

***Formula Funding Recommendations
for the
2002-2003 Biennium***

April 20, 2000

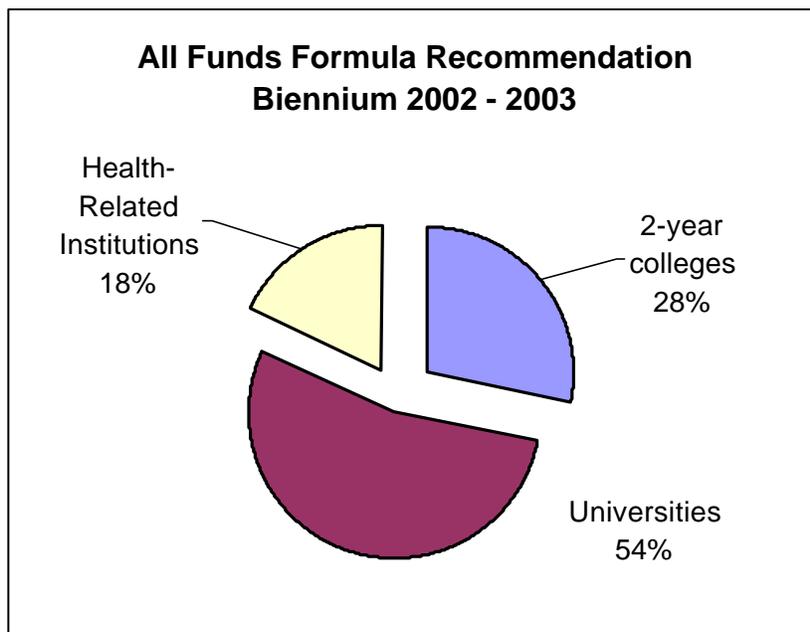
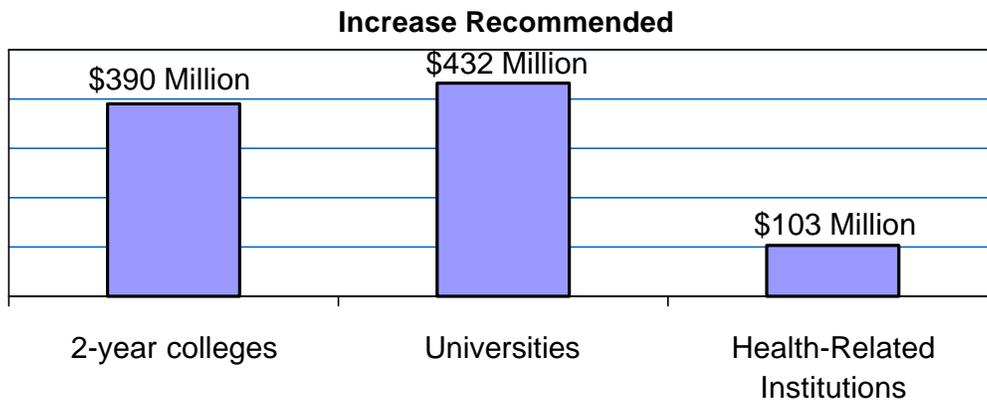
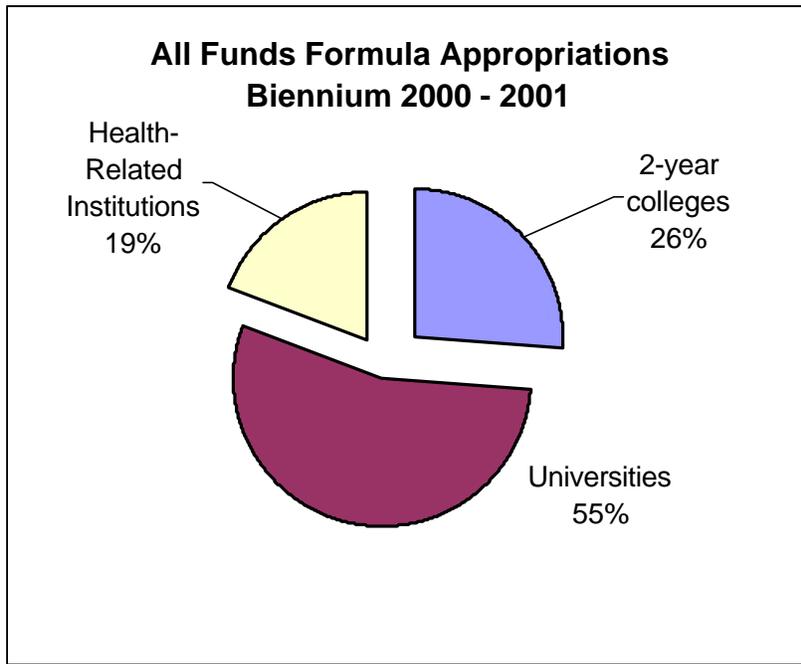
**Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, Texas 78711
www.thecb.state.tx.us**

