte mentioned that ideally we are looking for a rate that is reasonable in our field and not extraordinarily high. By you cutting the general index in half indicates that the general index may be too high. Open to

other thoughts. Ms. Harkey mentioned that before the committee pursued getting back to the 2002-03 rates. Last session recommended medical CPI index would have gotten us there.

Ms. Nace said that staying consistent is very important. Ms. Marin-Hill echoed her comments mentioning that consistency is very important for the Legislature. Mr. Tramonte said that we made a compelling case for the medical CPI last session and to deviate from it would be counterproductive; we recognize it is less than the general but there is still an impact. Dr. Chase was supportive and said it was a good landing place. We ought to get credit for not pursuing the largest one. Ms. Harkey made the motion to consider the 18.59% US Medical Care CPI index, seconded by Mr. Guajardo. Motion approved by full committee.

Mr. Tramonte suggested that institutions provide insights with the FTSE enrollment estimates, in particular for those institutions that are estimating new programs or cohorts to assist with these estimates. Dr. Chase suggested goal is to double over the next years (60 to 120) and asked where it would be appropriate to discuss other medical type programs such as optometry. Mr. Tramonte suggested as part of working group 3. Mr. Guajardo reminded the group that the base period for these estimates would be summer 2024, Fall 2024 and Spring 2025. Mr. Mueller commented that they will be increasing freshman class size by 10% a year and Podiatry program class size expected to be 40 in addition to the first-class of 27 and second class of 38. Dr. Morrey commented they are expected to be stabilized and after LCME will look at future expansion. Mr. Tramonte does not see increases to class size. President Lange expects medical students to increase from 124 to 150 per class, and still growing dental class to 60 per class. Ms. Marin-Hill mentions a new school of Public Health at UT Southwestern coming online, upcoming class at 51 students, of which 1/3 are existing MD students. Ms. Sheer from UTMB mentioned that similarly a new school of Public and Population Health came on last fall. It will have small incremental growth. UNTHSC will be coming up with a college of Nursing for the Fall of 2024.

With no other items, committee moved to next agenda item.

Agenda Item: Plan for Future meetings

Mr. Tramonte mentioned next meeting is scheduled for November 1st at 10am and suggested back to virtual meeting. In the meantime, work will be done by committees. Ask that work group leaders provide an update in the coming meeting by mid-October to develop agenda for next meeting. Mr. Mueller asked if Ms. Berger could share the link of his work group to those who would want to attend. Mr. Briggs asked for link to be shared with him.

Agenda Item: Adjournment

With no further discussion, President Lange made a motion for the committee to adjourn with Michael Mueller seconding 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 1, 2023**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Not Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Not Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Michael Morrey – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Not Present
Amanda Withers – SHSU College of Osteopathic Medicine	Not Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Ms Berger conducted roll call with all members present except for Ms. Sheer, Ms. Withers, Ms. Harms and Dr. Chase. Ms. Osterloh was in attendance representing Ms. Sheer as well as Dr. Briggs representing Dr. Chase.

Agenda Item: Approval of September 27th, 2023 Meeting minutes

Mr. Guajardo mentioned that the minutes from the prior meeting were shared with committee. With no discussion of the minutes, Dr. Lange made a motion to approve, with a second by Ms. Harkey and was approved by full vote of the committee.

Agenda Item: Discussion of charges

Mr. Mike Tramonte discussed the first charge. He noted that the draft recommendation incorporates the inflation rate indexes discussed and approved last meeting, mentioned that some institutional data is missing and asked for all to review and ensure data is updated. There could be some adjustments as we have not yet adjusted for undergraduate and graduate allied health and nursing. As that charge gets finalized it will get updated. Regarding GME counts, the committee suggested that each institution provide its projection for the 2026-2027 biennium.

Ms. Harkey mentioned there are two components to the recommendation of formula funding: growth and rate increase. Historically these numbers have been blended providing the recommendation and the amount requested. Suggests we need to be more explicit in mentioning this is what would be required to cover the growth to maintain existing rates, and how much to increase the rates. It may help make our case about the rate. Dr. Lange agrees

with the notion to separating them out, with the hopes that if the Leg does not fund growth, it would be a cut on a per formula funding rate. Mr. Mueller supports the idea, to reflect what the minimum needs are. Ms. Gomez in agreement as well. Ms. Marin mentioned in our worlds with the current inflation pressures, its helpful to break out the amounts to highlight the recommended rate increase in addition to growth.

Mr. Tramonte suggested that we present the total request and then break out what is attributed to growth and what is attributed to rate increases. Ms. Harkey and Mr. Guajardo were supportive of the idea. Ms. Nace suggested if a footnote could accomplish the task, but committee felt that it better be visual, a picture is worth a thousand words.

