

**Texas Health-Related Institutions
Funding Formulas
For the
2022 - 2023 Biennium**

**Recommendations
Of the
Health-Related Institutions
Formula Advisory Committee
(HRIFAC)**

November 06, 2019

Health-Related Institutions Formula Advisory Committee Recommendation Report for 2022-2023 Biennium

In accordance with the biennial Formula Advisory Committee process, the Health-Related Institutions (HRIs) submitted their report for consideration by the Commissioner of the Texas Higher Education Coordinating Board (THECB).

Background

The Commissioner of the THECB, Dr. Raymund Paredes, delivered his charges to the HRIs Formula Advisory Committee (HRIFAC) at its first meeting on August 19, 2019 (Attachment B). The HRIFAC held three additional meetings in September, October, and November 2019 to consider and discuss the Commissioner's charges. Attachment C provides a list of the current HRIFAC members. Attachment D contains the committee minutes from each meeting.

Executive Summary

The HRIs are the primary producers of the state's healthcare providers. The population of Texas, per the 2018 U.S. Census updated projection, experienced the largest population growth among all states at 3.6 million more people and the third fastest growth rate at 14.1 percent since 2010 – only outpaced by small population centers Utah and Washington, DC. The state's population is projected to more than double, reaching a total of 47.4 million by 2050 per the Texas Demographic Center, 2019. Texas is still facing workforce shortages in many of the health professions. This population growth will likely continue to stress our state's capacity to meet the healthcare needs and demands of our citizens, currently and in the future.

Training a healthcare workforce in this environment of continuing growth and increasing need will increase pressure on HRIs in Texas. However, these pressures are occurring at the same time that critical funding for students, space, research, and residents is threatened.

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

- Texas currently ranks 41st, unchanged from 2017, in the U.S. in numbers of active, patient care physicians per 100,000 population. Despite an overall increase of over 3,400 (or over 6% more) new patient care physicians into Texas since 2017¹, the state ranking did not improve.
- Texas ranks 47th, unchanged from 2017, in the number of active, patient care, primary care physicians per 100,000 population. Again, despite close to 870 (or nearly 5%) more primary care physicians added to the state since 2017, Texas' comparative U.S. ranking remains very low.¹
- The shortage of primary care physicians in Texas is projected to increase by 67 percent from 2,002 full-time equivalents (FTEs) in 2017 to 3,375 in 2030. The

¹ Association of American Medical Colleges (AAMC) (2019) *State Physician Workforce Data Book*

state's psychiatrist shortage is projected to grow from 1,067 FTEs in 2017 to 1,208 FTEs by 2030, an increase of 13 percent.⁶

- The projection of medical school enrollments and residents in training prepared by the Texas Higher Education Coordinating Board is not expected to be sufficient to create a physician workforce that can meet the state's future projected demand.⁶
- Texas ranks 2nd, unchanged from 2017, overall in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 59.7%.¹
- Texas ranks 4th, up from 5th in 2017, in physicians retained who completed graduate medical education (GME) within the state, at 58.5%.¹
- Texas ranks 3rd, up from 4th in 2017, in physicians retained that completed both UME and GME within the state, at 81.0%.¹

Taken together, the last three points above suggest that Texas' physician workforce challenges are much less about undergraduate medical and resident retention within the state and more about Texas' continued, significant population growth and the sufficiency of Texas' absolute numbers of medical graduates and residents.

- Texas ranks 48th in the number of registered nurses per 100,000 population.²
- Nearly 85% of the public health workforce in Texas has no formal, professional public health training.³
- Texas ranks 44th in the number of dentists per 10,000 population.⁴
- Texas' three schools of dentistry rank first, second, and third in the nation in retaining their graduates in state.⁵

The HRI's are grateful to the 86th Legislature for the increase in per unit formula funding in the last session; however, institutions still face the difficult task of maintaining and expanding quality programs to address these critical shortages and limitations. External factors are also likely to limit the abilities of HRIs to continue absorbing costs related to the increasing gaps between formula funding rates and the associated actual costs. HRIs' clinical enterprises deliver significant levels of uncompensated care while serving some of the most complex and costly

² U.S. Bureau of Labor Statistics and 2018 U.S. Census Data

³ The Future of Public Health in Texas: A Report by the Task Force on the Future of Public Health in Texas

⁴ *Health, United States, 2010*, Centers for Disease Control and Prevention, National Center for Health Statistics

⁵ Vujicic M., Where do dental school graduates end up locating, *JADA*. 2015; 146(10): 775-777

⁶ Texas Department of State Health Services (July 2018) *Texas Projections of Supply and Demand for Primary Care Physicians and Psychiatrists, 2017-2030*

patients. Simultaneously, HRIs face additional challenges with reductions in Medicaid and Medicare funding as reimbursement for healthcare services shifts to a higher emphasis on patient outcomes and quality of care, without adjusting for the generally higher acuity of patients cared for at HRIs. Fluctuations in sponsored research funding levels may require HRIs to provide “bridge” funding for research faculty salaries and operations to retain productive researchers until they obtain additional external funding. This is most often a cost-effective alternative to avoid program closures and the need to recruit new and more costly faculty in the future.