Texas Higher Education Coordinating Board

Formula Funding Recommendations April 20, 2000

Summary of Financial Implications

Sector	<i>Current Formula Appropriation</i>	<i>Recommended Formula Appropriation</i>	<i>Increase over Current Appropriation</i>
Community and Technical Colleges	\$1,544 million	\$1,878 million	22%
Projected Growth (3%)		56.3 million	3%
Total		1,935 million	25%
Universities	\$3,265 million	\$3,624 million	11%
Projected Growth (2%)		72.5 million	2%
Total		3,696 million	13%
Health-Related Institutions	\$1,133 million	\$1,237 million	9%
Statewide Total Formula Appropriation	\$5,942 million	\$6,867 million	16%



**Community and Technical Colleges
Funding Formulas**

**Coordinating Board Recommendations
for
Fiscal Years 2002-2003**

April 2000

**Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, TX 78711**

Executive Summary

Almost all of the state funds appropriated to community and technical colleges each biennium are distributed by the Legislature through funding formulas designed to equitably allocate funds. The Texas Education Code gives the Texas Higher Education Coordinating Board authority to review and recommend changes to these formulas. The authority for reviewing formulas is reproduced in Appendix A.

The Commissioner of Higher Education appoints a formula advisory committee to undertake this review, and the Coordinating Board considers the results of the review and the recommendations of the Commissioner in making its recommendations. This document contains the three alternate funding models and the resulting formula rates.

- \$ The first model has rates derived from the All Funds Expenditure Report, but it provides the current level of funding plus an inflation adjustment and an appropriation increase large enough to reduce the statewide subsidies to instructional and administrative programs from *ad valorem* taxes to zero. This formula would require an increase in appropriations of approximately 10.3 percent, plus growth.
- \$ The second model has rates directly derived from the All Funds Expenditure Report, and assumes the state would pay for the total costs of providing instructional and administrative programs at community colleges. This would include costs currently borne by state general revenue, but also some costs currently borne by tuition and fees, gifts and grants, local *ad valorem* tax supplements, and other sources of funds. Fully funding this formula would require an increase in appropriations of approximately 50.1 percent, plus growth.
- \$ The third model has rates derived from the All Funds Expenditure Report, but assumes that the formula is funded at 81 percent of the All Funds Expenditure Report. This funding level is the second step in a plan, designed by the Texas Association of Community Colleges and covering five biennia, to reach the goal of formula funding at 100 percent of the All Funds Expenditure Report. This formula would require an increase in appropriations of approximately 21.6 percent, plus growth.

The Coordinating Board recommends that the third model be adopted by the 77th Legislature.

The funding formulas used for community colleges are also used to support the instructional and administrative costs of Texas State Technical College System and Lamar State Colleges. The infrastructure costs have been supported using the infrastructure formulas used by general academic institutions, and a continuation of that policy is recommended.

Table of Contents

Page

Executive Summary

1.	Background.....	1
2.	Community and Technical Colleges 1999 All Funds Expenditure Report.....	2
3.	Three Models for Setting Administrative and Instructional Rates.....	4
3.1	Model 1 – Formula rates providing an inflation adjustment and zero ad valorem tax subsidy for administrative and instructional costs.....	4
3.2	Model 2 – Formula rates providing 100 percent administrative and instructional costs.....	4
3.3	Model 3 – Formula rates providing 81 percent administrative and Instructional costs.....	4
4.	Other Formula Issues.....	6
5.	A Comparison of Two-Year College and University Formula Rates.....	7
6.	A Comparison of Tax Revenue per FTSE for Community Colleges and Lower Division Undergraduate at Universities	8
7.	Summary.....	9

Appendices

A – Authority for Funding Formula Development

B – Model 1 – Formula Rates Providing Current Funding Plus An Inflation Adjustment and Zero Ad Valorem Tax Subsidy for Administrative And Instructional Costs

C – Model 2 – Formula Rates Providing 100 percent Administrative and Instructional Costs

D – Model 3 – Formula Rates Providing 81 percent Administrative and Instructional Costs

E – Public Community and Technical College Formula Advisory Committee Roster

1. Background

Texas has 50 state-assisted community college districts, each governed by a locally elected board of trustees with taxing authority. Each district is authorized to offer both academic and vocational/technical programs. State law precludes the use of state funds to support the physical plant and certain other expenditures at these institutions. The appropriation to community college districts is a general revenue only appropriation, not an all-funds appropriation.