Mr. Tramonte proceeded to discuss the other charges and asked each working group chair provide an update to the committee and projected timeline:

Charge 2 – Ms. Harkey – working group developed a template and shared with the committee. Looked at data from HSC San Antonio, UTMB, HSC Houston and Tech HSC because these institutions have majority of nursing and health profession programs. Took an average program by program. Use the average of the undergraduate programs, which could potentially be used as a base, and compare it to the averages of the graduate programs. We should have a draft in the next ten days of the recommendation. Dr. Lange mentioned if this could be run institution by institution for those that have undergraduate and graduate programs. Ms. Harkey mentioned that the risk is that analysis could miss high-cost programs and a blended rate could capture that and be more accurate statewide.

Charge 3 – Mr. Mueller, co-charge with Academics – several conversations with general academic work group. The guiding principles include not harm existing HRI nor GAI funding to not rob Peter to pay Paul. Recommendation is to run formula through the cost matrix and on top of that ask for supplemental funding to balance out to the HRI rate. Working group felt they could support it as long as it doesn't impact any program on either HRI or GAI side. GAI working group is taking the lead to write recommendation. The other issue is a review of optometry requested by UH. Mr. Mueller provided the work group used last session in setting up the podiatry rate. Should have a recommendation by end of month. It could either be moving an existing program to the HRI and creating a new weight or increasing the weight on the academic side. Mr. Tramonte mentioned that it may be similar to the Allied Health funding discussion last time where the committee ran out of time, and it got pushed to next session. The Podiatry discussion was part of the original charge and part of the work the committee did from the beginning.

Charge 4 – No working group. Ms. Nace working on it provided an update. Looked at the small class supplement, compared it to the multi space adjustment of the space model. Goal was to document the process. Mr. Tramonte mentioned that if there are any inconsistencies would the committee make recommendation for alignment. Ms. Nace referenced the CMB01 manual for the remote teaching location site code. It is this code that is used for the small class supplement. Ms. Harkey mentioned that if this alignment could result in an increase to the space model once locations in the small class supplement not currently in space model are added. Mr. Tramonte agreed.

Charge 5 – Mr. Guajardo – it was referenced during working group discussions how mission specific formulas span back to 08-09 to last couple of sessions, and while the LBB has put

together nice summaries, nothing has been comprehensive. The thought is to put a document together attempts to provide the background, context, how these were set up with an opportunity for institutions to provide feedback. We started with the LBB primers and used data provided by THECB and funding sources used to convert these to the mission specific formulas – meaning institutions had skin in the game. We also referenced SB 30 funding, how the funding is critical and the working group would recommend for the Legislature to consider it be part of the base bill for the upcoming session. We sent out the report to all committee members, thank you for your feedback. Just have one institution pending which we hope to receive soon. We plan to run this report by Colin at the LBB to review as well. Work is about 90% done and we hope to have a final draft to go out to committee middle of November for one final review. Heard good feedback and the hope it's a document that can be useful.

Mr. Tramonte appreciated the updates. Seems like we are making good progress aiming to have a solid draft by mid-month. We can circulate to all members for wordsmithing.

With no other items, committee moved to next agenda item.

Agenda Item: Plan for Future meetings

Mr. Tramonte mentioned next virtual meeting is scheduled for November 30th. Four weeks ahead but we have thanksgiving in there. Goal is to have first draft of total report by that time. The subsequent meeting on December 6th, to give members for comments and hopefully to ratify report in that meeting, with few placeholders until AAMC data is available. Mr. Mueller inquired if there was some language of working group was shared. Ms. Cormier offered to forward the document previously shared by working group. Ms. Berger asked if working groups could have draft ready by the 10th to have time to consolidate and check for consistency.

Agenda Item: Adjournment

With no further discussion, Mr. Mueller made a motion for committee to adjourn with Dr. Lange 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 30, 2023**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Not Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Not Present
Michael Morrey – UT-Austin Medical School	Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Not Present
Amanda Withers – SHSU College of Osteopathic Medicine	Not Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Ms Berger conducted roll call with all members present except for Ms. Harms, Dr. Lange, Ms. Withers and Dr. Chase. Ms. Jessica Fisher was in attendance representing Dr. Lange as well as Dr. Briggs representing Dr. Chase.

Agenda Item: Approval of November 1st, 2023 Meeting minutes

Mr. Guajardo mentioned that the minutes from the prior meeting were shared with committee. With no discussion of the minutes, Mr. Tramonte made a motion to approve, with a second by Ms. Nace and was approved by full vote of the committee.

