

**Formula Funding  
Recommendations for the  
2028-29 Biennium**

**April 2026**

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## Texas Higher Education Coordinating Board



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### Agency Purpose

Our purpose is to strengthen Texas through higher education. By making higher education accessible to a wide range of people, we can ensure Texas remains one of the world's most innovative, valuable educational systems. By bringing together data, policymakers, and institutions, we can inform sensible policies that make a difference and make education beyond high school available to every person in our state. When we do that, we will improve lives, communities, and our shared economy.

### Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

### Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The THECB's core values are:

**Accountability:** We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

**Efficiency:** We accomplish our work using resources in the most effective manner.

**Collaboration:** We develop partnerships that result in student success and a highly qualified, globally competent workforce.

**Excellence:** We strive for excellence in all our endeavors.

The THECB does not discriminate on the basis of race, color, national origin, gender, religion, age, or disability in employment or the provision of services.

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## Executive Summary

The Texas Higher Education Coordinating Board (THECB) is forwarding to the governor and the Legislature the recommendations of the Commissioner of Higher Education (Commissioner) and the Formula Advisory Committees for the 2028-29 biennium.

The Formula Advisory Committees meet each biennium to address the Commissioner'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. The Health-Related Institutions Formula Advisory Committee (HRIFAC) provides recommendations related to the health-related institutions (HRIs), while the General Academic Institutions, Technical Colleges, and State Colleges Formula Advisory Committee (GAIFAC) provides recommendations related to general academic institutions (GAls), technical colleges, and state colleges.

The two Formula Advisory Committees recommended rates for each formula for the 2028-29 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 continues to be impacted by the 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 keep pace with rising costs and increasing student demands, the GAIFAC recommends the Legislature fund enrollment growth and inflation for the 2028-29 biennium for all higher education funding formulas, including Instruction and Operations, Infrastructure Support, Comprehensive Regional University Funding, the Texas Research University Fund, the National Research Support Fund, and the Texas Comprehensive Research Fund. This includes infrastructure support for the Texas State Technical Colleges and state colleges.
- The GAIFAC recommends the Legislature expand the Small Institution Supplement (SIS) to provide increased foundational investments for smaller institutions to ensure continued access to higher education in every region of the state. The recommendation includes increasing the headcount enrollment threshold for institutions to receive the supplement funding from 5,000 to 10,000 students, while increasing the maximum headcount to receive phased down funding from 10,000 to 20,000 students. It also includes increasing the Small Institution Supplement maximum to \$5 million for the biennium.
- The GAIFAC recommends changes to the State Colleges Critical Fields List, which is similar to the community college High-Demand Fields List, including removing, updating, and adding critical fields that have either current or planned corresponding state college course offerings.
- For the Texas State Technical College System, the GAIFAC recommends the Legislature maintain the current funding percentage of the Returned Value Formula (56.1%),

continue using American Community Survey wage data, and add the Comal/Guadalupe County campus to the 2028-29 General Appropriations Act bill pattern and respective formula calculations.

## **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, increasing them by the same average growth as the U.S. City Average Medical Care Index, starting from Fiscal Year (FY) 2019 as the base year. This adjustment would be implemented over three biennia, with the first one-third of the adjustment applicable to the 2028-29 formula rates for Instruction and Operations, Infrastructure, Graduate Medical Education, and Research Enhancement.
- The committee recommends increasing the rates for Graduate Medical Education by the aforementioned one-third of inflation and an additional 20% to address increased training costs, particularly in the outpatient setting.
- The committee recommends adding weights for graduate programs in Allied Health, Nursing, and Behavioral Health to accommodate the higher costs of those programs relative to their undergraduate counterparts. The new weights would be 1.233 for graduate Allied Health, 1.508 for graduate Nursing, and 2.075 for graduate Behavioral Health.
- As a part of the Commissioner's charge to study and make recommendations for the appropriate formula weights, the committee added Optometry for consideration and recommended pursuing a cost-based funding model within the GAI formula model rather than through the HRI formula model.

# Introduction

## Statutory Authority

### **Texas Education Code, Section 61.002(b)**

"In the exercise of its leadership role, the Texas Higher Education Coordinating Board established by this chapter shall be an advocate for the provision of adequate resources and sufficient authority to institutions of higher education so that such institutions may realize, within their prescribed role and scope, their full potential to the benefit of the students who attend such institutions and to the benefit of the citizens of the state in terms of the realization of the benefits of an educated populace."

### **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. 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 Formula Advisory Committee (GAIFAC). [Appendix A](#) includes a list of current GAIFAC members and the committee minutes from each meeting.

# 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, Senate Bill 1, 89th Legislature, Special Provisions Relating Only to State Agencies of Higher Education, Section 26, page III-295)

### Funding Levels Recommendation

The Texas economy continues to thrive, outpacing the nation in economic and annual job growth and attracting more corporate relocations and expansions than any other state in the country. With increased growth comes increased workforce demands for highly educated workers in high-demand fields. These demands cannot be met without the highly skilled graduates produced by the state's general academic institutions, technical colleges, and state colleges.

Texas is fortunate to have one of the youngest populations in the country, which will be essential in fueling the talent pipeline to meet growing business demands. However, especially as neighboring states experience population declines in their younger populations, out-of-state institutions are increasingly recruiting Texas high school graduates to their states for higher education. Maintaining significant investments in higher education is essential for Texas higher education institutions to remain affordable and advance educational excellence to ensure more talented Texas high school students stay in Texas to pursue higher education.

Across the state, general academic institutions (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 the state's strategic plan for higher education, *Building a Talent Strong Texas*. However, while GAIs have continued to maintain undergraduate tuition and fee levels since 2022, inflation has continued to rise each year, increasing costs and making it 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.

As the largest share of state appropriations for GAIs, formula funding is essential to help institutions meet the state's higher education and workforce needs. Formula funding supports core operations, providing direct support to students in the classroom and student support services. Therefore, it is critical that formula funding levels keep pace with rising inflation and increasing student demands.

The GAIFAC recommends the Legislature:

- **Fund enrollment growth and inflation for the 2028-29 biennium** – The GAIFAC recommends the Legislature fund enrollment growth and inflation for the 2028-29

biennium for all higher education funding formulas, including infrastructure support for the Texas State Technical Colleges and state colleges. Recommendations increase each formula funding rate to account for inflation, using an estimated inflation rate of 3.7% based on a three-year rolling average of the Higher Education Price Index (HEPI).

### **Funding Methodology Recommendation**

Small Institution Supplement (SIS) funding provides funding to smaller institutions on a sliding scale based on enrollment. This funding ensures that smaller, often more rural, institutions can maintain operational viability despite not achieving the economies of scale that larger institutions benefit from. The state's small and medium-sized institutions are critical to meet regional workforce needs. Especially in rural parts of the state, regional institutions provide the direct talent pipeline to produce the highly skilled graduates that remain in the institution's community in high-demand jobs. If rural students go to larger cities for bachelor's and advanced degrees, they may be less likely to return to their communities to work and live, hurting those local economies. Increased foundational support for regional institutions is important to maintain educational access, especially if an enrollment cliff impacts Texas.

Over the last few legislative sessions, the state has seen increased enrollment driven by predominantly larger institutions while many smaller, primarily rural institutions in the state have seen moderate increases or declines in enrollments. The SIS is a mechanism to help stabilize smaller institutions during these scenarios.

In the 2025 Carnegie Classification of Institutions of Higher Education, institution size is based on annual headcount and is categorized as follows:

Very Small	Less than 500 students
Small	Between 500-4,000 students
Medium	Between 4,000-20,000 students
Large	Between 20,000-40,000 students
Very Large	Over 40,000 students

The GAIFAC recommends the Legislature:

- **Increase investment in the Small Institution Supplement** – The GAIFAC recommends the Legislature expand the SIS to provide increased foundational investments for smaller institutions to ensure continued access to higher education in every region of the state. Recommendations are to:
  - 1) Increase the headcount enrollment threshold for institutions receiving full SIS funding from 5,000 to 10,000 students, while increasing the maximum headcount to receive phased down funding from 10,000 to 20,000 students.
  - 2) Increase the SIS maximum to \$5 million for the biennium. Based on current estimates, recommendations would increase the SIS by \$107.4 million (or 203%) and would include the Texas State Technical Colleges and state colleges.

In total, these recommendations would increase the total funding by \$465.6 million (or 7.4%) compared to 2026-27 formula funding totals (see Table 1).

**Table 1. General Academic Institution Formula Funding Recommendations**

Formula Funding (Dollars in Millions)	Formula Driver Growth Est.	2026-27	2028-29	Difference	% Change
Instruction & Operations	1.4%	\$4,826.9	\$5,073.8	\$246.9	5.1%
E&G Space Support*	1.1%	\$922.3	\$951.4	\$29.1	3.1%
Small Institution Supplement*	1.4%	\$52.8	\$160.2	\$107.4	203.4%
Comprehensive Regional University Fund	1.4%	\$70.4	\$73.3	\$2.9	4.1%
Texas Research University Fund	12.5%	\$191.6	\$223.4	\$31.8	16.6%
National Research Support Fund	13.5%	\$233.2	\$274.4	\$41.2	17.7%
Comprehensive Research Fund	13.9%	\$35.1	\$41.4	\$6.3	17.9%
<b>Total</b>		<b>\$6,332.3</b>	<b>\$6,797.9</b>	<b>\$465.6</b>	<b>7.4%</b>

\*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	2026-27	2028-29	Difference	% Change
<b>Instruction and Operations</b>	Weighted SCH	\$60.67	\$62.89	\$2.22	3.7%
<b>E&amp;G Space Support*</b>	Predicted Sq. Feet	\$5.94	\$6.16	\$0.22	3.7%
<b>Small Institution Supplement*</b>	Headcount: Max Annual Rate	\$1,316,567	\$2,500,000	\$1,183,433	89.9%
<b>Comprehensive Regional University Fund</b>	Rate per At-Risk Degree**	\$1,921.3	\$1,991.6	\$70.3	3.7%
<b>Texas Research University Fund</b>	Total Research Exp.	9.9%	10.3%	0.4%	4.0%
<b>National Research Support Fund</b>	Federal & Private Research Exp.	28.8%	29.9%	1.1%	3.8%
<b>Comprehensive Research Fund</b>	Federal & 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.

\*\*Eligible institutions receive a base rate of \$500k plus the rate for At-Risk degrees awarded.

In addition to the work of the GAIFAC committee, there is a currently an interim study with an executive committee examining performance-based funding, including a charge to consider

“comprehensive formula funding levels for all general academic institutions.” The GAIFAC recognizes this as a unique opportunity to develop recommendations providing additional investments to incentivize outcomes and increase accountability for institutions across the state. The GAIFAC committee encourages the performance-based funding committee to consider the recommendations above when addressing its charges.

## Charge 2

Study and make recommendations for the appropriate funding levels for the Instruction and Administrative (I&A) formula for state colleges.

### Recommendation

The GAIFAC recommends funding enrollment growth and inflation for state colleges for the 2028-29 biennium. Using the 3.7% HEPI inflation rate, the 2028-29 contact hour rate would increase from \$18.32 to \$18.99. Contact hours are projected to grow from 5.6 million to 5.8 million (a 4% increase). This would result in total recommended funding for 2028-29 of \$110.5 million, an increase of \$8 million (or 7.8%) compared to the 2026-27 formula funding level. Increases 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.

**Table 3. State College Formula Funding Recommendations**

Formula Funding	Formula Driver Growth Est.	2026-27	2028-29	Difference	% Change
<b>Instruction &amp; Administrative* (Dollars in Millions)</b>	3.65%	\$102.5	\$110.5	\$8.0	7.8%
<b>Average Rate per Contact Hour (Biennial)</b>	Rate	\$18.32	\$18.99	\$0.67	3.7%

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

In addition, the GAIFAC recommends formalizing the process for updating the State Colleges Critical Fields List (“List”) by incorporating it as a standing charge to the biennial GAIFAC process. This will allow state colleges a regularly scheduled opportunity to provide input to Texas Higher Education Coordinating Board (THECB) staff, who will consider the proposed changes, and then present List updates to the board of the THECB for formal adoption.