Charges and Committee Recommendations

Charge 1

Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.8, page III-260)

Recommendation:

To meet the educational needs of Texas’ growing and diverse population and to meet the state’s demands for healthcare, it is important that the HRI formulas be funded at levels that address the requirements of the *60x30TX* higher education strategic plan. The committee recommends:

- The Legislature complete the process of restoring the per-unit rates and fund the I & O, Infrastructure and Research Enhancement formula rates at the 2000-01 levels.
- The Legislature continue to recognize the critical need for GME and increase the GME formula rate by an increment equivalent to one-third of the difference between the 2020-21 rate and the CPI adjusted 2005 GME Cost Study rate of \$24,879.
- The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler Mission Specific funding be increased by the “average growth in funding” recommended for the I&O formula, and remain consistent with the “may not exceed” limits in the General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.9, page III-260.

Additionally, the four Pilot Program Mission Specific formulas for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston and The University of Texas Health Science Center at San Antonio are set to expire at the end of the fiscal year ending August 31, 2021; however, if the pilot programs are renewed, the committee recommends no change to the “may not exceed” limits in the General Appropriations Act, HB 1, 86th Texas Legislature, Sections 27.10 – 27.13, pages III-260 – III-262. The Pilot Mission Specific Formulas were seeded with appropriations reallocated from related strategies within each institution’s GAA budget bill pattern in the prior biennium, and net new funding for FY 2020-21 is noted in the table below. Attachment A provides a detailed Summary of New Mission Specific Formulas – 86th Regular Session, 2019, as prepared by LBB staff.

Institution	FY 2020-21 Biennium Funding	Seed Funding from Institution's GAA Strategies in Prior Biennium	Net New Mission Specific Funding FY 2020-21
UT Southwestern	\$114,849,890	(\$100,771,970)	\$14,077,920
UT HSC Houston	25,476,160	(12,476,160)	13,000,000
UT HSC San Antonio	25,448,000	(12,448,000)	13,000,000
UTMB at Galveston	306,081,806	(306,081,806)	-
Totals	\$471,855,856	(\$431,777,936)	\$40,077,920

It is critically important to note that the committee's recommendation applies to all formula funding areas – Instruction & Operations, Infrastructure, Research Enhancement, and Graduate Medical Education, not just to the Instruction & Operations formula, and takes into consideration the overall increase in total funding required to support growth at existing HRIs as well as the new medical schools. The 2022 – 2023 recommended rates are crucial to the support of mature programs and ensure those institutions do not receive a decrease in formula funding to maintain their capacity. A recap of the recommended funding rates are outlined in the following table.

Rates	2000-01 Biennium	2020-21 Biennium	2000-01 vs 2020-	2022-23 Biennium	Change Amount	Percent Change
Instruction and Operations	\$ 11,383	\$ 9,622	-15.5%	\$ 11,383	\$ 1,761	18.3%
E & G Space Support	\$ 11.18	\$ 6.14	-45.1%	\$ 11.18	\$ 5.04	82.2%
Research Enhancement	2.85%	1.18%	-58.6%	2.85%	1.67%	141.7%
Graduate Medical Education		\$ 5,970		\$ 12,273	\$ 6,303	105.6%

*The greater decrease in rates for the E&G Space Support and Research Enhancement Formulas is a result of focused funding on Instruction & Operations, which has also led to a change in the original balance of total funding among these three formulas. The recommended FY 2022-23 funding will restore the disproportionate decreases to the E&G Space Support and Research Enhancement Formulas since inception.

Funding	Est. Unit Growth	2020-2021 Biennium	2022-2023 Biennium	Change Amount	Percent Change
Instruction and Operations	5.83%	\$ 1,259,300,650	\$ 1,515,668,675	\$256,368,025	20.4%
E & G Space Support	3.69%	278,663,452	526,380,190	247,716,738	88.9%
Research Enhancement	6.40%	84,545,434	166,961,026	82,415,592	97.5%
Graduate Medical Education	7.88%	81,345,544	180,455,151	99,109,607	121.8%
Mission Specific**		342,997,784	412,824,864	69,827,080	20.4%
Total		\$ 2,046,852,864	\$ 2,802,289,906	\$755,437,042	36.9%

**Includes The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler mission specific formulas. Does not include the pilot mission specific formulas.

Charge 2

Study and make *recommendations for the appropriate I&O formula weights.*

Recommendation:

The committee recommends no changes to the weights assigned to the current programs.

Charge 3

Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.

Recommendation:

The committee recommends no changes to the weights assigned to the current programs.

Charge 4

Study and make recommendations regarding the funding of students pursuing dual degrees.