The Texas State University System has three two-year institutions offering technical degrees: Lamar Institute of Technology, Lamar State College-Orange, and Lamar State College-Port Arthur. The Texas State Technical College System has four colleges located in Waco, Marshall, Sweetwater, and Harlingen. The three Lamar institutions and the four Texas State Technical College institutions are state-supported institutions. They have no local taxing authority, and their physical plants are state supported. Unlike the community colleges, the appropriations to the Lamar State Colleges and the Texas State Technical College System are all-funds appropriations -- the Legislature appropriates locally collected tuition and fees to these institutions.

The Legislature uses the same formula for both community and technical colleges in appropriating funds for instructional and administrative expenditures. The formula is simple. It consists of rates for 26 programs. The contact hours generated in each of these programs is multiplied by the corresponding rates, and the sum of these products forms the basis of the appropriation for each institution. In practice, the Legislature has not chosen to fully fund the Coordinating Board's formula recommendation in recent years, so each institution receives a percentage of the recommendation. New rates, based on the All Funds Expenditure Report described in Section 2 of this report, are determined each biennium.

Coordinating Board staff develops the All Funds Expenditure Report, with input from an advisory committee of community and technical college presidents, faculty, and citizens. This committee is appointed by the Commissioner of Higher Education, elects its own chair, and provides advice and guidance on a range of formula-related topics. Appendix E contains a roster of Formula Advisory Committee members.

State funds may not be used to support physical plant costs at community colleges, so no appropriation is made for that purpose. Consequently, the All Funds Expenditure Report and resulting formula address only the instructional and administration costs of two-year colleges.

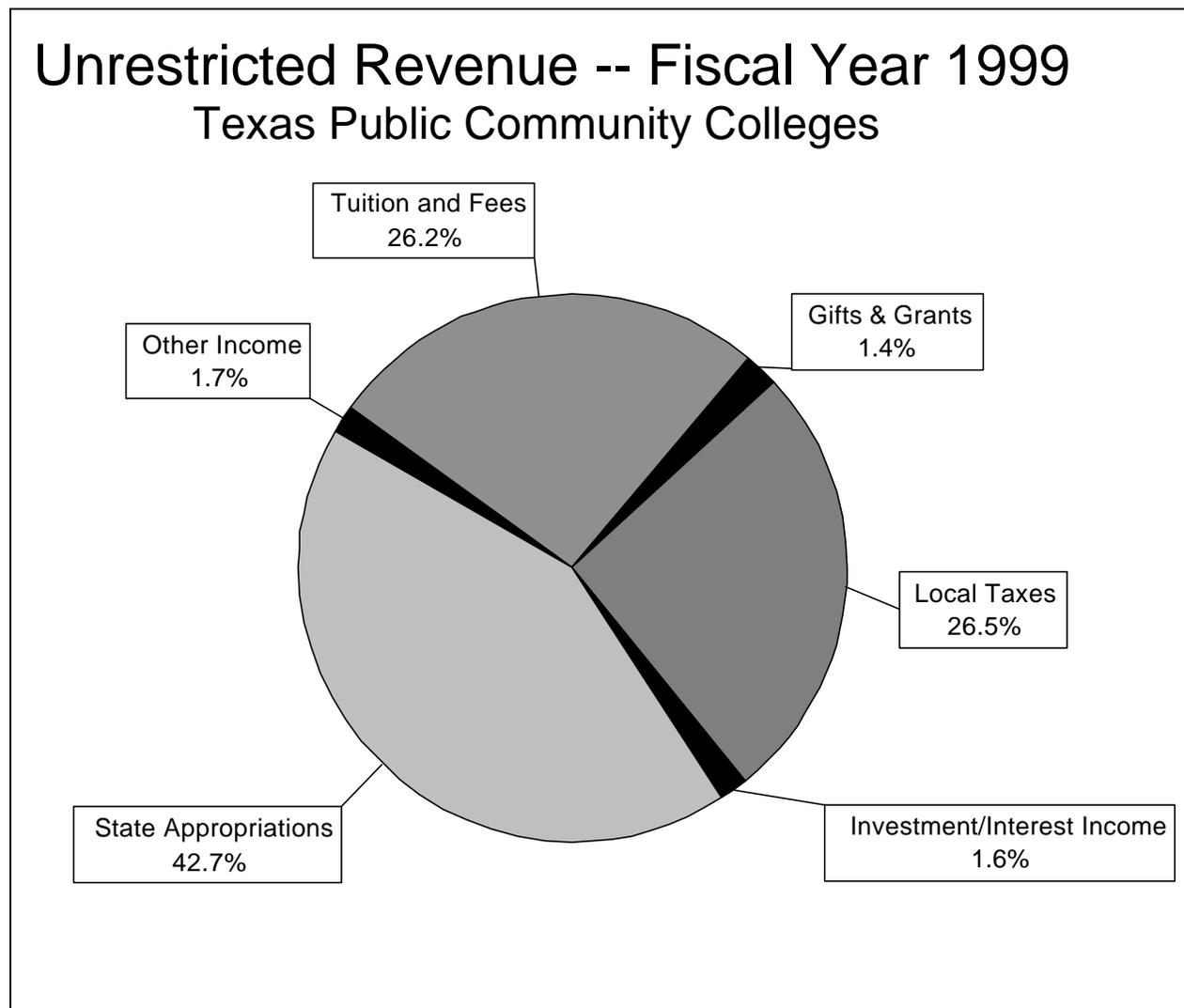
Texas State Technical College and the Lamar State Colleges use the same formula as the community colleges for instruction and administration. Because they are state-supported, they are eligible for an appropriation for their physical plant costs, and they use the same physical plant (infrastructure) formula used by universities. This formula is described in Section 4 of this report.