The recommended updates to the List are consistent with the THECB’s approach in the community college credential of value and high-demand field (HDF) methodologies. The credential of value analysis is an initial threshold required for state funding that measures how quickly a certain community college credential provides a positive return on investment to the student. Additionally, the recommended additions are all either included on the Community College FY 2026-27 Statewide HDF List, or on one of two (Southeast and Gulf Coast) Community College FY 2026-27 Regional HDF Lists. The Southeast and Gulf Coast regions correspond to the physical location of the public state colleges. Aligning the workforce approaches across the

community college and state college sectors further bolsters our efforts toward the goals in *Building a Talent Strong Texas*.

There are currently 24 Critical Fields. The GAIFAC recommends removing the Medical Illustration/Medical Illustrator Critical Field, which no longer has corresponding course offerings at public state colleges, and updating one existing Critical Field, Physical Sciences, to Physical Sciences Technologies/Technicians to more accurately reflect alignment with the petrochemical industry's need for Process Operations Technicians. Recommendations also include adding 27 Critical Fields (for a total of 50 Critical Fields) that either have current corresponding state college course offerings or have corresponding state college course offerings being planned.

Recommended Critical Field Deletions:

-Medical Illustration/Medical Illustrator

Recommended Field Replacement:

-Remove existing Physical Sciences and replace with Physical Sciences Technologies/Technicians

Recommended Critical Field Additions:

- Real Estate
- Real Estate Development
- Foods, Nutrition, and Related Services
- Nutrition Sciences
- Military Systems and Maintenance Technology
- Criminal Justice and Corrections
- Security Science and Technology
- Construction Trades, General
- Mason/Masonry
- Carpenters
- Electrical and Power Transmission Installers
- Building/Construction Finishing, Management, and Inspection
- Plumbing and Related Water Supply Services
- Mechanics and Repairers, General
- Heating, Air Conditioning, Ventilation, and Refrigeration Maintenance Technologies
- Heavy/Industrial Equipment Maintenance Technologies
- Precision Systems Maintenance and Repair Technologies
- Vehicle Maintenance and Repair Technologies
- Energy Systems Maintenance and Repair Technologies
- Precision Metal Working
- Boilermaking/Boilermaker
- Ground Transportation
- Marine Transportation
- Business Administration, Management, and Operations
- Business Operations Support and Assistant Services
- General Sales, Merchandising, and Related Marketing Operations
- Specialized Sales, Merchandising, and Marketing Operations

### 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, Senate Bill 1, 89th Texas Legislature, Special Provisions Relating Only to Components of Texas State Technical College, Section 10, page III-262).

#### Recommendation

Funding for the Texas State Technical Colleges (TSTCs) is provided through a Returned Value formula as well as the same Infrastructure formula and SIS that fund GAIs and state colleges. The Returned Value formula compares certain former students’ average wages with a base 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 56.1% of the Returned Value formula for the 2026-27 biennium.

The GAIFAC recommends the Legislature maintain the current funding percentage of the Returned Value formula (56.1%) and continue using the American Community Survey wage data to calculate the base wage.

The 88th Texas Legislature, Regular Session, passed House Bill 3287, which authorized TSTC in Comal/Guadalupe County as a stand-alone TSTC campus. Accordingly, the GAIFAC recommends adding the Comal/Guadalupe County campus to the respective formula calculations.

**Table 4. Technical College Formula Funding Recommendations**

Formula Funding	Formula Driver Growth Est.	2026-27	2028-29	Difference	% Change
<b>TSTC Returned Value* (Dollars in millions)</b>	5.0%	\$230.1	\$241.6	\$11.5	5.0%
<b>Returned Value Percentage Funded</b>	Rate	56.1%	56.1%	0	0

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

### Charge 4

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

#### Recommendation

The 2024 Higher Education Fund (HEF) Study Group, while reviewing the Facilities Condition component of the HEF methodology, explored the possibility of weighting the square footage of campus buildings based on the facility’s age. While the original occupancy date of buildings is available in THECB data, there is no data collected on when or what type of renovations have been done to older facilities over their lifespan. Due to the lack of consistent data on renovations or condition of buildings, the group ultimately chose not to pursue this approach;

however, it did recommend considering how to collect data and reviewing this issue again for methodology discussions in the future.

Members of the GAIFAC met with a leading company that specializes in facility condition assessments to explore potential data inputs to enhance the Facilities Condition component. It was determined, based on the extensive data set reviewed, that age of facilities is not a driving factor in the maintenance and renovation needs of an existing building. The data set reviewed indicated that the complexity associated with the programs offered within the building has a material impact on the maintenance and renovation needs of a facility. The existing HEF model has a factor for Complexity. Based on the data available to institutions, it was determined there are no additional objective data elements that, if collected, would improve the Complexity Factor of the HEF Model. Upon that review, the GAIFAC does not recommend adding or refining any of the existing data collection processes at this time.

## **Commissioner's Recommendations for Health-Related Institutions**

The Commissioner of Higher Education adopts the recommendations of the Health-Related Institutions Formula Advisory Committee.

## Health-Related Institutions Formula Advisory Committee Recommendations

The Commissioner of Higher Education (Commissioner), Dr. Wynn Rosser, delivered his charges to the Health-Related Institution Formula Advisory Committee (HRIFAC) at its first meeting on September 5, 2025. The HRIFAC held five meetings from September 2025 through January 2026 to consider and discuss the Commissioner's charges. [Appendix B](#) includes a list of current HRIFAC members and the committee minutes from each meeting.

### Background

Health-related institutions (HRIs) are the primary producers of healthcare providers in Texas. The population of Texas, 31.7 million in 2025 per the U.S. Census Bureau's annual estimates, experienced the largest population growth among all states, an increase of 2.6 million people, or 8.8%, since the last official census in 2020. If it were a state, the most populous county in Texas, Harris County, would be the 25th-largest state in the U.S. in population, and the five most populous counties would rank between 25th and 47th. The state's rapidly growing population is projected to increase to 42.6 million by 2060, per the Texas Demographic Center.

Having faced workforce shortages in many of the health professions since the early 2000s, Texas's substantial population growth will continue to stress the state's capacity to meet the healthcare needs and demands of its citizens in the coming decades. Training a healthcare workforce in this environment of unmet need and continuing population growth increases pressure on HRIs in Texas; moreover, these pressures are occurring while critical funding for students, space, research, and medical residents is not keeping pace with costs.

Following are key facts to consider when assessing Texas's healthcare workforce shortages and needs:

- Texas currently ranks 44th in the U.S. in the number of active physicians per 100,000 population. This is a slight improvement from 45th in 2022, reflecting an overall increase of nearly 1,900 (or 2.6%) new patient care physicians in Texas since 2022.<sup>1</sup>
- Texas ranks 47th in the number of active primary care physicians per 100,000 population. The state experienced an overall increase of approximately 160 (or 1.8%) primary care physicians since 2022; however, Texas' comparative U.S. ranking remains very low and unchanged from 2022.<sup>1</sup>
- Projections indicate the current general shortage of total physicians in Texas will improve through 2036. However, the shortage of physicians in primary care specialties is projected to increase between 2022 and 2036, reaching a critical level of unmet need. In addition, the Rio Grande Valley and East Texas regions

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<sup>1</sup> Association of American Medical Colleges. (2024). *U.S. Physician Workforce Data Dashboard*. <https://www.aamc.org/data-reports/report/us-physician-workforce-data-dashboard>

have greater physician shortages than other areas of the state.<sup>2</sup>

- Current THECB projections for medical school enrollment and resident positions indicate the state's graduate medical education (GME) system will not create a supply of physicians to meet projected demand, mainly due to population growth.<sup>2</sup>
- Texas ranks 3rd, down from 2nd in 2023, in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 58.8%.<sup>1</sup>
- Texas ranks 6th, unchanged from 2023, in physicians retained who completed GME within the state, at 59.3%.<sup>1</sup>
- Texas ranks 3rd, unchanged from 2023, in physicians retained who completed both UME and GME within the state, at 81.1%.<sup>1</sup>

Together, the last three points suggest that Texas's physician workforce challenges are less about undergraduate medical and resident retention within the state and more about: 1) the state's continued, significant population growth, and 2) the sufficiency of the state's absolute numbers of medical graduates and residents and the availability of positions to support their training.

The following points demonstrate a need for support of nursing, public health, and dentistry.

- Texas ranks 44th in the number of registered nurses per 1,000 population.<sup>3</sup>
- Nearly 82% of the public health workforce has no formal, professional public health training.<sup>4</sup>
- Texas ranks 27th in the number of dentists per 100,000 population.<sup>5</sup>

HRIs appreciate and depend on the Texas Legislature's continued commitment to formula funding, which remains the primary source of state support. Over the past four biennia, increased funding has supported growth across the formulas. However, formula rates for Fiscal Years 2026-27 remain largely unchanged from the 2020-21 biennium, with the exception of the Instruction and Operations formula, which experienced a modest increase of 0.7% as reflected in Table 5.

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<sup>2</sup> Texas Department of State Health Services. (May 2024). *Texas Physician Supply and Demand Projections, 2022-2036*. <https://healthdata.dshs.texas.gov/dashboard/health-care-workforce/hprc/workforce-supply-and-demand-projections>

<sup>3</sup> U.S. Bureau of Labor Statistics Occupational Employment and Wage Statistics and 2024 U.S. Census Data

<sup>4</sup> de Beaumont Foundation and Association of State and Territorial Health Officials, *Public Health Workforce Interests and Needs Survey Data Dashboard, July 2025*, for Region 6 (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas).

<sup>5</sup> American Dental Association, Health Policy Institute analysis of ADA Masterfile, available from <https://www.ada.org/resources/research/health-policy-institute/dentist-workforce>; U.S. Census Bureau, National Population Totals and Components of Change: 2020-2024, available from <https://www.census.gov/data/tables/time-series/demo/popest/2020s-national-total.html>

**Table 5. History of Formula Rates**

Health-Related Institutions Formula Rates	2020-21	2022-23	2024-25	2026-27	Change 2020-21 to 2026-27	Percentage Change
Instruction and Operations	\$9,622	\$9,622	\$9,689	\$9,689	\$67	0.7%
Infrastructure	\$6.14	\$6.14	\$6.14	\$6.14	\$0.0	0.0%
Research Enhancement	1.18%	1.17%	1.17%	1.17%	-0.01	-0.8%
Graduate Medical Education	\$5,970	\$5,970	\$5,970	\$5,970	\$0.0	0.0%

HRIs remain grateful to the 89th Texas Legislature for maintaining formula funding levels that support enrollment growth across the state. The HRIFAC recommends the Legislature continue to fund growth to meet the state's population-driven demand. This support is essential for the newly established and growing HRIs. Yet, with several HRIs already at student capacity – and most expected to reach capacity soon – the HRIs also urge **consideration of a three-biennium phased increase to all formula rates to help offset inflationary costs**, which impact every aspect of operations.

Inflation is increasingly compounding funding gaps for all HRIs. Growing and at-capacity HRIs continue to lose ground as they contend with historical formula funding gaps and external factors that limit their ability to cover actual costs. For HRIs that are at capacity and maintaining the large operations needed to serve maximum enrollment and operations, inflationary cost increases are proportionately greater and, in absolute numbers, a much greater cost to absorb with no other source of support.

Despite recent formula funding increases that factored in enrollment growth, the formula funding base rates for FY 2026-27 remain equivalent to FY 2024-25, which are still far below the original base rates set in FY 2000-01. Since 2020, HRIs have adapted to unprecedented challenges while continuing to deliver on their tripartite mission of education, research, and patient care. Institutions have implemented innovative solutions, including advanced technology, cybersecurity enhancements, flexible processes, and dynamic program delivery. Workforce demands have driven hybrid staffing models but also significantly increased personnel costs. Although such measures have enabled HRIs to maintain core operations during difficult times, they are not sustainable without additional support.

Furthermore, HRIs' clinical enterprises continue delivering significant levels of uncompensated care while treating some of the most complex and costly patients. Concurrently, reductions in Medicaid and Medicare funding have reduced earned revenue, and the continuing shift toward outcome-based reimbursement models does not account for the higher acuity of patients treated at HRIs.