Recommendation:

The committee recommends formula funding be provided for all semester credit hours taken by students concurrently enrolled in dual degree programs. If a student is receiving credit for the same course in both degree programs, the course is only to be funded once at the rate of the student's primary degree program. Adjustments to the Texas Higher Education Coordinating Board reporting requirements will be necessary to implement this recommendation.

Attachment A

Summary of New Mission Specific Formulas as prepared by LBB Staff

(See following pages)

Summary of New Mission Specific Formulas - 86th Regular Session, 2019

UT Southwestern Medical Center - Performance Based Research Operations Formula

- The formula is seeded with \$100.8 million of General Revenue Funds reallocated from other strategies, including \$79.0 million reallocated from research non-formula support items and \$21.8 million reallocated from hold harmless funds.
- The formula is based on total research expenditures reported to the Higher Education Coordinating Board, excluding the category of "state appropriations."
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of research expenditures at the institution. As specified in Section 10(1) of Special Provisions, "the Base Match rate shall be adjusted based on the average annualized increase or decrease in research expenditures from the prior biennium's three-year base average." This provision grants the institution a "dynamic" Base Match rate that increases or decreases by the same factor as the increase or decrease of research expenditures since the prior biennium.
 - Tier 1 provides matching General Revenue funds at a rate of 25.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$10.0 million.
 - Tier 2 provides matching General Revenue funds at a rate of 50.0 percent for any increase in the institution's average annual research expenditures between \$10.0 million and \$20.0 million.
 - Tier 3 provides matching General Revenue funds at a rate of 75.0 percent for any increase in the institution's average annual research expenditures in excess of \$20.0 million.
 - (2) The Tiered Match is based on the increase of the institution's average annual research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue funds at a rate of 20% match \$0 - \$10M
 - Tier 2 provides matching General Revenue funds at a rate of 50% match \$10 - 20M
 - Tier 3 provides matching General Revenue funds at a rate of 75% match \$20M+
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$14.1 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

	Performance Base Match	
	Research Expenditures: 3-yr Avg	Total Base Match
2018-19 Biennium	\$ 386,427,614	NA
2020-21 Biennium	\$ 415,015,171	\$ 100,771,970

	Performance Incentive Tiered Match				Total Tiered Match
	Research Expenditures: 2-yr Avg	Change	Tier 1 25% Match \$0 - \$10M	Tier 2 50% Match \$10 - 20M	
	\$ 390,335,520	NA	NA	NA	NA
	\$ 425,208,367	\$ 34,872,846	\$ 2,500,000	\$ 5,000,000	\$ 11,154,635
					\$ 18,654,635

	Total Formula Appropriation	
	Total Formula with Governor	Biennial Change
	NA	NA
	\$ 114,849,889	\$ 14,077,919

Governor	
5% of GR Appropriated in Prior Biennium	
	\$ 14,077,919

UT Health Science Center at Houston - Performance Based Research Operations Formula

- The formula is seeded with \$12.5 million of General Revenue Funds reallocated from research non-formula support items.
- The formula is based on total federal research expenditures reported to the Higher Education Coordinating Board.
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of federal research expenditures at the institution.
 - (2) The Tiered Match is based on the increase of the institution's average annual federal research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue funds at a rate of 20.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$5.0 million.
 - Tier 2 provides matching General Revenue funds at a rate of 40.0 percent for any increase in the institution's average annual research expenditures between \$5.0 million and \$10.0 million.
 - Tier 3 provides matching General Revenue funds at a rate of 60.0 percent for any increase in the institution's average annual research expenditures in excess of \$10.0 million.
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$13.0 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

	Performance Base Match	
	Research Expenditures: 3-yr Avg	Total Base Match
2018-19 Biennium	\$ 127,710,764	NA
2020-21 Biennium	\$ 124,597,207	\$ 24,905,556

	Performance Incentive Tiered Match				Total Tiered Match
	Research Expenditures: 2-yr Avg	Change	Tier 1 20% Match \$0 - \$5M	Tier 2 40% Match \$5 - 10M	
	\$ 123,493,796	NA	NA	NA	NA
	\$ 126,346,812	\$ 2,853,016	\$ 570,603	\$ -	\$ -
					\$ 570,603

	Total Formula Appropriation	
	Total Formula with Governor	Biennial Change
	NA	NA
	\$ 25,476,160	\$ 13,000,000

Governor	
5% of GR Appropriated in Prior Biennium	
	\$ 16,179,112

Summary of New Mission Specific Formulas - 86th Regular Session, 2019

UT Health Science Center at San Antonio - Performance Based Research Operations Formula