2. Community and Technical Colleges 1999 All Funds Expenditure Report

The community and technical college formula is based on a study intended to determine the cost of offering programs in 26 different areas. All but two community colleges participated in the Fiscal Year 1999 All Funds Expenditure Report.

Each community college is asked to report general administrative costs that apply to the institution as a whole, such as the Office of the President, Business Office, Admissions, Library, and Student Affairs. Direct instructional expenditures are also reported in each funding category. Using the contact hours reported, a per-contact-hour cost of administration and a per-contact-hour cost of instruction in each funding discipline are calculated for each institution. The sum of the median per-contact-hour-costs of instruction for each funding discipline and the median per-contact-hour-costs of administration form the basis of the formula rate for that category.

The costs reported in the cost study reflect all the unrestricted sources of funds used for instruction and administration. These sources include state general revenue appropriations, tuition and fees, gifts and grants, local *ad valorem* taxes, investment income, and other sources.



Based on annual financial reports filed by each community college district for Fiscal Year 1999, unrestricted funds were derived from the following sources in the amounts indicated:

<u>Source</u>	<u>Amount</u>
State Appropriations	\$ 686,171,873
Tuition and Fees	\$ 420,628,640
Gifts and Grants	\$ 21,887,876
Investment/Interest Income	\$ 25,442,773
Other Income	\$ 28,089,187
Subtotal	\$1,182,220,349
Local Taxes	\$ 425,708,233
Total	\$1,607,928,582

Districts have great flexibility in managing their financial resources, and individual districts may choose to spend their resources in different ways. For example, one institution may choose to service debt with local tax revenue and use tuition revenue to pay faculty salaries, while another institution with exactly the same resources might make the opposite decisions. Institutions may choose to maintain low tuition rates and subsidize the administrative and instructional program with local tax revenue. Institutions may choose to subsidize administrative and instructional programs with local tax revenue simply to maintain a margin of excellence.

Based on Fiscal Year 1999 annual financial reports, total statewide expenditures on administrative and instructional costs that are eligible for state funding included the amounts indicated:

<u>Expenditure</u>	<u>Amount</u>
Instruction	\$ 730,086,141
Academic Support	\$ 129,528,747
Student Services	\$ 121,682,400
Institutional Support	\$ 247,557,248
Total	\$ 1,228,854,536

Thus, after using state appropriations, tuition and fees, gifts and grants, investment income and other income, *ad valorem* tax collections of \$46.6 million were used to subsidize administrative and instructional costs at public community colleges.

3. Three Models for Setting Instruction and Administration Rates

The following paragraphs describe three models for setting formula rates for instruction and administration functions at community and technical colleges.

3.1 *Model 1 -- Formula rates providing an inflation adjustment and zero ad valorem tax subsidy for administrative and instructional costs*

As noted in Section 2, community colleges are subsidizing instructional and administration programs with approximately \$47 million per year. This model assumes that the State of Texas would appropriate sufficient general revenue to provide a 4 percent inflation adjustment to the current level of funding, plus provide enough general revenue to offset current taxing district subsidies to administrative and instructional programs. This methodology was recommended by the Board in the previous biennium.

This would allow community college districts that are as efficient as the average district and that chose not to operate at a level of funding higher than the state average to totally eliminate local tax subsidies for their instruction and administration programs. They could either reduce taxes by that amount or use these funds for other purposes.