Finally, long-term instability in federally sponsored research funding has often required HRIs to provide bridge funding for research faculty salaries and operations to retain productive researchers until they secure external funding. This approach is cost-effective compared to program closures and costly faculty recruitment, but it further strains institutional budgets. Most recently, proposed cuts of up to 50% in federal research infrastructure support have been stayed by the courts but have the potential to create acute budget shortfalls. Should the current federal administration and Congress adopt such drastic limits on federal research infrastructure reimbursement, without additional state support, Texas HRIs can anticipate research program closures and loss of faculty, including physician-scientists, many of whom recently have been recruited to Texas to help form the thriving biotechnology sector the state desires. HRIs request discussion and consideration of additional state support should such federal infrastructure cuts be adopted in the future.

Inflation has compounded these challenges, diminishing purchasing power due to rising costs of goods and services over the last decade. Increased funding to address inflation is critical to ensure all HRIs can continue meeting the needs of the students, faculty, staff, and the broader population served by their education, clinical, and research activities.

**In summary, formula funding is the cornerstone of financial support for Texas HRIs. Sustained funding for both growth and inflation is essential to preserve the quality of education, research, and patient care that Texans rely on.**

## Charge 1

Study and make recommendations for the appropriate funding levels for the Instruction and Operation (I&O), Infrastructure, Research Enhancement, Graduate Medical Education (GME), and mission-specific formulas, per Texas Education Code Section 61.059 (b) and General Appropriations Act, Senate Bill 1, 89th Texas Legislature, Special Provisions Relating Only to State Agencies of Higher Education, Section 27(8), page III-297.

As part of the GME review, this working group reviewed whether the GME formula should consider a difference in support for residents in the outpatient and inpatient settings.

### Recommendation

To meet the educational needs of Texas's 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.

Formula funding is the primary funding request for Texas health-related institutions, as it represents most of the state funding allocated to HRIs. This mechanism is essential because it provides a stable, equitable, and predictable source of support, enabling institutions to sustain high-quality education, research, and healthcare programs while meeting the growing needs of Texas communities.

### The committee recommends:

- **The Legislature provide sustained funding for both growth and inflation, with the recommended inflationary adjustment to be implemented over three biennia.**

Inflationary adjustments would be applied to the per-unit rates of the I&O, Infrastructure, GME, and Research Enhancement formulas, assuming the same year-over-year percentage increase, an average of 2.73% using the National CPI All Urban Consumers U.S. City Average - Medical Care since 2019. The three-biennium plan to achieve sustainability would request one-third of the inflationary funding differential each biennium, starting in 2028-29. An additional recommended adjustment specific to the GME formula is outlined below.

- **The Legislature continue full performance-driven funding for mission-specific clinical, research, and dental clinical operations formulas in line with the funding limits as defined in Article III, Special Provisions Relating Only to State Agencies of Higher Education, Sections 27.9-27.21 of the General Appropriations Act (GAA), Senate Bill (SB) 1, 89th Texas Legislature.** The committee's performance-driven funding recommendations are based on the institution's performance as measured by its mission-specific formula drivers.
- It is critically important to note that the committee's recommendation applies to all formula funding areas – I&O, Infrastructure, Research Enhancement, GME, mission-specific, and dental clinical operations – and takes into consideration the overall increase in total funding required to sustain operations and support growth at existing HRIs as well as the new medical schools. Because certain HRIs would not benefit from funding provided for enrollment growth, the 2028-29 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 for the formulas is outlined below.

### **Instruction and Operations:**

The I&O formula provides \$1,479.3 million in appropriations for the 2026-27 biennium to support faculty salaries, departmental operating expenses, instructional administration, and libraries. Institutional funding is allocated per full-time student equivalent (FTSE), with a funding weight based on each student's instructional program multiplied by the formula base rate to calculate the institutional total. In addition, instructional programs with enrollments of fewer than 200 students at remote individual campuses receive a Small Campus Supplement, which is additional funding to compensate for diseconomies of scale.

Many HRIs are now mature institutions – at or near full capacity, with little to no room for enrollment growth – and require maintenance of significant operations to support maximum enrollment. For these institutions, formula funding tied solely to FTSE growth does not provide adequate support to offset inflationary cost pressures. Without adjustments to the per-student rate, these institutions risk falling behind in covering essential expenses, such as faculty salaries, technology upgrades, and clinical training needs. Most HRIs currently in growth stage also will soon reach capacity and face the same challenge.

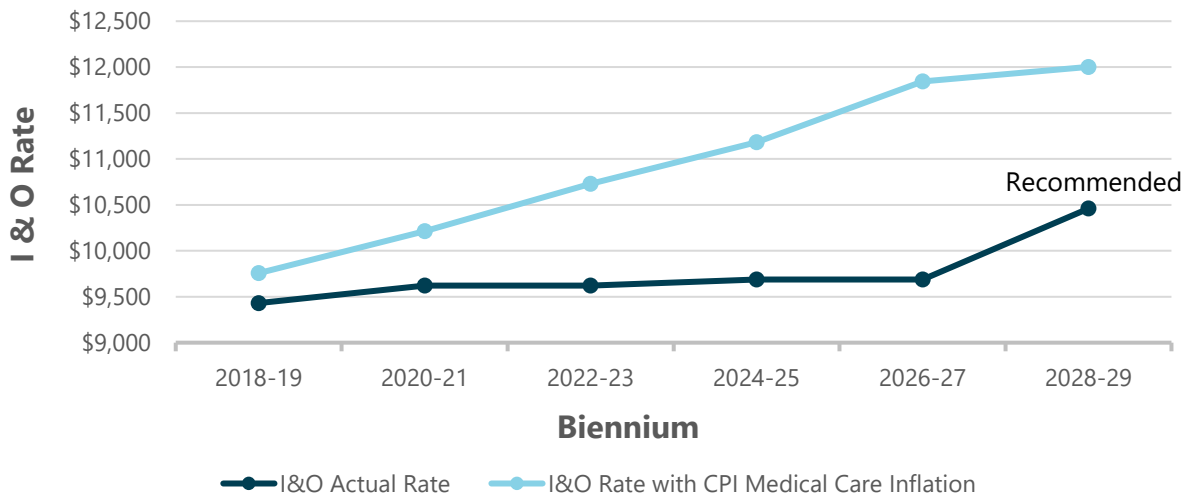
For the 2026-27 biennium, the 89th Legislature set formula weights and a base rate of \$9,689.

**The HRIFAC recommends the 90th Legislature continue to fund growth and approve an 8% rate increase from \$9,689 to \$10,460.** Based on institutional estimates, this

recommendation reflects approximately \$69.1 million to support growth and \$119.9 million to implement one-third of an average inflationary adjustment of 2.73%.

Chart 1 depicts the historical I&O rate and the rate as adjusted to show the impact of medical care cost inflation. Note that in all the following charts, the dark blue line is the actual rate provided from 2018 to 2027; the rate recommended by the HRIFAC is shown in 2028-29. The light blue line is the rate adjusted by inflation and provides a comparison point for the FAC request.

**Chart 1. Instruction & Operations Rate: Historical and Adjusted with Inflation**



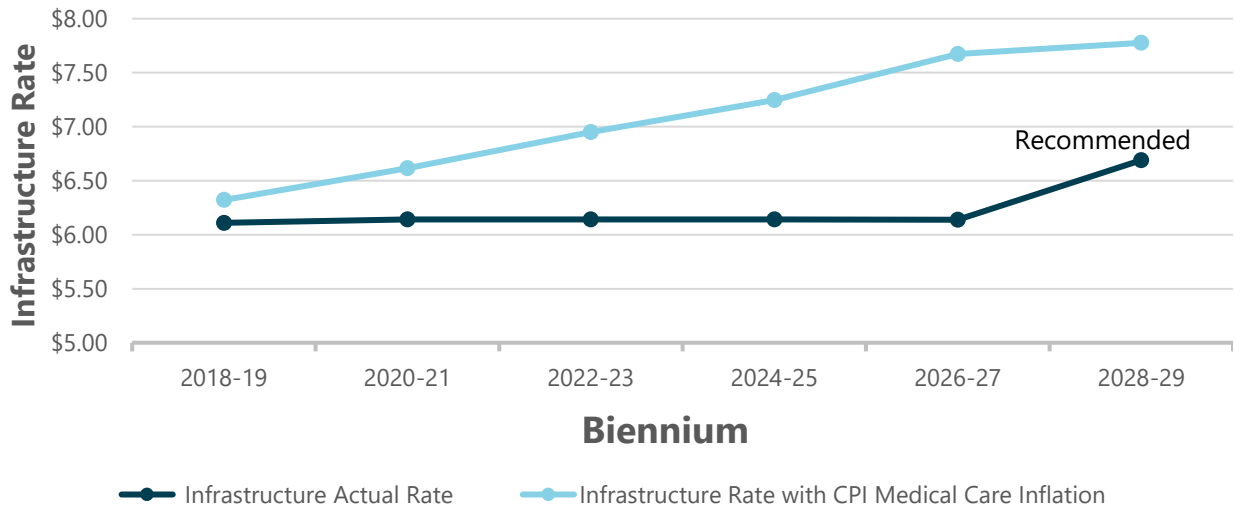
**Infrastructure Support:**

The Infrastructure Support formula provides \$343 million in appropriations for the 2026-27 biennium to support utilities and physical plant support. This formula distributes funding based on each institution's predicted square footage, as calculated by the THECB Space Projection Model, during the base year, multiplied by the Infrastructure Support rate, which for the 2026-27 GAA was set at \$6.14 per square foot for the biennium.

**The HRIFAC recommends the 90th Legislature continue to fund growth and approve an 8.9% rate increase from \$6.14 to \$6.69.** Based on institutional estimates, this recommendation reflects approximately \$17 million to support growth and \$32.1 million to implement one-third of an average inflationary adjustment of 2.73%.

Chart 2 depicts the historical Infrastructure Support rate and the rate as adjusted to show the impact of medical care cost inflation.

**Chart 2. Infrastructure Support Rate: Historical and Adjusted with Inflation**



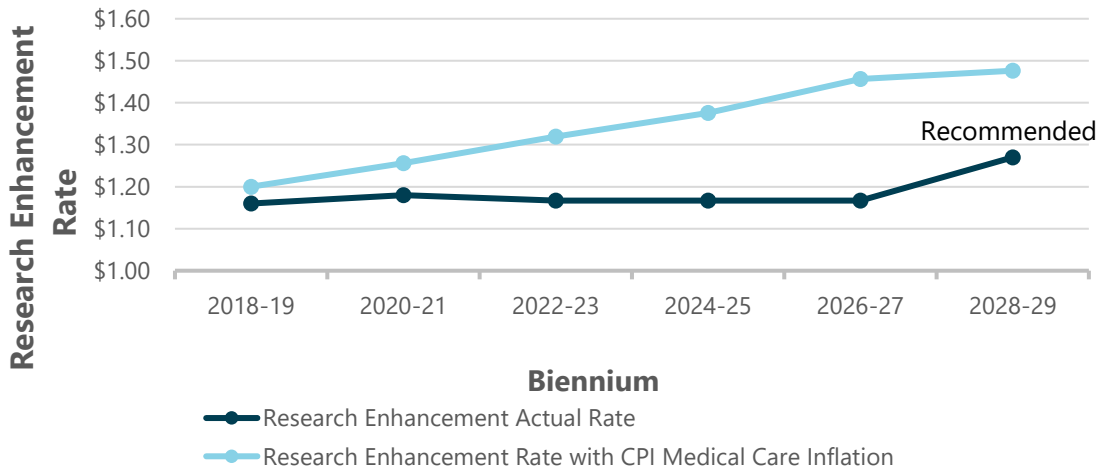
**Research Enhancement :**

The Research Enhancement formula provides \$117.1 million in appropriations for the 2026-27 biennium to HRIs. Each institution receives \$1,412,500 per year in base support plus a percentage of its research expenditures as reported to the THECB. For the 2026-27 biennium, this amount was set at 1.17% by the Legislature.

**The HRIFAC recommends the 90th Legislature continue to fund growth and approve an 8.9% rate increase from 1.17% to 1.27%.** Based on institutional estimates, this recommendation reflects approximately \$8.4 million to support growth and \$7.7 million to implement one-third of an average inflationary adjustment of 2.73%.

Chart 3 depicts the historical Research Enhancement rate and the rate as adjusted to show the impact of medical care cost inflation.