- The formula is seeded with \$12.4 million of General Revenue Funds reallocated from research non-formula support items.
- The formula is based on total federal research expenditures reported to the Higher Education Coordinating Board.
- Funding is allocated by the formula through two mechanisms:
 - (1) The Base Match is based on the three-year average of federal research expenditures at the institution.
 - (2) The Tiered Match is based on the increase of the institution's average annual federal research expenditures since the prior biennium, using a two-year base period. The Tiered Match allocates funding in three tiers that increase on a sliding scale:
 - Tier 1 provides matching General Revenue funds at a rate of 20.0 percent for any increase in the institution's average annual research expenditures between \$0 and \$5.0 million.
 - Tier 2 provides matching General Revenue funds at a rate of 40.0 percent for any increase in the institution's average annual research expenditures between \$5.0 million and \$10.0 million.
 - Tier 3 provides matching General Revenue funds at a rate of 60.0 percent for any increase in the institution's average annual research expenditures in excess of \$10.0 million.
- The growth in total funding of the formula from one biennium to another is limited to no more than 5.0 percent of the institution's total General Revenue appropriations in the prior biennium, excluding Tuition Revenue Bond debt service.
- The formula allocated \$13.0 million of new General Revenue for the 2020-21 biennium.
- The formula is a pilot for the 2020-21 biennium.

	Performance Base Match			Performance Incentive Tiered Match					Total Formula Appropriation		Governor 5% of GR Appropriated in Prior Biennium \$ 11,986,874
	Research Expenditures: 3-yr Avg	Base Rate (Annual)	Total Base Match	Research Expenditures: 2-yr Avg	Change	Tier 1 20% Match \$0 - \$5M	Tier 2 40% Match \$5 - \$10M	Tier 3 60% Match \$10M+	Total Tiered Match	Total Formula with Governor	
2018-19 Biennium	\$ 92,290,164	NA	NA	\$ 93,783,487	NA	NA	NA	NA	NA	NA	NA
2020-21 Biennium	\$ 97,962,282	12.7%	\$ 24,978,719	\$ 96,129,895	\$ 2,346,408	\$ 469,282	\$ -	\$ -	\$ 469,282	\$ 25,448,000	\$ 13,000,000

Note: Formula governor not implemented in the first session in which the formula was enacted.

UT Medical Branch at Galveston - Health System Operations Formula

- The formula is seeded with \$306.1 million in All Funds, consisting mainly of General Revenue, reallocated from other strategies at the institution. These reallocations include the following: \$294.0 million of General Revenue from Medical Branch Hospitals; \$3.0 million in General Revenue from non-formula support items associated with hospital operations; \$8.2 million in General Revenue of hold harmless funds; and \$0.9 million of Inter-Agency Contracts from Medical Branch Hospitals.
- The formula is based on the total number of Texas patient encounters in trauma, primary care, diabetes, heart, psychiatry, and telemedicine.
- The growth in total funding of the formula from one biennium to another is limited to no more than the average rate of growth in funding for Health Related Institutions in the Instruction and Operations Formula for the current biennium.

	Patient Encounters FY 2018	Rate	Total Formula 2020-21
2020-21 Biennium	849,752	\$ 180.10	\$ 306,081,806

Attachment B

Texas Higher Education Coordinating Board Commissioner's Charge to the Health-Related Institutions Formula Advisory Committee (HRIFAC) For the FY 2022-2023 Biennium

Background: As a part of the biennial legislative funding process in Texas, the Health-Related Institutions Formula Advisory Committee (HRIFAC) makes formal recommendations for formula funding for health-related institutions. This process is similar to other formula advisory committees for academic institutions and community colleges.

The HRIFAC will meet during the summer and fall of 2019 to discuss formula elements and make a formal recommendation in regard to funding amounts for FY 2022-23 to the Commissioner of Higher Education in December of 2019.

The current formulas for determining funding levels at health-related institutions were developed for the FY 2000-01 biennium. Starting in the FY 2006-07 biennium, the formula for Graduate Medical Education was added to fund medical residents. For the FY 2008-09 biennium, two pieces of the mission specific formula for The University of Texas M. D. Anderson Cancer Center were consolidated into one new formula, Cancer Center Operations. For the FY 2010-11 biennium, the mission specific formula for The University of Texas Health Science Center at Tyler was changed to Chest Disease Center Operations and appropriations made previously outside the formula for patient care activities were added. For the FY 2020-21 biennium mission specific formulas were created on a pilot basis for The University of Texas Southwestern Medical Center, The University of Texas Medical Branch at Galveston, The University of Texas Health Science Center at Houston, and The University of Texas Health Science Center at San Antonio.

The formula recommendations under discussion relate to appropriations in the bill patterns of the health-related institutions, and in the case of Graduate Medical Education for Baylor College of Medicine, funding which is appropriated to the Coordinating Board.

The key elements of each of the health-related institution formulas are summarized below.

Instruction & Operations (I & O)

The Instruction and Operations (I & O) formula is allocated on a full-time student equivalent (FTSE) basis with a funding weight predicated on the instructional program of the student. Programs with enrollments of less than 200 receive a small class size supplement of either \$20,000 or \$30,000 per FTSE depending upon the program. The small class size supplement addresses the small classes offered at the main campus and at remote satellite sites. The supplement is calculated based on a sliding scale that decreases as the enrollment approaches the 200 limit and is in addition to the base I & O formula amount.