The rates that would apply if this formula was adopted are shown in Appendix B. Fully funding this formula would require an increase in general revenue funding from approximately \$1.544 billion to \$1.703 billion, or 10.3 percent.

3.2 *Model 2 -- Formula rates providing 100 percent of administrative and instructional costs*

The second model is derived directly from the 1999 All Funds Expenditure Report. It assumes that the State of Texas would pay all of the administration and instructional cost at community and technical colleges. As described in Section 2, approximately 57.3 percent of these costs are paid from sources other than state general revenue. Those other sources include tuition and fees, gift and grants, and local *ad valorem* taxes. If this model was selected and fully funded, community colleges could use those funds for other purposes, including supporting physical plant operations, enhancing and expanding instructional programs, start-up funding for new programs, and reducing local tax burden.

The rates that would apply if this formula was adopted are shown in Appendix C. Fully funding the formula with these rates would require an increase in formula funding from approximately \$1.544 billion to \$2.319 billion, a 50.1 percent increase.

3.3 *Model 3 -- Formula rates providing 81 percent of administrative and instructional costs*

A third model is also derived from the 1999 All Funds Expenditure Report, except that the rates are adjusted to produce 81 percent of the level of funding that the report indicates. As noted in Section 2, this percentage is the second phase in a five-biennia plan designed by the Texas Association of Community Colleges to reach the goal of formula funding at 100 percent of the indicated amount. These rates were endorsed and recommended by the Formula Advisory Committee and by the Coordinating Board.

The rates that would apply if this formula was adopted are shown in Appendix D. Fully funding

the formula with these rates would require an increase in general revenue funding from approximately \$1.544 billion to \$1.878 billion, a 21.6 percent increase.

Infrastructure Funding for Texas State Technical Colleges and Lamar State Colleges. Funding for maintenance and operation of the physical plant, including utilities, must be provided for the Lamar State Colleges and the Texas State Technical College System campuses. The Infrastructure Support Formula used to provide equivalent support for universities is the formula used for these institutions. This formula is driven by the square feet needed for educational and general activities for Fiscal Year 1999, as predicted by the Space Projection Model developed by the Coordinating Board. The portion of the formula related to utilities should be adjusted to reflect institutional differences in unit costs for purchased utilities, including electricity, natural gas, and water and wastewater. The average rate per square foot is \$7.55.

The infrastructure formula includes a small institution supplement of \$750,000 per year for universities and state technical colleges that enroll fewer than 5,000 students. In previous biennia, Lamar State Colleges and Texas State Technical Colleges have received a supplement of \$75,000. An increase to \$750,000 for these institutions is recommended.

4. Other Formula Issues

A number of other issues were discussed by the Formula Advisory Committee and are included in this section.

CIP-based funding codes. The previous Formula Advisory Committee recommended new CIP-based funding codes to replace the obsolete HEGIS codes. The current Formula Advisory Committee reviewed the categories and made no changes to them. It was agreed that these categories would continue to be reviewed by subsequent formula committees. A letter was sent by the Commissioner to each President to ensure that their Institutional Technology staffs are prepared to provide data for the All Funds Expenditure Report using these new funding codes.

Funding for high technology/high priority programs. The Coordinating Board's High Technology Advisory Committee, comprised of representatives from industry around the State, reviewed and determined the current list of courses eligible to receive a bonus that was added to the rates for high technology or high priority programs in August of 1998. The bonus rate was set at 10 percent. The Formula Advisory Committee supported this independent analysis of these courses and the bonus rate. This committee recommended that the High Technology Committee meet at least every two years to review the list of courses.

Developmental education. The current formula incorporates developmental education courses under the categories of English Language, Literature and Mathematics. The Formula Advisory Committee declined a proposal for a separate funding category with a 25 percent bonus-funding rate since this funding would be merely redistributed from the same source. A subcommittee was appointed to determine the best way to obtain data from the institutions regarding the cost of administering developmental education programs. Currently, these costs are not separately identified. The subcommittee's recommendation will be forwarded to the Formula Advisory Committee and the Coordinating Board staff in an effort to improve the data collection for the All Funds Expenditure Report for the 2004-05 biennium.

Dramatic enrollment growth. The Formula Advisory Committee endorsed the concept of trustee funds for dramatic enrollment growth. However, the allocation process should be reviewed and the methodology clarified by the Legislative Budget Board before the next legislative session.

Distance education rates. The committee considered the appropriateness of different rates or a different funding methodology for distance education courses, but did not make a recommendation.