**Chart 3. Research Enhancement Rate: Historical and Adjusted with Inflation**



### **Graduate Medical Education:**

The Graduate Medical Education formula provides \$122.3 million in appropriations for the 2026-27 biennium to HRIs. The formula provides funding on a per-medical resident basis. Funding is based on a biennial base value of \$11,940 per medical resident in an accredited program. Appropriations for Graduate Medical Education for Fiscal Years 2026 and 2027 were set at \$5,970 per resident per year by the Legislature.

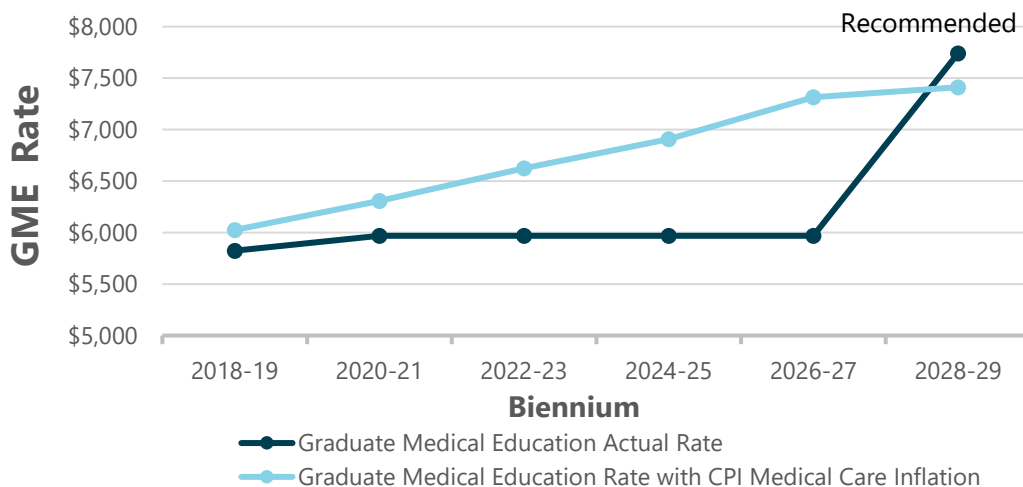
As part of this review, the working group considered whether the GME formula should include differential support for resident training in the outpatient and inpatient settings. The workgroup agreed that the increase in outpatient setting costs continues to outstrip average medical inflation, surpassing inpatient program expenses, while significantly less cost recovery and fewer reimbursement opportunities are available for outpatient training costs. Concurrently, residents statewide are increasingly spending more time training in the outpatient setting to help address key priorities expressly mentioned by Commissioner Rosser in his remarks to the first meeting of the HRIFAC to meet healthcare workforce shortages and to meet patients where they are, especially in rural areas. HRIs projected that on average, all 9,100 residents statewide spend 32% of their time in the outpatient setting, with institutions serving more rural populations reporting that their residents spend as much as 75% of their time training in the outpatient setting.

To help cover this added and largely unfunded cost, the committee recommends increasing the GME formula rate an additional 20% above the average inflationary adjustment for all residents.

**The HRIFAC recommends the 90th Legislature continue to fund growth and approve a 29.7% rate increase from \$5,970 to \$7,741 to address the increasingly unfunded outpatient training costs incurred for residents statewide.** Based on institutional estimates, this recommendation reflects approximately \$10.5 million to support growth and \$40.1 million to implement one-third of the recommended inflationary adjustment and provide an additional 20% increase to address increased training costs, particularly in the outpatient setting.

Chart 4 depicts the historical Graduate Medical Education rate and the rate as adjusted to show the impact of medical care cost inflation.

**Chart 4. Graduate Medical Education Rate: Historical and Adjusted with Inflation**



**Mission-Specific Support Funding:**

The Legislature has established mission-specific formulas tailored to the individual institutions to earn appropriated state support based on their institutional focus and performance. As shown in Table 6, 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. Total mission-specific appropriations for 2026-27 are \$1,201.5 million.

**Table 6. Mission-Specific Institutions and 2026-27 Appropriations**

Mission-Specific	Name of Institution	Biennium Implemented	2026-27 Appropriations
Clinical - Cancer Center Operations	The University of Texas M. D. Anderson Cancer Center	2008-2009	\$329.4 million
Clinical - Chest Disease Center Operations	The University of Texas Health Science Center at Tyler	2010-2011	\$72.9 million
Clinical - Health System Operations	The University of Texas Medical Branch at Galveston	2020-2021	\$331.2 million
Clinical - Border Health Operations	Texas Tech University Health Science Center at El Paso	2022-2023	\$28.6 million
Clinical - UT Academic Medical Center	UT Dell Medical School	2026-2027	\$29.4 million
Clinical - Regional Education Consortium	Sam Houston State University College of Osteopathic Medicine	2026-2027	\$3.6 million
Performance-Based Research Operations	The University of Texas Southwestern Medical Center	2020-2021	\$163.6 million
Performance-Based Research Operations	The University of Texas Health Science Center at Houston	2020-2021	\$69.7 million
Performance-Based Research Operations	The University of Texas Health Science Center at San Antonio	2020-2021	\$61.0 million
Performance-Based Research Operations	Texas A&M University Health Science Center	2022-2023	\$52.3 million
Performance-Based Research Operations	University of North Texas Health Science Center	2022-2023	\$39.3 million
Performance-Based Research Operations	Texas Tech University Health Sciences Center	2022-2023	\$20.4 million

Appropriations for the six clinical mission-specific formulas total \$795.1 million for the 2026-2027 biennium, driven by their unique hospital and clinical operations. For formula funding purposes, the amount of growth in funding from one biennium to another may not exceed the average growth in funding for HRIs in the I&O support formula for the current biennium.

Appropriations for the six research mission-specific formulas total \$406.3 million for the 2026-2027 biennium for the purpose of supporting research operations, expanding research capacity, and pursuing excellence in the HRI research missions. For formula funding purposes, the amount of growth in total funding for the Performance-Based Research Operation formula from one biennium to the other may not exceed 5% of the institution’s total General Revenue appropriations in the prior biennium, excluding appropriations for capital construction assistance project bond debt service.

**The HRIFAC recommends the 90th Legislature continue supporting mission-specific funding formulas in line with the funding limits as defined in the GAA.** The committee’s performance-driven funding recommendations are based on the institution’s performance as measured by its mission-specific formula drivers, and after applying the funding limits defined in the GAA, include an increase of \$141.4 million.

**Dental Clinical Education Support:**

The Legislature established this formula in the 2026-27 biennium for The University of Texas Health Science Center (UTHSC) at Houston, UTHSC at San Antonio, Texas A&M Health Science Center, and Texas Tech University Health Science Center (TTUHSC) at El Paso to support dental clinics owned and operated by the institution and to provide clinical experience to students at the dental school. Appropriations for the four institutions total \$24 million for the 2026-2027 biennium. For formula funding purposes, the amount of growth in funding from one biennium to another may not exceed the average growth in funding for the I&O support formula for the current biennium.

**The HRIFAC recommends the 90th Legislature continue supporting the Dental Clinic Education funding formulas in line with the funding limits as defined in the GAA.** The committee’s recommendations are based on the institution’s performance as measured by its formula drivers, and after applying the funding limits defined in the GAA, the recommended increase is \$2.3 million.

Tables 7 and 8 depict the historical and recommended funding rates and the recommended funding levels for each formula.

**Table 7. Health-Related Institutions Historical and Recommended Funding Rates**

Health-Related Institutions Formula Rates	2020-21	2022-23	2024-25	2026-27	2028-29 REC	Change from 2026-27	Percentage Change from 2026-27
Instruction and Operations	\$9,622	\$9,622	\$9,689	\$9,689	\$10,460	\$771	8.0%
Infrastructure	\$6.14	\$6.14	\$6.14	\$6.14	\$6.68	\$0.54	8.9%
Research Enhancement	1.18%	1.17%	1.17%	1.17%	1.27%	0.10%	8.9%
Graduate Medical Education*	\$5,970	\$5,970	\$5,970	\$5,970	\$7,741	\$1,771	29.7%

*\*GME recommended rates include a recommended additional 20% inflationary adjustment to address the increasingly unfunded outpatient training costs incurred for residents statewide.*

**Table 8. Charge 1 Estimated Biennial Recommended Funding Amounts**

Health-Related Institutions (Dollars in Millions)	FY 2026-27 GAA	FY 2028-29 REC	Increase over FY 2026-27 GAA	Percentage Increase
Instruction and Operations	\$1,479.3	\$1,668.4	\$189.1	12.8%
Infrastructure	\$343.0	\$392.1	\$49.1	14.3%
Research Enhancement	\$117.1	\$133.2	\$16.1	13.8%
Graduate Medical Education*	\$ 122.3	\$172.9	\$50.6	41.4%
Mission-Specific**	\$1,201.5	\$1,342.9	\$141.4	11.8%
Dental Clinical Education (new formula)	\$24.0	\$26.3	\$2.3	9.5%
<b>Total Health-Related Institutions</b>	<b>\$3,287.2</b>	<b>\$3,735.8</b>	<b>\$448.6</b>	<b>13.6%</b>

\*GME recommended rates include a recommended additional 20% inflationary adjustment to address the increasingly unfunded outpatient training costs incurred for residents statewide.

\*\*Mission-Specific formulas and Dental Clinic Education formulas are performance-based formulas; however, the allocations are based on the I&O growth governor for the mission-specific clinical and dental clinical education. For mission-specific research, the governor is limited to 5% of the institution's General Revenue appropriations from the prior biennium, excluding Capital Construction Assistance Projects (CCAP) debt service.

## Charge 2

Study and make recommendations for the appropriate Instruction & Operations formula weights, including consideration of any new specialty programs for inclusion, such as graduate Behavioral Health, graduate Allied Health, and graduate Nursing.

As part of the graduate nursing review, this working group considered specialty certificate programs for advanced practice providers (e.g., neonatal, midwifery, oncology). Additionally, the working group reviewed graduate Behavioral Health and considered Optometry. The impact of the Charge 2 recommendations on the growth of the Instruction and Operations formula rate as it impacts the clinical mission-specific formulas is not included in this analysis.

### Recommendation

#### **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 identify the cost differential.

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 a 616% variance between the lowest and highest cost for Allied Health graduate programs and a 429% variance between the lowest and highest costs for nursing graduate programs, which highlights how an aggregated analysis is necessary in discussing weight changes in the I&O formula.

**Allied Health:**

The working group analyzed all available cost data, which included costs for nine undergraduate programs and 25 graduate programs at UTHSC-San Antonio, University of North Texas HSC, and TTUHSC.

After these calculations and considerations, the working group recommends the following I&O formula weight: **Graduate Allied Health 1.233.**

**Table 9. Graduate Allied Health Weight**

Allied Health	2024	2025	Average
Graduate Cost as a Percentage of Undergraduate Cost	124%	123%	123%
Current Weight			1.00
Recommended Graduate Weight			1.233

**Nursing:**

The working group analyzed all available cost data, which included costs for seven undergraduate programs and 31 graduate programs at UTHSC-Houston, UTHSC-San Antonio, and TTUHSC.

After these calculations and considerations, the working group recommends the following I&O formula weight: **Graduate Nursing 1.508.**

**Table 10. Graduate Nursing Weight**

Nursing	2024	2025	Average
Graduate Cost as a Percentage of Undergraduate Cost	136%	129%	133%
Current Weight			1.138
Recommended Graduate Weight			1.508

**The fiscal impact of the Nursing and Allied Health graduate weights is estimated to be \$49.7 million.**

**Behavioral Health and Optometry:**

The working group compared the costs of the new Behavioral Health graduate programs approved at UTHSC-Houston to established graduate programs in nursing to determine the need for a rate differential for the new graduate programs. The average cost per FTSE of the health-related institutions’ nursing graduate programs compiled by the nursing working group was compared to the new Behavioral Health graduate program cost estimates to establish a consistent approach for weight determination.

In the study of the respective graduate programs, the working group found that the costs per FTSE for the Behavioral Health programs came in higher than graduate nursing (\$24,100 compared to \$17,514). Beginning with the nursing working group’s recommended weight of 1.508 for graduate nursing, the working group applied the same calculation basis (formula funding to average grad cost ratio = 85%) to determine a proposed formula amount and subsequently a behavioral health weight.