The Legislature appropriated a base value rate of \$9,622 per FTSE for the FY 2020-21 biennium. Formula weights for each discipline, the related amount per FTSE for the small class size supplement, and the calculated funding amount for one student are provided in the following table:

Program	Formula Weight	Small Class Size Supp.	Funding Amt. for One Student
Allied Health	1.000	\$ 20,000	\$ 9,622
Biomedical Informatics	1.750	\$ 20,000	\$ 16,838
Biomedical Science	1.018	\$ 20,000	\$ 9,795
Nursing – Undergraduate	1.138	\$ 20,000	\$ 10,949
Nursing – Graduate	1.138	\$ 20,000	\$ 10,949
Pharmacy	1.670	\$ 20,000	\$ 16,068
Public Health	1.721	\$ 20,000	\$ 16,559
Dental Education	4.601	\$ 30,000	\$ 44,269
Medical Education	4.753	\$ 30,000	\$ 45,732

The I & O formula represents 77.6 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.37 percent over the prior biennium. The All Funds I & O formula funding appropriation of \$1,259.3 million represents a 6.6 percent increase in funding over the FY 2018-19 biennium, compared to a 7.5 percent increase in FTSE.

The I & O funding for FY 2020-21 represents 89.66 percent of the funding requested by the Committee in 2017.

Infrastructure

The Infrastructure formula provides for utilities and physical plant support. The formula is based upon the predicted square footage of the HRI space model. The space model projection is based on the following elements:

- Research - research expenditures or reported faculty FTE
- Office - faculty, staff and net E&G expenditures
- Support - % of total prediction of other factors
- Teaching - level/programs areas of credit hours
- Clinical - actual clinical space used for instruction

The FY 2008-09 HRIFAC outlined and approved the application and approval process for the inclusion of any additional sites to qualify for the multi-campus adjustment to the space projection model for health-related institutions. The Committee recommended the following criteria for qualification for a Multi-Campus Adjustment site:

- The site must be specifically authorized by Legislative actions (such as a rider or change to the statute to establish the separate site of the campus).
- The site shall not be in the same county as the parent campus.
- There may be more than one site (a recognized campus entity or branch location) in the separate location if the separate site meets all of the criteria foreligibility.
- The facilities must be in the facilities inventory report certified by the institution at the time the space projection model is calculated.
- The parent campus must demonstrate responsibility for site support and operations.
- Only the E&G square feet of the facilities are included in the calculation of the space projection model.

The Infrastructure rate per predicted square foot appropriated for all Health Related Institutions for FY 2020-21 is \$6.14.

The Infrastructure formula represents 17.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.31 percent over the prior biennium. The FY 2020-21 total formula funding appropriation of \$278.7 million represents a 4.1 percent increase from the FY 2018-19 biennium, compared to a 3.6 percent increase in predicted square feet.

The Infrastructure funding for FY 2020-21 represents 63.44 percent of the funding requested by the Committee in 2017.

Research Enhancement

Health-related institutions generate state appropriations to support research from the Research Enhancement formula. The Research Enhancement formula provides a base amount of \$1,412,500 for all institutions regardless of research volume. To the base amount each institution receives an additional 1.18 percent of its research expenditures as reported to the Coordinating Board.

The Research Enhancement formula represents 5.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the HRIs, a decrease of 0.06 percent over the prior biennium. The FY 2020-21 total formula funding appropriation of \$84.5 million represents a 4.9 percent increase over the amounts for the FY 2018-19 biennium, compared to a 6.04 percent increase in research expenditures.

The Research Enhancement funding for FY 2020-21 represents 64.62 percent of the funding requested by the Committee in 2017.

Mission Specific

Mission specific formulas provide instruction and operations support funding. Total funding for the FY 2020-21 biennium is as follows:

Institution	FY 2020-21	Change from FY 2018-19
UT Southwestern Med. Center	\$ 114,849,890	\$ 114,849,890
UTMB at Galveston	306,081,806	306,081,806
UTHSC at Houston	25,476,160	25,476,160
UTHSC at San Antonio	25,448,000	25,448,000
UT M.D. Anderson Cancer - CCO	280,815,980	16,014,266
UT Health Center at Tyler	62,181,804	3,821,472
Totals	\$ 814,853,640	\$ 491,691,594

Mission Specific funding for FY 2020-21 represents 212.25 percent of the funding requested by the Committee in 2017.

Graduate Medical Education

The formula for bill pattern Graduate Medical Education began with the FY 2006-07 biennium. Graduate Medical Education formula funds provide support for qualified Accreditation Council for Graduate Medical Education (ACGME) and American Osteopathic Association (AOA) medical residents trained by state health-related institutions in Texas. Residents at the Baylor College of Medicine are funded at the same rate as other institutions through an appropriation to the Coordinating Board to be distributed to Baylor.

For the FY 2020-21 biennium, a total of \$81.3 million was appropriated for Graduate Medical Education for public institutions, an increase of 8.9 percent over FY 2018-19, compared to a 6.6 percent increase in residents. Appropriations provide \$5,970 per resident per year.