Agenda Item: Discussion of charges

Mr. Mike Tramonte would like to go over the charges and recommendations.

Beginning with Charge 2. Ms. Harkey mentioned that they had taken the allied health programs for UTMB, UTHSC-San Antonio and Texas Tech HSC calculated a cost per FTSE for graduate and undergraduate to come up with a differential. Working group is recommending a weight of 1.48 graduate nursing and 1.20 for graduate allied health. There was also a discussion about occupational therapy doctoral program and physical therapy doctoral program where they are relatively the same programs but one is funded at the professional rate and the other at the doctoral rates. Emily Cormier mentioned that THECB based on this discussion tasked their academic and health divisions to review all doctoral programs on how they are classified either via professional doctoral or research doctoral. Research doctoral are converted to an FTSE via 18 sch as compared to professional doctoral programs at 24 sch. Proposed rules would have us

aligned with NSF guidelines of doctoral research programs. This review identified some programs that were misaligned which includes the OT and DAP programs (which is classified by THECB as a research program vs professional by NSF). This recommendation could be added as an addendum to the committee's recommendation to go to the board in April. A motion was made by Mr. Mueller with the caveat that we include at a later date the recommendations about the doctoral professional/research programs once work is concluded was made and was seconded by Ms. Sheer and approved by full committee.

Regarding Charge 3, Mr. Mueller mentioned that the recommendation put together by the general academic group is for a supplement outside of the formulas and that we be supportive with two key aspects: 1) it would be new monies and 2) no harm to the existing formulas on the academic or HRI side. The report reflects a mirror response supportive of recommendation absent a dollar recommendation as that is included on the GAI report. Ms Nace makes a motion to support the recommendation, seconded by Mr. Mueller and approved by the full committee.

Regarding Charge 4, Mr. Tramonte would like to table for the December 6th meeting but rather get some feedback. The hope was to have some alignment between the multi campus adjustment and small class supplement. Should there be an alignment? While some committee members believed these are two separate formulas, open to exploring options and discussing at next meeting.

Regarding Charge 5, Mr. Guajardo referenced the working group working on a historical document on the background and context of the mission specific formulas and including as attachment to the committee report. There is some pending work on updating research expenditure figures for FY 2023 and corresponding ROI table for the research mission specific formulas. On the recommendation, we would like the committee to consider amending the recommendation for the inclusion of SB 30 monies for the 2026-27 recommendation for base funding. Mr. Tramonte would like to table for next meeting to update language.

Regarding charge 1, Mr. Tramonte mentioned that for the years beyond 2023, we took the average of last three years which was roughly 4% (of 2021-2023 indexes) and applied that for the years going forward, and then took an average 2026 and 2027 amounts to calculate the overall inflation amounts should be over 2019. That is the 19.2% increase that you see in the first table. It is slightly different than the infrastructure, research and GME that is 20.1% because a slight adjustment to the base rate for I&O in this biennium. Year over year not that large of a difference. Please review the file from Melitta to make sure the recommendation includes the projections from your institution. Ms. Harkey makes a motion, seconded by Mr. Guajardo and approved by the full committee.

With no other items, the committee moved to next agenda item.

Agenda Item: Plan for Future meetings

Mr. Tramonte mentioned the next virtual meeting is scheduled for December 6th on the calendar. The idea was the committee would have a markup and have another version for review. Not optimistic we will be done by December 6th. We had a placeholder for January 10th and put that in our calendar to have the report finalized by then. We are waiting for some stats from AAMC that we generally include in the executive summary.

Agenda Item: Adjournment

With no further discussion, Mr. Tramonte made a motion for the committee to adjourn. Mr. Guajardo 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 6, 2023**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Not Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Not Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Not Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Not Present
Michael Morrey – UT-Austin Medical School	Not Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Present
Amanda Withers – SHSU College of Osteopathic Medicine	Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Ms Berger conducted roll call with all members present except for Ms. Harms, Dr. Lange, Ms. Gomez-Leon, Ms. Sheer, Mr. Morrey and Dr. Chase. Ms. Jessica Fisher was in attendance representing Dr. Lange, Ms. Rachel Osterloh representing Ms. Sheer.

Agenda Item: Discussion of charges

Mr. Mike Tramonte reminded committee that we have made progress and tabled two items for discussion today.

The first one is charge 4 and we have distributed the draft. Based on subsequent meetings we made some changes. Prior versions had direct linkage to multi campus adjustment as part of the infrastructure formula. We removed that link recognized as enrollments in the small class supplement grow to not impact multi campus adjustments. Similar to the multi-campus adjustment, the recommendation is to create a form and require submission of form when small class supplement is being requested. It could include a recommended rider pending legislative approval. It should be a remote teaching site, on the facilities inventory and fiscal and operational responsibilities for the site. That is a tweak to the multi-campus adjustment.