Graduate Behavioral Health

The data provided below is based upon all available cost data, which includes cost estimates of the six graduate Behavioral Health programs currently approved at UTHSC-Houston with the 31 established graduate nursing programs at UTHSC-Houston, UTHSC-San Antonio, and TTUHSC reviewed by the nursing working group. The working group acknowledges that Behavioral Health programs currently embedded within existing HRI schools vary in maturity, scope, and cost accounting treatments across institutions, which can make a universal survey incomplete or misleading for rate setting. In these cases, using a single institution (UTHSC-Houston) with validated and transparent cost data, similar to when the School of Podiatry at The University of Texas Rio Grande Valley was added for the 2024-2025 biennium, is not only acceptable but sometimes necessary to avoid untimely delays and, importantly, establish a starting point.

**Table 11. Graduate Behavioral Health Weight**

Program	Average Graduate Cost	Current Formula	% Cost Covered by Formula	Under-graduate Weight*	Proposed Formula	% Cost Covered by Formula	Proposed Graduate Weight
Graduate Nursing	\$17,514	\$11,185	64%	1.138	\$14,822	85%	1.508
Graduate Behavioral Health	\$24,100	\$15,392	64%	1.566	\$20,396	85%	2.075

*\*There is no existing weight for undergraduate Behavioral health; 1.566 would be the weight assuming the same cost coverage as undergraduate nursing.*

After these calculations and considerations, the working group recommends the following I&O formula weight: **Graduate Behavioral Health 2.075**

In addition, the working group recommends that HRIs with Behavioral Health programs currently residing in one of their other schools become eligible for the new weight and work with THECB to get new C-FICE codes. There are currently six HRIs providing graduate Behavioral Health programs.

**The fiscal impact of the behavioral health graduate weight is estimated to be \$8.7 million.**

Optometry

The working group also considered the University of Houston’s request to shift the source of its Optometry program from the GAI formula to the HRI formula. The program has been funded by the GAI formula since its inception. Given the complexity of extracting an existing funded

program from the GAI formula, the working group tabled the request and recommended the Optometry program pursue a cost-based funding model within the GAI formula.

Table 12 depicts the fiscal impact of the Charge 2 recommendations, which are identified separately from the Charge 1 fiscal impact.

**Table 12. Charge 2 Fiscal Impact for Graduate Weights**

<b>Fiscal Impact for Graduate Weights (in Millions)</b>			
	<b>Nursing &amp; Allied Health</b>	<b>Behavioral Health</b>	<b>Total</b>
Instruction and Operations	\$49.7	\$8.7	\$58.4

## Appendix A: 2028-29 Biennium General Academic Institutions Formula Advisory Committee Members and Meeting Minutes

Name & Term Expiration	Institution	Accountability Group
<b>Jason Baldwin</b> (2030) Sr. Associate Vice President for Financial Services	Lamar University P.O. Box 10001, Beaumont, TX 77710 <a href="mailto:jbaldwin8@lamar.edu">jbaldwin8@lamar.edu</a>	Comprehensive
<b>Emily Deardorff</b> (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 <a href="mailto:emily.deardorff@untsystem.edu">emily.deardorff@untsystem.edu</a>	Emerging Research
<b>Joseph Duron</b> (2026) Chief Administrative Officer	Texas A&M University System (representing Texas A&M University) 301 Tarrow St, College Station, TX 77840 <a href="mailto:duron@tamus.edu">duron@tamus.edu</a>	Research
<b>*Sheri Hardison</b> (2028) VP for Financial Affairs & CFO	The University of Texas at San Antonio 1 UTSA Circle, San Antonio, TX 78249 <a href="mailto:sheri.hardison@utsa.edu">sheri.hardison@utsa.edu</a>	Emerging Research
<b>Daniel Harper</b> (2030) Vice Chancellor & CFO	Texas State University System (representing San Houston State University) 601 Colorado St, Austin, TX 78701 <a href="mailto:daniel.harper@tsus.edu">daniel.harper@tsus.edu</a>	Doctoral
<b>Jason Smith</b> (2030) Vice Chancellor/VP, Office of Government & Community Relations	University of Houston System (representing University of Houston-Downtown) 4302 University Dr, Suite 102 Houston, TX 77204 <a href="mailto:JSmith10@Central.uh.edu">JSmith10@Central.uh.edu</a>	Master's
<b>Jeff Hinton</b> (2030) CFO & Executive VP for Finance & Administration	Texas A&M University-Texarkana 7101 University Ave, Texarkana, TX 75503 <a href="mailto:jeff.hinton@tamut.edu">jeff.hinton@tamut.edu</a>	Master's
<b>Dr. James Hurley</b> (2026) Chief Executive Officer and President	Tarleton State University Box T-0001, Stephenville, TX 76402 <a href="mailto:hurley@tarleton.edu">hurley@tarleton.edu</a>	Doctoral
<b>Judi Kruwell</b> (2028) VP for Finance	Stephen F. Austin State University P.O. Box 6108, Nacogdoches, TX 75962 <a href="mailto:kruwelljf@sfasu.edu">kruwelljf@sfasu.edu</a>	Comprehensive
<b>*Leanna Odom</b> (2026) VP for Finance	Lamar State College Orange P O Box 310, Port Arthur, TX 77641 <a href="mailto:leanna.odom@lsco.edu">leanna.odom@lsco.edu</a>	State Colleges

Name & Term Expiration	Institution	Accountability Group
<b>Noel Sloan</b> (2026) CFO and Senior VP of Administration & Finance	Texas Tech University 2500 Broadway, Lubbock, TX 79409 <a href="mailto:noel.a.sloan@ttu.edu">noel.a.sloan@ttu.edu</a>	Emerging Research
<b>Chad Wooten</b> (2026) Vice Chancellor and Chief Financial Officer	Texas State Technical College 3801 Campus Drive, Waco, TX 76705 <a href="mailto:chad.wooten@tstc.edu">chad.wooten@tstc.edu</a>	Technical Colleges

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

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

# Meeting Minutes

## General Academic Institution Formula Advisory Committee

Friday, September 5, 2025 | 1:00 p.m

View at: <https://www.youtube.com/watch?v=PX5x6w9zI8Y>

### Attendees

Present: Mr. Baldwin, Ms. Deardorff, Mr. Duron, Ms. Hardison, Mr. Harper, Dr. Hurley, Ms. Kruwell, Ms. Odom, Ms. Sloan

Absent: Mr. Hernandez, Mr. Hinton, Mr. Wooten

THECB Staff: Mr. MacLaurin, Ms. Gonzales

### Minutes

1. The meeting began at 1:00 p.m. Commissioner Rosser provided introductory remarks and a brief overview of the charges.
2. The Convening Chair, Mr. Harper, opened the meeting and thanked the Committee members for their participation. Ms. Gonzales took role of the attendees. Mr. Harper asked the floor for Chair nominations. Mr. Baldwin nominated Mr. Duron and Dr. Hurley seconded. Mr. Duron accepted, and all voted unanimously to approve. Mr. Duron asked for Vice Chair nominees. Mr. Harper nominated Mr. Baldwin, seconded by Ms. Odom. Mr. Baldwin accepted, and all voted unanimously in favor.
3. Mr. MacLaurin presented an overview of formula funding and an ending slide detailing the group's 4 charges.
4. Mr. Duron expressed that Charges 1-3 aligned as they dealt with the funding levels, and that Charge 4 lent itself as a separate issue to address. The group agreed that it would be best to align into 2 working groups to address the charges. Ms. Deardorff agreed to chair the working group to look at Charges 1-3, and the following members volunteered to serve on that committee: Ms. Hardison, Ms. Kruwell, Mr. Baldwin, and Mr. Wooten. Mr. Harper agreed to chair a working group for Charge 4, and the following members volunteered to serve on that committee: Dr. Hurley, Mr. Duron, Ms. Sloan, and Ms. Odom. The chairs will work with their groups prior to the next full Committee meeting. THECB will share information on the data elements needed for the Higher Education Fund to inform the discussion on Charge 4.
5. The committee discussed and agreed that having a virtual option for meetings would serve members well for flexibility, however, THECB will still hold the space for those who want to attend in person. The next committee meetings are set for:
  - Meeting 2: Thursday, September 25, 2025, 1:00 p.m.
  - Meeting 3: Thursday, October 30, 2025, 1:00 p.m.
  - Meeting 4: Thursday, December 4, 2025, 1:00 p.m.
6. The meeting adjourned with a motion by Ms. Deardorff and a second by Mr. Harper with all in favor at 1:30 p.m.

# Meeting Minutes

## General Academic Institution Formula Advisory Committee

Thursday, September 25, 2025 | 1:00 p.m

View at: <https://www.youtube.com/watch?v=NqJXCRpn1AE>

### Attendees

Present: Mr. Baldwin, Ms. Deardorff, Mr. Duron, Ms. Hardison, Mr. Harper, Mr. Hinton, Dr. Hurley, Ms. Kruwell, Ms. Odom, Ms. Sloan, Mr. Wooten

Absent: Mr. Hernandez

THECB Staff: Mr. MacLaurin, Ms. Gonzales

### Minutes

1. The meeting began at 1:12 p.m.
2. The Chair, Mr. Duron, opened the meeting and Ms. Gonzales took role of the attendees. Mr. Duron asked for a motion to approve the minutes from the September 5, 2025 meeting. Ms. Sloan made a motion, with a second by Ms. Kruwell, and all voted in favor.
3. Mr. Duron gave the floor to Ms. Deardorff to discuss the progress of the Charge 1-3 workgroup, which met between the first and second GAIFAC meetings. Ms. Deardorff reported that the group was considering which inflation index and methodology to use for projections. The group is looking at the possible use of a 3-year rolling average of the Higher Education Price Index (HEPI), like the committee used last biennium. The group also looked at the assumptions used to project research expenditure growth, given the uncertain nature of federal research funding. The group looked at a projection methodology that just considered the past 3 years of actual data, rather than projecting 2 years ahead, resulting in a smaller projected amount of growth. Finally, the group considered a change to the small institution supplement that would increase the max funding amount to \$5 million and would increase the base amount of institutions receiving the full amount from a headcount of 5,000 up to 10,000, and then extending the runway of funding for up to 20,000 student. This would increase the number of schools receiving the supplement and also slow the progression of when institutions would lose the supplemental funding over time. The group also discussed the compounded effect of not making tuition or fee increases since Fall 2021 and to consider how to address that in the recommended projections and the report.
4. Mr. Duron moved on to Charge 4 discussion. Mr. MacLaurin presented an overview of the Higher Education Fund (HEF) and provided specific background to inform the questions from Charge 4. Mr. Duron asked THECB to send the Excel version of the HEF distribution by institution before the next meeting. Mr. Harper noted that the Charge 4 workgroup plans to meet prior to the next meeting on October 30, 2025 and would bring more information at that time.
5. The meeting adjourned with a motion by Ms. Deardorff and a second by Mr. Hinton with all in favor at 1:33 p.m.

# Meeting Minutes

## General Academic Institution Formula Advisory Committee

Thursday, October 30, 2025 | 1:00 p.m.

View at: <https://www.youtube.com/watch?v=4WZzPZsufsl>

### Attendees

Present: Mr. Baldwin, Ms. Deardorff, Mr. Duron, Ms. Hardison, Mr. Harper, Mr. Hinton, Dr. Hurley, Ms. Kruwell, Ms. Odom, Ms. Sloan, Mr. Wooten

Absent: Mr. Smith

THECB Staff: Mr. MacLaurin, Ms. Gonzales

### Minutes

1. The meeting began at 1:01 p.m.
2. The Chair, Mr. Duron, opened the meeting and Ms. Gonzales took role of the attendees. Mr. Duron asked for a motion to approve the minutes of the September 25, 2025, meeting. Ms. Hardison made a motion, with a second by Ms. Sloan, and all voted in favor.
3. Mr. Duron gave the floor to Ms. Deardorff to discuss the progress of the Charge 1-3 workgroup. Ms. Deardorff shared that the projections were sent to the full committee for review and that there hadn't been any further questions or concerns, so the workgroup plans to recommend:
  - a. use of a 3-year rolling average of the Higher Education Price Index (HEPI), like the committee used last biennium, for the inflation methodology (In consideration of inflation, the workgroup also plans for the writeup in the report to reiterate the effect that no tuition or fee increases since Fall 2021 have had on the institutions.)
  - b. use of the past 3 years of actual research data to project growth for research funding
  - c. use of \$5 million as the maximum funding amount for the small institution supplement, increasing the base headcount for funding to 10,000, and then extending the step down of funding for up to 20,000 students.
4. Mr. Duron moved on to Charge 4 discussion. Mr. Harper shared that the Charge 4 workgroup met twice virtually since the Sept 25 meeting and discussed:
  - a. General deferred maintenance (DM) and whether there was value in standardizing DM reporting at a statewide level. The conclusion of that discussion was that the workgroup preferred to leave that oversight with the institutions' Board of Regents, as it sits currently.
  - b. Consideration of data metrics that could enhance standardizing a facility's condition and further maintenance needs for HEF reporting. For this, the workgroup consulted with Gordian and learned more about Gordian's proprietary "Technical Complexity" factor. The group plans to have another meeting with a larger Gordian group to further explore ways to enhance the data collection regarding the HEF formula.
5. The meeting adjourned with a motion by Dr. Hurley and a second by Ms. Hardison with all in favor at 1:22 p.m.