The GME formula funding for FY 2020-21 represents 88.76 percent of the funding requested by the Committee in 2017. Additional GME Expansion funding of \$157.2 million was trusted to the Coordinating Board for FY 2020-21.

Commissioner's Charges

Similar to the other formula advisory committees, the HRIFAC is asked to conduct an open, public process, providing opportunities for all interested persons, institutions, or organizations that desire to provide input on formula funding issues to do so. At the end of this process, the HRIFAC should provide the Commissioner with a written report of the Committee's recommendations by December 15, 2019, on the following specific charges:

1. Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, HB 1, 86th Texas Legislature, Section 27.8, page III-260)
2. Study and make recommendations for the appropriate I&O formula weights.
3. Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.
4. Study and make recommendations regarding the funding of students pursuing dual degrees.

Attachment C

HEALTH-RELATED INSTITUTIONS FORMULA ADVISORY COMMITTEE FOR THE FY 2022-2023 BIENNIUM

Name/Title	Institution/Address	Email/Phone
<u>Institution Representatives:</u>		
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Attachment D

Health-Related Institutions Formula Advisory Committee Meeting 2:00 P.M. Texas Higher Education Coordinating Board August 19, 2019

Minutes

Members:

Penny Harkey - TTUHSC Present
Jeff Burton - TAMHSC Present
Lauren Sheer - UTMB Present
Ben Melson – M.D. Anderson Present
Ginny Gomez-Leon - UTHSCSA Present
Gregory Anderson - UNTHSC Present
Angelica Marin-Hill - UTSWMC Present
Dwain Morris – UT-Austin Medical School Present
Paula Myrick Short - U of H Medical School Present
Richard Lange – TTUHSC-El Paso Present-by phone
Rick Anderson – UTRGV Medical School Not Present
Kevin Dillon – UTHSCH Not Present
Joseph Woelkers – UTHSCT Not Present

Agenda Item I: introductions

Penny Harkey convened the meeting in the Tejas Room of the Texas Higher Education Coordinating Board following the General Session. Members of the committee introduced themselves.

Agenda Item II: Consideration of the election of a Chair and Vice Chair

Penny Harkey opened the meeting by requesting nominations for the new Chair for the Health-Related Formula Advisory Committee. Ben Melson nominated Jeff Burton as the Chair. The nomination was seconded by Mr. Gregory Anderson and Mr. Burton was voted as the new Chair.

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

Mr. Burton continued the meeting by requesting nominations for the position of Secretary. Penny Harkey nominated Lauren Sheer as the Secretary. The nomination was seconded by Mr. Morris and Ms. Sheer was voted as the new Secretary.

Agenda Item III: Briefing on health-related institutions funding formula

In the absence of Ed Buchanan from THECB, Penny Harkey reviewed the formula funding schedules and amounts for FY 2020-21 noting changes in the formulas compared to FY 2018-19. The comparison indicates increases in state funding and increases in the rates. Ms. Harkey also noted the change of additional mission specific formulas for certain institutions.

Agenda Item IV: Discussion of Commissioner's charges to the Committee

Jeff Burton reviewed the Commissioner's charges to the committee, including an additional charge not previously included in documents on the THECB website. That new charge is: to study funding and make recommendations regarding students pursuing a dual degree program. Ms. Harkey noted the issue relates to a medical student enrolled in a dual degree program and taking courses in the other program during the same semester the student is reported as a medical student. Because the current THECB reporting process captures a medical student as 1 FTSE for the entire academic year, an institution is prohibited from reporting semester credit hours in another discipline during the year. The FAC will address this charge and a request was made for information indicating the number of students that fall into this situation.

The committee reviewed and discussed Commissioner's Charge #1 related to making recommendations for the appropriate funding levels for the I&O, infrastructure, research enhancement, GME, and mission specific formulas.

The committee discussed continuing the previous message of phased in restoration of 2000-01 formula rates without including any factor for the impact of inflation. The committee thought it important to emphasize the need for the Legislature to fund growth in formula drivers (which would maintain existing formula rates) and to continue the message of return to 2000-01 rates. Mr. Melson made a motion for THECB staff to prepare funding analyses based on returning to 2000-01 rates and 2/3s of 2000-01 rates including projected growth but without inflation. The motion was seconded by Mr. Morris and approved by the Committee.

There was a request that the second meeting include a discussion of the new mission specific formulas—how they work and how they are calculated. Legislative Budget Board (LBB) staff will prepare and provide an overview to the committee.

Penny Harkey requested that the committee review the 2020-2021 Formula Advisory Committee report prior to the next meeting. This report was included in the meeting materials.

Agenda Item V: Discussion of dates and assignments for subsequent meetings

All meeting times are from 11 to 1.