5. A Comparison of Two-Year College and University Formula Rates

One advantage of the new university formula system is that it greatly simplifies comparison of the funding provided to two-year colleges and universities for lower-division academic courses. The table below provides a comparison of the state general revenue funding provided for non-infrastructure elements of cost for the five disciplines that together comprise 86 percent of university student credit hours. Since universities do not teach vocational/technical courses, no comparison can be made for those courses.

**Comparison of General Revenue Funding
Provided to Universities and Community Colleges
Fiscal Year 2000**

Two-year College Course	Equivalent Lower-Division University Academic Course
English Language, Literature -- 3 lectures per week. 48 contact hours = \$166	Liberal Arts -- 3 lectures per week. 3 student credit hours = \$128
Mathematics -- 3 lectures per week. 48 contact hours = \$155	Liberal Arts -- 3 lectures per week. 3 student credit hours = \$128
Biology, Physical Science -- 3 lectures, 2 lab hours per week. 80 contact hours = \$254	Science -- 3 lectures, 2 lab hours per week. 4 student credit hours = \$333
Agriculture -- 3 lectures, 2 lab hours per week. 80 contact hours = \$406	Agriculture -- 3 lectures, 2 lab hours per week. 4 student credit hours = \$350
Engineering -- 3 lectures, 2 lab hours per week. 80 contact hours = \$435	Engineering -- 3 lectures, 2 lab hours per week. 4 student credit hours = \$513
Business Management -- 3 lectures per week. 48 contact hours = \$185	Business -- 3 lectures per week. 3 student credit hours = \$230

Note: Two-year college funding includes Instruction, Academic Support, Student Services, and Institutional Support; university funding includes Instruction, Academic Support, Student Services, Institutional Support, Public Service, and Research Enhancement.

An examination of this table indicates that state general revenue funding provided for two-year colleges is comparable to that provided to universities in most cases and higher than universities in English Language, Literature, Mathematics and Agriculture.

In practice, instructional programs are funded by a combination of general revenue and local income, primarily tuition and fees. Because universities typically charge more for tuition and fees, the resources available to universities to produce a course may be higher, even though they may receive less state general revenue.

6. A Comparison of Tax Revenue per FTSE for Community Colleges and Lower-Division Undergraduate at Universities

The table below compares the total taxpayer support (state general revenue and local community college taxes) for a full-time-student equivalent (FTSE) at community colleges and a lower- division undergraduate at universities.

Comparison of Tax Revenue per FTSE

	Community Colleges All Students	Community Colleges Academic Students	Universities (Lower Division)
Instruction & Administration General Revenue (1)	\$ 2,363	\$1,938	\$1,724
Total General Revenue (2)	2,666	2,187	2,321
Local Taxpayer Support (3)	1,408	1,155	-
Total Taxpayer Support (4)	4,074	3,341	2,321

(1) Includes general revenue formula funding for instruction and administration.

(2) Includes general revenue formula funding for instruction and administration, support for special items, fringe benefits, and infrastructure at universities.

(3) Includes local tax revenue for community colleges.

(4) Includes all taxes (general revenue and local property taxes for community colleges and general revenue for universities).

This table indicates that state general revenue funding per FTSE provided for instruction and administration at two-year colleges is higher than that provided for lower-division university instruction and administration and the infrastructure associated with that instruction.

7. Summary

The following table summarizes projected appropriations for instruction and administration at both community colleges and technical colleges with each of the proposed models. The Coordinating Board recommends that Model 3 be adopted by the 77th Legislature.

	Current Appropriation	Model 1: Current plus Inflation plus Taxes (Recommended)	Model 2: 100% of Administrative and Instructional Costs	Model 3: 81% of Administrative and Instructional Costs
Community Colleges Assuming No Growth	\$1,447,716,805	\$1,599,224,998 (10.5% increase)	\$2,177,105,998 (50.4% increase)	\$1,763,455,858 (21.8% increase)
Texas State Technical College and Lamar State Colleges Assuming No Growth	96,754,317	104,141,470 (7.6% increase)	141,773,057 (46.5% increase)	114,836,177 (18.7% increase)
Total	1,544,471,122	\$1,703,366,468 (10.3% increase)	\$2,318,879,056 (50.1% increase)	\$1,878,292,035 (21.6% increase)
3% Growth		51,100,994	69,566,372	56,348,761
GRAND TOTAL (With Growth)		\$1,754,467,462 (13.6% increase)	2,388,445,428 (54.6% increase)	\$1,934,640,796 (25.3% increase)

(a) Although Texas State Technical College and Lamar State Colleges receive an all-funds appropriation, this table reflects only General Revenue and does not include the appropriation for infrastructure.