# Meeting Minutes

## General Academic Institution Formula Advisory Committee

Thursday, December 4, 2025 | 1:00 p.m.

View at: <https://www.youtube.com/watch?v=PUSlqYQ-AEo>

### Attendees

Present: Mr. Baldwin, Ms. Deardorff, Mr. Duron, Ms. Hardison, Mr. Harper, Mr. Hinton, Ms. Kruwell, Ms. Odom, Ms. Sloan, Mr. Smith, Mr. Wooten

Absent: Dr. Hurley

THECB Staff: Mr. MacLaurin, Ms. Gonzales

### Minutes

1. The meeting began at 1:09 p.m.
2. The Chair, Mr. Duron, opened the meeting and Ms. Gonzales took role of the attendees. Mr. Duron asked for a motion to approve the minutes of the October 30, 2025, meeting. Mr. Hinton made a motion, with a second by Mr. Baldwin, and all voted in favor.
3. Mr. Duron gave the floor to Ms. Deardorff to discuss the progress of the Charge 1-3 workgroup. Ms. Deardorff reviewed the draft language for the report that was shared via email with the group. The committee plans to recommend:
  - a. use of a 3-year rolling average of the Higher Education Price Index (HEPI), like the committee used last biennium, for the inflation methodology
  - b. use of the past 3 years of actual research data to project growth for research funding
  - c. use of \$5 million as the maximum funding amount for the small institution supplement, increasing the base headcount for funding to 10,000, and then extending the step down of funding for up to 20,000 students
  - d. an update to the critical fields list for the State Colleges
  - e. the addition of TSTC's Comal/Guadalupe campus (which was legislatively approved during the 88<sup>th</sup> Legislative Session) to the GAA bill pattern (opened in Fall 2023, graduated first cohort in 2025 and have 165 students this Fall)
  - f. Mr. Duron moved on to Charge 4 discussion. Mr. Harper shared that the Charge 4 workgroup met three times in total to discuss the charges. To address whether any data metrics that could enhance standardizing a facility's condition and further maintenance needs for HEF reporting, the workgroup consulted with Gordian, a national group that provides facilities assessment services to campuses across the US and for multiple systems and universities across Texas. Based on those conversations, the group determined that the age of a building, in and of itself, does not have a direct correlation to the cost of maintaining the facility (i.e. just because a building is older, doesn't mean it will necessarily cost more than maintaining a newer facility). Gordian does have a branded "Technical Complexity" that they consider has significantly more impact on the costs to maintain a facility. Mr. Harper noted that the current HEF model already included a factor for complexity and that the workgroup was unable to determine a new metric or enhancements to the

current metric that would improve determination of complexity , therefore the workgroup's recommendation is that there is no additional data that needs to be collected at this time with regards to age of a facility and maintenance needs.

4. Mr. Duron asked that the Chairs provide the final language edits to the draft of the report to Ms. Gonzales by December 15. Ms. Gonzales will combine and get the final draft version out to the Committee by email shortly after that for full committee review. There is a final meeting held on the calendar for Jan 22 to meet, however, if the committee has full email consensus of the report before then, that meeting could be cancelled.
5. The meeting adjourned with a motion by Mr. Harper and a second by Ms. Hardison with all in favor at 1:31 p.m.

## Appendix B: 2028-29 Health-Related Institutions Formula Advisory Committee Members and Meeting Minutes

Name and Term Expiration	Institution	Contact Info
<b>Angelica Marin-Hill</b> (2026) Vice President for Government Affairs and Policy	The University of Texas Southwestern Medical Center 5323 Harry Hines Blvd. Dallas, TX 75390-9131	<a href="mailto:angelica.marin-hill@utsouthwestern.edu">angelica.marin-hill@utsouthwestern.edu</a>  (214) 394-2974
<b>Lauren Sheer</b> (2028) Vice President, Legislative Affairs	The University of Texas Medical Branch at Galveston 301 University Blvd. Galveston, TX 77555-0126	<a href="mailto:lesheer@utmb.edu">lesheer@utmb.edu</a>  (512) 609-8046
<b>Michael Tramonte</b> (2026) Senior Vice President and Chief Financial Officer	The University of Texas Health Science Center at Houston P.O. Box 20036 Houston, TX 77030	<a href="mailto:Michael.Tramonte@uth.tmc.edu">Michael.Tramonte@uth.tmc.edu</a>  (713) 500-3158
<b>Ginny Gomez-Leon</b> (2030) Senior Vice President and Chief Financial Officer	The University of Texas Health Science Center at San Antonio 7703 Floyd Curl Drive, AAB 4.446 San Antonio, TX 78229-3900	<a href="mailto:leongl@uthscsa.edu">leongl@uthscsa.edu</a>  (210) 567-7068
<b>Tomas Guajardo</b> (2026) Associate Vice President	The University of Texas M. D. Anderson Cancer Center 1515 Holcombe Blvd., Box 95 Houston, TX 77030	<a href="mailto:tguajardo@mdanderson.org">tguajardo@mdanderson.org</a>  (713) 563-2245
<b>*Courtney Smith</b> (2028) Associate Vice President of Government Relations	The University of Texas at Tyler Stewart Administration Bldg, Room 371 3900 University Blvd Tyler, TX 75701	<a href="mailto:Courtney.smith@uttyler.edu">Courtney.smith@uttyler.edu</a>  (903) 877-8658
<b>Kristin Nace</b> (2030) Chief Financial Officer	Texas A&M University System Health Science Center Clinical Building 1, Ste 4130 8441 State Hwy 47 Bryan, TX 77807	<a href="mailto:k-nace@tamu.edu">k-nace@tamu.edu</a>  (979) 436-9228
<b>Kemp Louis</b> (2026) Chief Financial Officer	University of North Texas Health Science Center 3500 Camp Bowie Blvd. Fort Worth, TX 76107-2644	<a href="mailto:Kemptor.louis@unthsc.edu">Kemptor.louis@unthsc.edu</a>  (817) 735-5642
<b>Penny Harkey</b> (2026) Executive Vice President and Chief Financial Officer	Texas Tech University Health Sciences Center 3601 4th Street Lubbock, TX 79430	<a href="mailto:Penny.Harkey@ttuhsc.edu">Penny.Harkey@ttuhsc.edu</a>  (806) 743-3080

Name and Term Expiration	Institution	Contact Info
<b>Richard A. Lange, MD</b> (2026) President	Texas Tech University Health Sciences Center-El Paso 5001 El Paso Dr., Suite 3200 El Paso, TX 79905	<a href="mailto:Richard.Lange@ttuhsc.edu">Richard.Lange@ttuhsc.edu</a>  (915) 215-4300
<b>Jon Alford</b> (2028) Chief Financial Officer	The University of Texas at Austin Dell Medical School 1501 Red River St Austin, TX 78712	<a href="mailto:jon.alford@austin.utexas.edu">jon.alford@austin.utexas.edu</a>  (405) 248-8842
<b>Michael Mueller</b> (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	<a href="mailto:michael.mueller@utrgv.edu">michael.mueller@utrgv.edu</a>
<b>Johnathan McCullers, MD</b> (2028) Dean, College of Medicine & Vice President for Health Affairs	University of Houston College of Medicine 5055 Medical Circle Houston, Texas 77204-6064	<a href="mailto:Jamccul2@Central.UH.EDU">Jamccul2@Central.UH.EDU</a>  (713) 743-7047
<b>Amanda Withers (2028)</b> Chief Financial Officer and Senior Vice President for Operations	Sam Houston State University College of Osteopathic Medicine 925 City Central Ave. Conroe, TX 77304	<a href="mailto:withers@shsu.edu">withers@shsu.edu</a>  (936) 294-1017

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

*\*Individual is replacing a representative who is no longer able to serve.*

**Texas Higher Education Coordinating Board  
Formula Advisory Committee Meeting  
Friday, September 5, 2025  
10:00am**

**Minutes**

**Members:**

Member	Institution	
Angelica Marin-Hill	UTSWMC	Present
Lauren Sheer	UTMB	Present
Michael Tramonte	UTHSCH	Present
Ginny Gomez-Leon	UTHSCSA	Present
Tomas Guajardo	UT MD Anderson	Present
Kristin Nance	TAMHSC	Present
Kemp Louis	UNT Health	Present
Penny Harkey	TTUHSC	Present
Richard A. Lange	TTUHSC	Present
Amanda Withers	SHSU College of Osteopathic Medicine	Present
Dr. Johnathan McClullers	University of Houston College of Medicine	Present
Richard Wilson (on behalf of Mr. Michael Mueller)	University of Texas Rio Grande Valley School of Medicine	Present
Ms. Courtney Smith	University of Texas at Tyler	Present
Dr. Michael Morrey	University of Texas at Austin Dell Medical School	Not Present

**Agenda Item: Welcome, introduction, and remarks – Commissioner Wynn Rosser, Ph.D.**

Commissioner Rosser welcomed all committee members in person and via Zoom. The Commissioner thanked everyone for their time and for serving in this additional capacity and emphasized the importance of staying informed of what happens with Texas State institutions that employ real Texas people to educate real Texans to build the current state of what it means to do this work on the scope and scale of the state of Texas.

**Agenda Item: Presentation of charges to the committee – Commissioner Wynn Rosser, Ph.D.**

Commissioner Rosser emphasized the importance of behavioral health, allied health and nursing areas. Lots of shortages in critical areas such as areas without EMS and entire counties without primary care providers, mothers having to drive 75-90 miles to deliver their babies, etc. We have more K-12 rural students than some states have total population.

Commissioner emphasized that we must think about serving people but also thinking about planning how to serve them in the future and get to the root cause of these issues.

Commissioner Rosser will start visiting regions next week and will try to visit HRIs and GAI and community colleges and technical state colleges as much as possible.

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

Michael Tramonte (UT Health Science Center Houston) called the health-related institutions formula funding advisory committee meeting to order. Dr. Jonathan McCullers will represent University of Houston, College of Medicine while not an official member. The THECB will consider his nomination in October. Mr. Tramonte made a motion that until the nomination happens in October, Dr. McCullers participates as a non-voting member. Motion was approved by the full committee.

**Agenda Item: Election of chair, vice chair and secretary**

Tomas Guajardo from MD Anderson nominated the past vice Chair, Kristin Nace from Texas A&M Health Science Center to be appointed as the chair of the committee. 2nd motion approved by full committee. Motion passed unanimously.

Ms. Penny Harky nominated Mr. Tomas Guajardo for the position of vice chair. Mr. Guajardo consented to the nomination. Kristin Nace asked the committee to second the nomination of Tomas Guajardo for vice chair. Motion passed by full vote.

Mr. Michael Tramonte with UT Health Houston nominated Kemp Louis from UNT Health for the position of secretary. Mr. Louis consented to the nomination. There were no other nominees. Motion passed unanimously.

**Agenda Item: Briefing on funding formulas for health-related institutions**

Ms. Berger provided an overview of the HRI formula funding. Ms. Berger shared slides showing the distinctions between GAI and HRI and explained that they are defined by statute or the general appropriations act. The HRI can be a stand-alone institution or a distinct part of GAI. These classifications are used for state reporting and funding purposes and don't affect other non-state reports regarding the institution. Out of the 14 HRIs, six are part of a general academic institution. On formula funding, this is an allocation methodology to distribute state funding among institutions, and it can be a tool to drive state funding based on the amounts needed to fund enrollment growth at a consistent level.