September 25
October 16
November 6

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.
Texas Higher Education Coordinating Board
September 25, 2019**

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	
Angelica Marin-Hill - UTSWMC	Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-EI Paso	
Rick Anderson – UTRGV Medical School	Present
Dr. Paula Myrick Short – UHS Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the second meeting of the HRI FAC, held on September 25th to order.

Agenda Item II: Consideration and approval of the minutes from August 19, 2019, meeting

Angelica Marin-Hill made a motion to approve the minutes, 2nd by Rick Anderson and the minutes were approved by full vote of the committee.

Agenda Item III. Consideration, discussion, and approval of the current I & O formula weights and determination of whether new weights should be requested

There were no recommended changes to the current weights. Michael Tramonte made a motion for the weights to remain at current levels and Penny Harkey seconded. The committee voted unanimously to approve the current weights.

Agenda Item IV. Consideration, discussion and approval of the current I & O programs and determination of whether any specialties need to be assigned separate weights. If so, recommend requested weight(s) as appropriate.

There were no recommended changes regarding specialties and separate weights. Ben Melson moved that there be no changes related to separate weights for specialties. Ginny Gomez-Leon seconded, and the committee voted unanimously to approve the motion.

Agenda Item V. Consideration, discussion and approval of formula funding levels for each of the following formulas:

- a. Instruction & Operations
- b. Infrastructure
- c. Research Enhancement

- d. Graduate Medical Education
- e. Mission Specific/General Revenue Operations

THECB provided an estimate of growth in formula drivers with options for 2/3 and 100% of the 2000-01 rates. It was noted with growth estimates, it would cost \$48 million in additional funding just to maintain current formula rates. The cost of a 2/3 return to the 2000-01 rates would be \$362.9 million and a 100% return would be \$544.8 million.

The committee discussed if inflation should be included. It was noted that the other formula advisory committees typically include inflation in their recommendation. Factoring in inflation (2.35% based on current rates) would increase the amount by \$41.2 million.

The committee also discussed the rate options of returning to 2/3 or 100% of the 2000-01 rates. It was noted that the previous HRI FAC recommended 2/3 of the 2000-01 rates and that a 100% return would be in line with the historical plan (1/3, 2/3, 100%).

The Committee voted unanimously (motion by Ben Melson, 2nd by Dwain Morris) in favor of recommending an increase in the I&O, Infrastructure, and Research formula rates to 100% of the 2000-01 formula rates plus growth.

The committee discussed the GME formula and the GME cost report. It was noted the GME cost report is over 10 years old. Members discussed using the full cost report figure (\$15,000) plus inflation as a basis for a recommendation. A motion was made by Lauren Sheer and Angelical Marin-Hill seconded, to increase the GME formula 1/3 of the gap between the current rate and the full cost report figure (\$15,000) plus inflation. The committee voted unanimously to approve. THECB staff will run an analysis and provide committee members the exact rate.

The committee discussed the mission specific formulas. It was noted that UTMB's new mission specific is similar to M.D. Anderson's and UTHSC-Tyler's mission specific formulas and those governors are tied to the average growth of the I & O formula. Penny Harkey made a motion and Ginny Gomez-Leon seconded, to recommend no change to the growth governors that are in M.D. Anderson, UTHSC-Tyler and UTMB's mission specific riders (average growth of I & O). The committee voted unanimously to approve. The new research mission specific formulas were discussed, and it was noted that LBB staff had provided an overview document. Penny Harkey made a motion and Ben Melson seconded, to recommend no change to the growth governors that are in UTSW, UTHSC-Houston and UTHSC-SA's mission specific riders. The committee voted unanimously to approve.

Agenda Item VI. Consideration, discussion and approval of the funding of students pursuing dual degrees

The committee discussed students pursuing a dual degree (i.e. MD and MPH) at the same institution. Currently, since medical and dental students are funded as 1 full time student equivalent (FTSE), the semester credit hours (SCH) for the second degree are excluded. The committee also reviewed how a similar situation exists for students other than medical and dental (i.e. nursing student pursuing a MPH). Michael Tramonte made a motion and Angelica Marin- Hill seconded, for THECB to include all hours reported for dual degree students enrolled at the same institution for formula funding purposes. The committee unanimously approved the motion.

Agenda Item VII. Planning for subsequent meetings

The next meeting will be October 16. Jeff Burton and Penny Harkey will work with Ed Buchanan (THECB) on a draft report to be disseminated to the committee.

Agenda Item VIII. Adjourn

With no other discussion, the committee voted to adjourn.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.**

Texas Higher Education Coordinating Board

October 16, 2019

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-El Paso	Present
Rick Anderson – UTRGV Medical School	Present
Paula Myrick Short – U of H Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the third meeting of the HRI FAC, held telephonically on October 16th, to order.

Agenda Item II: Consideration and approval of the minutes from September 25, 2019, meeting

One correction was made to add Dr. Paula Short to the list of members and as present.

Richard Lange made a motion to approve the corrected minutes, 2nd by Paula Myrick Short and the minutes, as corrected, were approved by full vote of the committee.