Appendices

A -- Authority for Funding Formula Development

B – Model 1 - Formula Rates Providing Current Funding Plus An Inflation Adjustment and Zero *Ad Valorem* Tax Subsidy for Administrative and Instructional Costs

C – Model 2 - Formula Rates Providing 100 percent Administrative and Instructional Costs

D – Model 3 - Formula Rates Providing 81 percent Administrative and Instructional Costs

E – Public Community and Technical College Formula Advisory Committee Roster

Appendix A

Authority for Funding Formula Development

Texas Education Code, Section 61.002

In the exercise of its leadership role, The Texas Higher Education Coordinating Board shall be an advocate for the provision of adequate resources . . . to institutions of higher education, to the end that the State of Texas may achieve excellence for college education of its youth. . .

Texas Education Code, Section 61.059(b)

The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the Legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

Appendix B

Model 1 -- Formula Rates Providing Current Funding Plus An Inflation Adjustment and Zero Ad Valorem Tax Subsidy for Administrative and Instructional Costs Funding = Base Period Contact Hours x Rates

Funding Code	Funding Discipline	Rates per Base Period Contact Hour	
		Fiscal Year 2002	Fiscal Year 2003
1	Agriculture	\$5.19	\$5.19
2	Architecture and Precision Production Trades	5.07	5.07
3	Biology, Physical Sciences, and Science Technology	4.20	4.20
4	Business Management, Marketing, and Administrative Services	4.74	4.74
5	Career Pilot	14.26	14.26
6	Communications	6.26	6.26
7	Computer and Information Sciences	4.15	4.15
8	Construction Trades	4.57	4.57
9	Consumer and Homemaking Education	4.08	4.08
10	Engineering	5.84	5.84
11	Engineering Related	4.85	4.85
12	English Language, Literature, Philosophy, Humanities, and Interdisciplinary	4.01	4.01
13	Foreign Languages	4.35	4.35
14	Health Occupations – Dental Asst., Medical Lab, and Assoc. Degree Nursing	6.90	6.90
15	Health Occupations - Dental Hygiene	8.55	8.55
16	Health Occupations – Other	4.96	4.96
17	Health Occupations - Respiratory Therapy	6.60	6.60
18	Health Occupations - Vocational Nursing	4.39	4.39
19	Mathematics	3.78	3.78
20	Mechanics and Repairers - Automotive	4.95	4.95
21	Mechanics and Repairers - Diesel, Aviation Mech., and Transport. Workers	5.58	5.58
22	Mechanics and Repairers - Electronics	4.94	4.94
23	Physical Education and Fitness	4.74	4.74
24	Protective Services and Public Administration	3.76	3.76
25	Psychology, Social Sciences, and History	3.79	3.79
26	Visual and Performing Arts	5.58	5.58

Notes:

Based period contact hours for semester length courses are for Summer Session 2000, Fall Semester 2000, and Spring Semester 2001. Base period contact hours for non-semester length courses are for quarterly periods March – May 2000, June – August 2000, September – November 2000, and December 2000 – February 2001.

The formula rates include the direct cost of each program for faculty salaries and departmental operating expense. Administrative cost includes instructional administration, organized activities, institutional support, student services, library and staff benefits (except for group insurance premiums and retirement contributions paid by the state).

Rates for courses identified by the Coordinating Board as priority technologies will be increased by 10 percent.

Appendix C

Model 2 -- Formula Rates Providing 100 Percent Administrative and Instructional Costs

$$\text{Funding} = \text{Base Period Contact Hours} \times \text{Rates}$$

Funding Code	Funding Discipline	Rates per Base Period Contact Hour	
		Fiscal Year 2002	Fiscal Year 2003
1	Agriculture	\$6.81	\$6.81
2	Architecture and Precision Production Trades	6.64	6.64
3	Biology, Physical Sciences, and Science Technology	5.51	5.51
4	Business Management, Marketing, and Administrative Services	6.22	6.22
5	Career Pilot	18.69	18.69
6	Communications	8.21	8.21
7	Computer and Information Sciences	5.44	5.44
8	Construction Trades	5.99	5.99
9	Consumer and Homemaking Education	5.35	5.35
10	Engineering	7.65	7.65
11	Engineering Related	6.36	6.36
12	English Language, Literature, Philosophy, Humanities, and Interdisciplinary	5.26	5.26
13	Foreign Languages	5.70	5.70
14	Health Occupations - Dental Asst., Medical Lab, and Assoc. Degree Nursing	9.04	9.04
15	Health Occupations - Dental Hygiene	11.21	11.21
16	Health Occupations – Other	6.50	6.50
17	Health Occupations - Respiratory Therapy	8.65	8.65
18	Health Occupations - Vocational Nursing	5.75	5.75
19	Mathematics	4.96	4.96
20	Mechanics and Repairers – Automotive	6.49	6.49
21	Mechanics and Repairers - Diesel, Aviation Mech., and Transport. Workers	7.32	7.32
22	Mechanics and Repairers -Electronics	6.47	6.47
23	Physical Education and Fitness	6.21	6.21
24	Protective Services and Public Administration	4.93	4.93
25	Psychology, Social Sciences, and History	4.97	4.97
26	Visual and Performing Arts	7.32	7.32