Formula funding is primarily based on full-time students, student equivalents, predicted square feet, research expenditures, and the number of GME residents.

The appropriations reflect how the state funds are allocated, but not how they must be spent. Many formulas use a base period to set funding for the next biennium. Ms. Berger provided an example that for the instruction and operations formula, enrollments in summer of 26, fall of 26, and spring of 27 determine the appropriations for FY 2028-29.

The legislature would use the most recently available data for each of the drivers related to the formulas on the I&O formula, this provides funding for faculty salaries, operating expenses, academic support, instructional administration, and libraries. The driver is the weighted full-time student equivalent. These are based on courses or headcount as of the 12th class day. Medical, dental, and podiatry students are funded through headcount

while all other programs use FTSE. The weighting is based on the discipline and includes different weights for medical podiatry, dental, public health, pharmacy, nursing, biomedical science, and allied health. Additionally, there's a small class supplement that can be provided for programs with fewer than 200 students at remote locations and the main campus of UT Tyler to account for diseconomies of scale. There are three other main HRI formulas: infrastructure, research and GME.

Ms. Berger pointed out that the infrastructure formula provides for physical plant support and utilities and it's based on predicted square feet. That formula is based through the space projection model that's done by the coordinating board and estimates the amount of space an institution needs by considering its semester credit hours taught, faculty and staff size, research expenditures, and other metrics. The PSF is intended to be an equitable assessment of space need.

The research enhancement formula is intended to foster increased research capacity across institutions, and all receive a base amount and then a percentage of their most recent research expenditures.

The graduate medical education formula is designed to provide funding for residents and to support faculty costs related to training those residents. It's based on the number of residents as of September 1 in the fall of the year prior to the legislative session.

Podiatric residents were included for the first time in the 24-25 biennium.

Ms. Berger shared a slide on mission-specific formula funding and explained that these are formulas that provide research funding based on either clinical work or the research expenditures of the institution. The legislature added two new mission specific formulas for services at the UT Austin Dell Medical School and Sam Houston State University College of Osteopathic Medicine in the last session. The Texas Tech formula under performance-based formula was revised to mirror the other performance-based formulas. So, it's total research expenditures minus state appropriations.

In FY26-27, general revenue formula funding (ex. mission specific) increased by \$159 million. The I&O rate and the infrastructure rate have remained relatively flat despite increases in funding over the last 10 years. The role of the formula advisory committees and the coordinating board. The coordinating board is required to provide recommendations on higher ed formulas to the LBB and governor each summer prior to the legislative session. The committee works through the fall and sends the recommendation to the commissioner and then they ultimately move forward after commissioner consideration.

The way these recommendations are used are really signals from the institutions to the board on what state policy makers should consider in setting higher ed financing policy. And then finally, the educational data center or EDC works with the institutions on reporting student and course data to us so that we can provide that information to the LBB and governor in the fall before legislative session and in the spring during the session

for their use in the appropriations process. On a practical level, the data provided in alignment with the recommendations made to the legislature by our board. We also provide other options as requested by legislative offices. The first charge is the standard charge about the base formulas, and the second charge is related to considering additional weights for graduate nursing, graduate allied health and graduate behavioral health.

Melitta will share the slides with the committee members, as requested in the meeting.

**Agenda Item: Consideration, discussion, and possible approval of the commissioner's 2028-2029 charges**

**Charge one** is to study and make recommendations for the appropriate funding levels for the instruction and operation. The infrastructure research enhancement graduate medical and mission specific formulas for Texas education code section 61.05B and General Appropriations Act, House Bill 188, Texas Legislature B, Special Provisions Relating only to state agencies of higher education, section 278, page article 3281. To aid in the committee's recommendation of appropriate levels of funding, staff have provided information on the health-related institutions for the health-related institutions, including several comparative comps.

Ms. Nace recommended entertaining the idea of possibly taking charge one to a subcommittee level so that we can further dive into these formulas and maybe answer some questions and ensure that we all come well equipped. Ms. Nace asked the committee members for their thoughts. Mr. Tramonte agreed to the idea and volunteered to participate.

Mr. Tramonte, Mr. Guajardo, Mr. Lange, and Mr. Wilson agreed to participate in subcommittees.

Ms. Nace explained that this might start off as a subcommittee for the first charge and then if it seems like a better working possibility is to have maybe smaller subcommittees look individually at these formulas, then she certainly welcomes that. Mr. Guajardo encouraged the subcommittees that as they're looking at the charges maybe have a meeting before our next meeting and then maybe at the following meeting they can report back progress.

Ms. Nace read **Charge two** to study and make recommendations for the appropriate formula weights including consideration of any new specialty programs for inclusion such as graduate behavioral health, graduate allied health and graduate nursing.

Ms. Nace reiterated her belief in a subcommittee and her belief in charge two is also a good opportunity to have some subcommittees, either one or potentially one for each of the items being brought forward.

Ms. Penny Harkey said she would like to participate in the charge two sub-committee.

Ms. Lauren Sheer would like to participate as well.

Ms. Penny Harkey asked a question for clarification purposes if Behavioral health is not a separate line. Allied health and nursing are already a separate program. What are we thinking as far as behavioral health because is that something currently being funded within allied health or what are the thoughts there?

Mr. Tramonte said that their inaugural class began at their behavioral health school. This was brought forward to try to address that and much like what was done with podiatry a number of years back I think the recommendation is too was for us to come back and provide some detail and support for the committee, whether it's to the subcommittee or to the committee as a whole on what the formula might look like for a behavioral health school.

Ms. Gomez-Leon asked if there was any interest in looking specifically at nursing specialty programs or advanced practitioner type of certificate funding either those groupings or as a special option and talking about as we're trying to address the commissioner's notion of being thoughtful in rural areas and trying to get some ideas out there type effect programs that would come up that could help in some of those areas. Neonatal would also be another area that I think we would be interested in looking at just providing those so that we can continue to close the loop on the specialty need of nurses, not just the undergrad and masters-level programs.

Based on some comments from Ms. Ginny Gomez-Leon, Mr. Michael Tramonte, and Ms. Hill believe the specialty need beyond nursing, maybe there's conversation concerning other areas serving rural needs but as we all support specialty and sub-specialty programs and different disciplines maybe a larger conversation on that. On behavioral health, there was a question whether there will be programs that don't already exist at other health related institutions within other schools since it's a new school and a question if there were also new programs.

Mr. Tramonte thinks there are several new programs. There are five programs that have been approved moving forward and some areas that aren't currently covered by existing schools. One focusing on forensic medicine from a psychiatry standpoint or psychology standpoint. He pointed out that we can't say there are no addition or some overlap with some programs, but that we know for a fact is that the workforce in the behavioral sciences side is very much like the commissioner had mentioned even shorter than nursing and everything else. Mental health continues to be a real challenge from a staff standpoint.

### **Discussion of dates and assigns for subsequent meetings**

Tentative schedule of possible future meetings is in the appendix of the agenda materials.

Possible dates are slated for the following mornings at 10 a.m. October 1st, November 5th, and December 3. Additional dates can be added. The committee will hold these meetings in person with a virtual option.

### **Adjournment**

The formula advisory committee adjourned until October 1<sup>st</sup> at 10:00am

**Texas Higher Education Coordinating Board  
Formula Advisory Committee Meeting  
Wednesday, October 1<sup>st</sup>, 2025  
10:00am**

**Minutes**

**Members:**

<b>Member</b>	<b>Institution</b>	
Jon Alford <i>(replacing Michael Morrey)</i>	UT Austin Dell Medical School	Present
Ginny Gomez-Leon	UTHSCSA	Present
Tomas Guajardo	UT MD Anderson	Present
Penny Harkey	TTUHSC	Present
Richard A. Lange	TTUHSC	Present
Kemp Louis	UNT Health	Present
Angelica Marin-Hill	UTSWMC	Present
Johnathan McCullers	University of Houston College of Medicine	Present
Michael Mueller	UTRGV	Present
Kristin Nace	TAMHSC (Committee Chair)	Present
Lauren Sheer	UTMB	Present
Courtney Smith	UT Tyler	Present
Michael Tramonte	UTHSCH	Present
Amanda Withers	SHSU College of Osteopathic Medicine	Present

**Agenda item: Welcome and Remarks:** Health Related Institutions Formula Advisory Committee Chair, Kristen Nace from Texas A&M Health Science Center welcomed the committee members attending in person and via Zoom.

**Agenda item: Call to order and possible action to approve a non-voting member participation:** Call to order. Quorum present.

**Agenda item: Call to order and possible action to approve a non-voting member participation:** The Higher Education Coordinating Board will consider the nomination of Mr. Alford from University of Texas Dell Medical School to the HRI FAC at the October meeting. Motion was made to allow Mr. Alford to participate as a non-voting member. Motion passed unanimously.

**Agenda item: Approval of September 5, 2025 Meeting minutes:** Mr. Louis asked for approval of September 5<sup>th</sup> 2025 minutes. Minutes were approved. Motion passed unanimously.

**Agenda item: Discussion of charges:** Chair Nace indicated that working groups have been formulated, but she wanted to ensure there was an opportunity provided for anybody to share their comments or discuss the workgroup assignments and workgroup leads.

The charge one working group was created to study and make recommendations for the appropriate funding levels for the I&O, infrastructure, research enhancement, graduate medical education (GME) and mission-specific formulas. As part of the GME review, the workgroup will review whether the GME formula should consider the difference between outpatient and inpatient. For this assignment, Ms. Marin-Hill volunteered to lead the group, joined by Ms. Sheer, Ms. Withers and Dr. Lang.

Dr. Lang explained that in most GME programs; regardless of the area; pediatrics, obstetrics, internal medicine, family psychiatry, etc., they all have an inpatient and outpatient component. Dr. Lang asked for clarification about the specific charge.

Ms. Marin-Hill responded to Dr. Lang's question and explained that the thought behind raising this for consideration knowing that residents do rotation cycles between inpatient and outpatient was the revenue side. Ms. Marin-Hill explained that there are other sources available to support the time that residents spend in inpatient settings. Ms. Marin-Hill explained that the objective is to obtain additional support, not bifurcating the current GME formula support.

Ms. Nace requested for charge one that the committee collect a little more information from the Legislative Budget Board (LBB) and learn what happens from the LBB perspective when they get our requests and provide insight into policy and the flow of information.

Ms. Marin-Hill welcomed the idea of asking the LBB to attend a meeting related to charge one and expressed that these are charges that she believes impact all the health institutions and we would greatly benefit from LBB's attendance and support.

Ms. Nace presented Charge 2A and explained this working group has been created to study and make recommendations for the appropriate I&O formula weights, including consideration of any new specialty programs for inclusion such as graduated allied health and graduate nursing to include consideration of specialty certificate programs for advanced practice providers such as neonatal midwife and oncology. Ms. Nace thanked Ms. Gomez-Leon for serving as the lead of the working group, joined by Ms. Smith, Mr. Alford and Mr Louis.

Ms. Nace presented charge 2B and explained that this working group is intended to study and make recommendations for the appropriate I&O formula weights including consideration of any new specialty programs for inclusion such as graduate behavioral health and optometry. Mr. Tramonte will lead this group and will be joined by Ms. Harky, Dr. McCullers and Mr. Mueller.

Ms. Nace pointed out that Mr. Guajardo and herself have not been assigned to any work group. They will be focused on visiting meetings as they can and ensure that leaders and items discussed are moving forward. Ms. Nace asked for the subcommittees to meet prior to the November meeting, if possible, to provide an update to the committee on the work progress; not necessarily any final determination. The goal is to have recommendations

to the full committee at the November meeting. If needed, there could be an additional meeting in January, but the goal is to have the work completed in December.

Ms. Nace asked the committee, as they work with their subcommittees and work groups, to reach out to Ms. Berger and the Higher Education Coordinating Board with any data request needs.

Ms. Marin-Hill asked about the possibility to participate or observe workgroup meetings, even if the individual is not assigned to that specific working group.

Ms. Nace expressed that if there is a particular interest in subgroup 2A or 2B, she could reach out to the leads on those groups to see how things are moving. They want to ensure that work groups are small enough for the work to get done.

Mr. Guajardo indicated that there were still opportunities for everyone to provide feedback. Once the report gets drafted, there would be opportunities for the committee to discuss the report before the report is final.

Ms. Berger explained that groups should be formed with no more than seven people.