Agenda Item III. Discussion, review, and consideration of the Committee’s draft Report for the 2022-2023 Biennium charges

Chair Burton reported that a draft report was distributed to the committee members.

The executive summary was reviewed, and members made suggested edits related to the types of patients treated by health-related institutions.

The committee had no changes to the I&O portion of the draft report.

The committee reviewed the GME formula section of the draft report and Richard Lange made a motion and Rick Anderson seconded, recommending the GME formula rate be based on the CPI adjusted 2005 GME cost study amount of \$24,879. The motion was approved unanimously by the committee. It was clarified that the recommended rate would be 1/3 of the gap or difference between the current rate (\$5,970) and the CPI adjusted cost study amount.

Next, the committee reviewed the mission specific formula portion of the report. Mr. Ben Melson noted that the 2017 report recommended that the UT M.D. Anderson and UTHSC-Tyler mission specific formulas be increased by the average I&O formula growth and recommended that this year's report do the same. Ben Melson made a motion and Kris Kavasch 2nd, to recommend the UT M.D. Anderson and UTHSC-Tyler mission specific formulas be increased by the average growth in the funding of the I&O formula and remain consistent with the may not exceed limitations in the General Appropriations Act (GAA). Penny Harkey requested that the committee finish reviewing Charge 1 of the report prior to a vote on this motion. Ben Nelson tabled his motion to allow the committee to finish its discussion.

The committee reviewed the pilot mission specific formulas and Ginny Gomez-Leon recommended to add the names of the institutions that have pilot mission specific formulas to the report and that the committee recommend that the pilots be established as permanent. Committee members discussed the recommendation to establish the pilot programs as permanent and the possibility of adding other institutions to the mission specifics formulas. Michael Tramonte made a motion to recommended adding the names of institutions and that the pilots be established as permanent. Penny Harkey requested the motion be amended to recommend that all HRIs be considered for a mission specific formula. The committee then discussed only retaining the existing may not exceed language. The original motion and amendment were pulled down and it was recommended that the language regarding the pilot mission specifics remain as is with clarifying language that the names of the institutions be added.

Ben Melson laid his previous motion regarding the UT M.D. Anderson and UTHSC-Tyler mission specific formulas back on the table and Richard Lange asked that the committee be members have an opportunity to review the associated increases with this change before action is taken. Members discussed information provided in the appendix and how funding for the pilot mission specifics is shown. It was recommended by THECB staff that an additional attachment be included to show the mission specific seed funding and any new funding provided by the Legislature. Ginny Gomez-Leon and Angelica Marin-Hill offered to assist with developing a document to be provided as an attachment.

Ben Melson provided an update that the additional funding for the UT M.D. Anderson and UTHSC-Tyler mission specific formulas would be about \$69.9M, at a 24.4% increase. Richard Lange recommended those numbers be provided in writing to the committee. Ben Melson withdrew his motion so committee members be provided the opportunity to review the amounts in writing. Ben Melson made a motion to add language into the draft report and modify the table on page 4 and Richard Lange 2nd. The motion was approved unanimously by the committee.

The committee reviewed the remainder of Charge 1 and no changes were recommended.

There were no substantial changes to the draft report regarding Charge 2 and 3.

The committee then moved to Charge 4 regarding dual degree students. There was discussion with THECB staff regarding dual degree students and it was recommended that clarifying language be added that this issue relates to dual degree students at the same institution.

Chair Burton will work on an updated draft to be distributed to committee members. The next meeting will occur on November 6th, 2019 at 11:00 a.m..

Agenda Item VIII. Adjourn

With no other discussion, the committee adjourned.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.**

Texas Higher Education Coordinating Board

November 6, 2019

Minutes

Members:

Penny Harkey - TTUHSC	Present
Jeff Burton - TAMHSC	Present
Lauren Sheer - UTMB	Present
Michael Tramonte – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Ginny Gomez-Leon - UTHSCSA	Present
Kris Kavasch – UTHSCT	Present
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Not Present
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-El Paso	Present
Rick Anderson – UTRGV Medical School	Not Present
Paula Myrick Short – U of H Medical School	Present

Agenda Item I: Call to order

Jeff Burton, Chair, called the fourth meeting of the HRI FAC, held telephonically on November 6th, to order.

Agenda Item II: Consideration and approval of the minutes from October 16, 2019, meeting

Rick Lange made a motion to approve the minutes, seconded by Dwain Morris and the minutes were approved by full vote of the committee.

Agenda Item III. Discussion, review, and consideration of the Committee’s draft Report for the 2022-2023 Biennium charges

Chair Burton reported that an updated report was distributed to committee members yesterday. It was noted that the AAMC recently released the data on state physician workforce and the report will be updated to include those figures. The committee discussed making a few minor revisions to the report and a motion was made by Ben Melson, seconded by Ginny Gomez-Leon, to adopt the report with the discussed changes and AAMC data. The motion was unanimously approved by the full committee.

Agenda Item IV. Adjournment

With no other discussion, the committee adjourned.