Ms. Harkey asked what the reference to the multi campus adjustment that there may be more than one site in the separate location, if the separate location meets all the eligibility means. Mr. Tramonte mentioned that A&M HSC has separate sites in the greater Houston area. However, Ms. Nance mentioned that while it's two separate small class supplements, they only receive one multi campus adjustment. Mr. Tramonte asked Jennifer Gonzales from THECB

referencing that the space model provides it by zip code. If the facilities are in different zip codes, you could have two multi-campus adjustments.

Mr. Guajardo made the motion, seconded by Ms. Marin, and full committee approved recommendation.

On charge 5, Mr. Guajardo mentioned the working group produced a document providing the historical context and background on the various mission specific which was included in the report in attachment A. For today we have three items: 1) Melitta is working on updating 2023 research expenditure numbers in the report. 2) Working on return-on-investment table to demonstrate the growth of research expenditures since the implementation of research mission specific formulas, and 3) amend the recommendation for the Legislature to consider including SB 30 appropriations into the 2026-27 base funding to all HRI funding. Melitta has updated the recommended language which is similar to what the committee working group report had recommended.

Mr. Tramonte asked Mr. Guajardo to reference the discussion he had with the LBB about this amended recommendation. Mr. Guajardo talked with the LBB analyst and they were supportive of the committee including that proposed language in the recommendation. Mr. Tramonte made the motion, with Dr. Chase seconded with the full committee approving the recommendation.

With no other items, the committee moved to the next agenda item.

Agenda Item: Plan for Future meetings

Mr. Tramonte, mentioned that we rescheduled the January 10th meeting to January 17th to have enough time to have updated stats incorporated into the final report. We will circulate to the committee for review, edits. The idea is to meet briefly on January 17th for acceptance of report and move forward to commissioner.

Agenda Item: Adjournment

With no further discussion, Mr. Guajardo made a motion for committee to adjourn with Mr. 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
January 17, 2024**

Minutes

Members:

Angelica Marin-Hill – UTSWMC	Present
Lauren Sheer – UTMB	Present
Michael Tramonte – UTHSCH	Present
Ginny Gomez-Leon – UTHSCSA	Present
Tomas Guajardo – UT M.D. Anderson	Present
Natalie Harms – UTHSCT	Not Present
Kristin Nace – TAMHSC	Present
Kemp Louis – UNTHSC	Present
Penny Harkey – TTUHSC	Present
Richard Lange – TTUHSC-El Paso	Present
Michael Morrey – UT-Austin Medical School	Not Present
Michael Mueller – UTRGV School of Medicine	Present
Diane Chase – UH College of Medicine	Present
Amanda Withers – SHSU College of Osteopathic Medicine	Present

Agenda Item: Welcome and Call to Order

Mr. Mike Tramonte called the Formula Advisory Committee meeting to order. Ms Berger conducted roll call with all members present except for Ms. Harms and Dr. Morrey.

Agenda Item: Approval of November 30th and December 6th, 2023 Meeting minutes

Mr. Guajardo mentioned that the minutes from the prior meeting were shared with the committee. With no discussion of the minutes, Mr. Tramonte made a motion to approve, with a second by Dr. Lange, and was approved by full vote of the committee.

Agenda Item: Discussion of charges

Mr. Mike Tramonte thanked everyone for their participation and work groups. A lot of work has been done. There are more recommendations going forward than years past. Hope you had an opportunity to review reports. We have had some minor edits submitted, wordsmithing which was included in the latest version that was sent out. Recommendations have not changed.

Mr. Tramonte proposed adoption of the draft for the submission to THECB with the approval that THECB staff have the ability to make non-substantive edits and formatting changes as they prepare to print. Mr. Guajardo made a motion, second by Dr. Lange and Dr. Chase and was approved by full vote of the committee.

Mr. Tramonte mentioned that the normal process is for the chairs of the advisory committee will meet with THECB and presentation with an opportunity for questions from the board and hopefully from there bring forward the recommendations to the LBB and Legislature.

Mr. Tramonte thanks Mr. Guajardo, Ms. Nace and Ms. Berger for their assistance. Mr. Guajardo thanked Mr. Tramonte and Ms. Nace as well. Ms. Nace special thanks to Ms. Cormier and Ms. Berger.

Agenda Item: Adjournment

With no further discussion, Mr. Mueller made a motion for committee to adjourn with Dr Chase seconded the recommendation, and the committee approved the recommendation and adjourned.

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