Mr. Lang asked Ms. Berger if the five recommendations that were made last time could be added to a chart and include the action taken, whether the recommendation was adopted or not and the percentage. Mr. Lang explained that the creation of a chart with the recommendations made would be helpful, particularly for group one and those individuals that did not participate the previous time. Ms. Berger agreed to provide that information.

**Agenda item: Plan for Future Meetings:** The next meetings are planned for 10:00 a.m. on November 5th and December the 3, with the possibility of additional dates to be added, if needed. Ms. Nace presented the idea of holding the next meeting in November virtually. Committee agreed.

**Agenda item: Adjournment:** Formula advisory committee adjourned until November 5th at 10 a.m.

**Texas Higher Education Coordinating Board  
Formula Advisory Committee Meeting  
Wednesday, November 5th, 2025  
10:00am**

Minutes

<b>Member</b>	<b>Institution</b>	
Jon Alford	UT Austin Dell Medical School	Present
Ginny Gomez-Leon	UTHSCSA	Present
Tomas Guajardo	UT MD Anderson	Present
Penny Harkey	TTUHSC	Present
Richard A. Lange	TTUHSC	Not present
Kemp Louis	UNT Health	Present
Angelica Marin-Hill	UTSWMC	Present
Johnathan McCullers	University of Houston College of Medicine	Present
Michael Mueller	UTRGV	Present
Kristin Nace	TAMHSC (Committee Chair)	Present
Lauren Sheer	UTMB	Present
Courtney Smith	UT Tyler	Present
Michael Tramonte	UTHSCH	Present
Amanda Withers	SHSU College of Osteopathic Medicine	Present

**Agenda item: Welcome & Remarks:** Kristen Nace, from Texas A&M Health Science Center, Health Related Institutions Formula Advisory Committee Chair welcomed the committee members to the virtual meeting.

**Agenda item: Call to Order/Roll Call:** Quorum present

**Agenda item: Approval of October 1, 2025, Meeting Minutes:** Mr. Kemp Louis from UNT Health presented the motion to approve October 1<sup>st</sup> minutes. Motion passed unanimously.

**Agenda item: Discussion of Charges –** Ms. Nace requested each subcommittee lead to provide an update of the charges.

The Charge 1 workgroup, led by Ms. Marin-Hill, reported that an analyst from the Legislative Budget Board (LBB) attended its meeting and explained the LBB process— from receiving formula enrollment and other driver data from the coordinating board to developing the fall and spring formula runs that inform the base state budget bills.

The recommendations include providing a standardized increase across all formulas to support growth, including those tied to clinical and mission-specific research formulas. In addition, an inflationary adjustment is proposed for the four major formulas—Instruction & Operations (I&O), Infrastructure, Research Enhancement, and Graduate Medical Education (GME). The suggested inflationary increase is based on the average medical

CPI since 2019, which is slightly under 3%, and would be phased in over the next three biennia. One exception applies to the GME formula: to address the significant time residents spend in outpatient settings and the largely unfunded associated costs, the workgroup recommends increasing the GME formula rate by 20% above the standardized inflationary adjustment. This additional increase would be implemented in the first biennium of the three-biennium plan. These recommendations aim to meet critical statewide needs, maintaining and expanding the healthcare workforce and ensuring access to care, particularly in rural areas of Texas.

Ms. Melitta Berger presented the formula funding projection and the data for the 3-biennium plan. FY2028-29 weighted FTSE enrollment growth is forecasted at 4.7%. Including enrollment growth and inflationary increases, the I&O increase is 12.7% if the recommended plan is accepted.

Ms. Nace reminded the committee that workgroup 2A was formed to study and make recommendations for the appropriate I&O formula weights including consideration of any specialty programs for inclusion such as graduate allied health and graduate nursing.

Charge 2A workgroup led by Ms. Ginny Gomez-Leon informed the group that their team has not met yet, but Ms. Gomez-Leon has been gathering data. Ms. Gomez-Leon asked for volunteers from team members from institutions that provided data in this study last year, such as UT Health Science Center Houston, Texas Tech Health Science Center and UTMB to include them in the Charge 2A data request. They all agreed to meet and provide the data needed.

Ms. Nace highlighted that workgroup 2B is focused on studying and making recommendations for the appropriate I&O formula weights, including consideration of any new specialty programs for inclusion such as graduate behavioral health and optometry.

Charge 2B workgroup led by Mr. Michael Tramonte met and has scheduled an additional meeting. The workgroup reviewed initial information regarding optometry and behavioral science costing data. The workgroup will do more work on the behavioral health side to compare against potentially the graduate nursing rates and the allied health rates and look at that from a costing standpoint. In regards to optometry, the workgroup is continuing to gather information and will review in their upcoming meeting.

**Agenda item: Plan for Future Meetings**

Next meeting will be held on Wednesday, December 3rd at 10:00am via Zoom. The plan is to have additional information from the groups that are still collecting information to share with the group.

Committee chair will communicate with the group if meeting for January 7<sup>th</sup> is confirmed.

**Agenda item: Adjournment**

Meeting adjourned at 10:47am

**Texas Higher Education Coordinating Board  
Formula Advisory Committee Meeting  
Wednesday, December 3, 2025  
10:00am**

Minutes

<b>Member</b>	<b>Institution</b>	
Jon Alford	UT Austin Dell Medical School	Present
Ginny Gomez-Leon	UTHSCSA	Present
Tomas Guajardo	UT MD Anderson	Present
Penny Harkey	TTUHSC	Present
Richard A. Lange	TTUHSC	Not present
Kemp Louis	UNT Health	Present
Angelica Marin-Hill	UTSWMC	Present
Johnathan McCullers	University of Houston College of Medicine	Present
Michael Mueller	UTRGV	Present
Kristin Nace	TAMHSC (Committee Chair)	Present
Lauren Sheer	UTMB	Present
Courtney Smith	UT Tyler	Present
Michael Tramonte	UTHSCH	Present
Amanda Withers	SHSU College of Osteopathic Medicine	Present

**Agenda item: Welcome, Introductions & Remarks:** Kristen Nace, from Texas A&M Health Science Center, Health Related Institutions Formula Advisory Committee Chair welcomed all the committee members to the virtual meeting.

**Agenda item: Call to order** - Ms. Kristin Nace call meeting to order.

**Agenda item:** Roll Call – Quorum present.

**Agenda item: Approval of November 5th Meeting Minutes:** Mr. Kemp Louis from UNT Health presented the motion to approve the November 5th meeting minutes. Motion passed unanimously.

**Agenda item: Discussion of Charges** - Ms. Nace requested each workgroup lead to provide an update of the charges.

Ms. Nace reminded everyone that charge 1 is to study and make recommendations for the appropriate funding levels for the I&O, Infrastructure Research Enhancement, Graduate Medical Education (GME) and Mission specific formulas. As part of the GME review, this work group reviewed whether the GME formula should consider a difference between outpatient and inpatient.

**Charge 1 update** was presented by Ms. Marin-Hill. This group focuses on the I&O, Infrastructure, Research Enhancement, Graduate Medical Education (GME), and

mission-specific formulas. The recommendations are to standardize the inflationary adjustments to support growth and include the clinical and mission-specific formulas. It was also recommended an inflationary adjustment for the four major formulas. For the GME formula, the group recommended an additional 20% increase above inflationary adjustment in first biennium to address outpatient training costs and rural healthcare needs, especially in the rural areas of Texas. The total projected increase is \$790M over three biennia, with \$445M increase for 2028–2029.

Recommendations were approved with note to consider hold-harmless language in the final report as it pertained to mission specific for performance-based research. Motion passed unanimously.

Ms. Nace shared that charge 2A is to study the I&O formula weights for Nursing & Allied Health to study and make recommendations for the appropriate I&O formula weights, including consideration of any new specialty programs for inclusion, such as graduate allied health and graduate nursing.

**Charge 2A update** was presented by Ms. Ginny Gomez-Leon. Comparison was made for undergraduate vs. graduate program costs across multiple institutions. Some of the findings were that graduate nursing costs are 132% higher than undergraduate → Recommended weight: 1.508 (up from 1.138). Graduate Allied Health costs: 123% higher. There was a recommended weight of 1.233. There would be an incremental \$49.7M estimated impact.

The recommendation was approved unanimously.

Ms. Nace reminded everyone that charge 2B is to study and make recommendations for the appropriate I&O formula weights, including consideration of any new specialty programs for inclusion such as graduate behavioral health and optometry.

**Charge 2B:** I&O Formula Weights for Behavioral Health & Optometry update was presented by Mr. Michael Tramonte. **Behavioral Health:** Proposed weight **2.075** for graduate programs (aligned with nursing methodology). Requires identification of qualifying programs and enrollment data. Committee agreed to gather data and revisit in January. **Optometry:** Recommendation to have funding similar to programs funded under the GAI formula construct but pursue cost-based adjustments similar to VetMed. Group will not vote yet, until further analysis and data collection is completed.

**Agenda item: - Plan for future meetings** - Draft for Charges 1 and 2A will be circulated for review. Next meeting is scheduled for January 7<sup>th</sup> virtually to finalize the report and vote for Charge 2B. Committee members will provide data for the behavioral health program data and submit it to Ms. Berger.

**Agenda item: Adjournment** - Meeting adjourned at approximately 11am.

**Texas Higher Education Coordinating Board  
Formula Advisory Committee Meeting  
Wednesday, January 7<sup>th</sup>, 2026  
10:00am**

**Minutes**

<b>Member</b>	<b>Institution</b>	
Jon Alford	UT Austin Dell Medical School	Present
Ginny Gomez-Leon	UTHSCSA	Present
Tomas Guajardo	UT MD Anderson	Present
Penny Harkey	TTUHSC	Present
Richard A. Lange	TTUHSC	Present
Kemp Louis	UNT Health	Present
Angelica Marin-Hill	UTSWMC	Present
Johnathan McCullers	University of Houston College of Medicine	Present
Michael Mueller	UTRGV	Present
Kristin Nace	TAMHSC (Committee Chair)	Present
Lauren Sheer	UTMB	Present
Courtney Smith	UT Tyler	Present
Michael Tramonte	UTHSCH	Present
Amanda Withers	SHSU College of Osteopathic Medicine	Present

**Agenda item: Call to Order**

The meeting of the Health-Related Institutions (HRI) Formula Advisory Committee was called to order at approximately 11:22 a.m. by Ms. Kristen Nace, Committee Chair. The Chair noted that the meeting was broadcast and recorded and provided procedural reminders.

**Agenda item: Roll Call and Quorum**

All committee members were present. A quorum was confirmed.

**Agenda item: Approval of Prior Meeting Minutes**

The December 3, 2025 meeting minutes were reviewed. A clarification was requested to revise language to reflect that recommendations were approved with a note to consider hold harmless language specific to mission-based performance research.

Motion: Approve December 3, 2025 minutes as amended. Moved by Ms. Hill; Seconded by Mr. Tramonte

Vote: Approved unanimously

**Agenda item: Discussion of Charges – Charge 2B**

Behavioral Health I&O Formula Weight:

Data from six HRI institutions were reviewed. The estimated cost impact was approximately \$8.7 million. The committee reviewed the methodology used to derive the recommended weight of 2.075 based on comparative cost analysis.

Motion: Approve Charge 2B recommendation related to behavioral health

Vote: Approved unanimously

Optometry:

The committee received an update regarding optometry funding alignment with the GAI formula and potential cost-based adjustments. No action was taken.

**Agenda item: Final Report Discussion**

A draft final report dated December 19, 2025 was reviewed. Data points sourced from the AAMC and U.S. Census Bureau were updated. The committee agreed to round percentage changes in I&O formula rates to one decimal place for clarity.

The committee discussed language referencing institutions at or near full capacity and agreed the language was appropriate as written.

**Agenda item: Action Items and Next Steps**

Members will submit written edits to the draft report by January 14, 2026. The final report will incorporate Charge 2B recommendations and be circulated for approval by email vote. A tentative meeting hold was scheduled for January 21, 2026, from 10:00 a.m. to 12:00 p.m., if needed.

**Agenda item: Adjournment**

The meeting was adjourned at approximately 11:11 a.m.

# **Texas Higher Education**

## **COORDINATING BOARD**

This document is available on the Texas Higher Education Coordinating Board website:  
<https://highered.texas.gov>.

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