Notes:

Based period contact hours for semester length courses are for Summer Session 2000, Fall Semester 2000, and Spring Semester 2001. Base period contact hours for non-semester length courses are for quarterly periods March – May 2000, June – August 2000, September – November 2000, and December 2000 – February 2001.

The formula rates include the direct cost of each program for faculty salaries and departmental operating expense. Administrative cost includes instructional administration, organized activities, institutional support, student services, library and staff benefits (except for group insurance premiums and retirement contributions paid by the state).

Rates for courses identified by the Coordinating Board as priority technologies will be increased by 10 percent.

Appendix D

Model 3 -- Formula Rates Providing 81 Percent Administrative and Instructional Costs

$$\text{Funding} = \text{Base Period Contact Hours} \times \text{Rates}$$

Funding Code	Funding Discipline	Rates per Base Period	
		Contact Hour	
		Fiscal Year 2002	Fiscal Year 2003
1	Agriculture	\$5.52	\$5.52
2	Architecture and Precision Production Trades	5.38	5.38
3	Biology, Physical Sciences, and Science Technology	4.46	4.46
4	Business Management, Marketing, and Administrative Services	5.04	5.04
5	Career Pilot	15.14	15.14
6	Communications	6.65	6.65
7	Computer and Information Sciences	4.41	4.41
8	Construction Trades	4.85	4.85
9	Consumer and Homemaking Education	4.33	4.33
10	Engineering	6.20	6.20
11	Engineering Related	5.15	5.15
12	English Language, Literature, Philosophy, Humanities, and Interdisciplinary	4.26	4.26
13	Foreign Languages	4.62	4.62
14	Health Occupations - Dental Asst., Medical Lab, and Assoc. Degree Nursing	7.32	7.32
15	Health Occupations - Dental Hygiene	9.08	9.08
16	Health Occupations - Other	5.27	5.27
17	Health Occupations - Respiratory Therapy	7.01	7.01
18	Health Occupations - Vocational Nursing	4.66	4.66
19	Mathematics	4.02	4.02
20	Mechanics and Repairers - Automotive	5.26	5.26
21	Mechanics and Repairers - Diesel, Aviation Mech., and Transport. Workers	5.93	5.93
22	Mechanics and Repairers - Electronics	5.24	5.24
23	Physical Education and Fitness	5.03	5.03
24	Protective Services and Public Administration	3.99	3.99
25	Psychology, Social Sciences, and History	4.03	4.03
26	Visual and Performing Arts	5.93	5.93

Notes:

Based period contact hours for semester length courses are for Summer Session 2000, Fall Semester 2000, and Spring Semester 2001. Base period contact hours for non-semester length courses are for quarterly periods March – May 2000, June – August 2000, September – November 2000, and December 2000 – February 2001.

The formula rates include the direct cost of each program for faculty salaries and departmental operating expense. Administrative cost includes instructional administration, organized activities, institutional support, student services, library and staff benefits (except for group insurance premiums and retirement contributions paid by the state).

Rates for courses identified by the Coordinating Board as priority technologies will be increased by 10 percent.

Appendix E

PUBLIC COMMUNITY & TECHNICAL COLLEGE FORMULA ADVISORY COMMITTEE FOR 2002-2003 BIENNIUM

Dr. Robert Aguero (00)
Vice Chancellor of Educational Affairs (Chair)
Dallas County Community College District
701 Elm Street, 2nd Floor
Dallas, TX 75202-3299
(214) 860-2129; FAX (214) 860-2039
rxa1120@dcccd.edu

Name/Title	Institution/Address	Phone/Fax/Email
<u>SCHOOL OFFICIALS</u>		
Dr. Jacqueline Claunch President	(02) Northwest Vista College 3535 North Ellison San Antonio, TX 78251	(210) 348-2001 FAX (210) 348-2004 jclaunch@accd.edu
Dr. Charles Cook Vice Chancellor	(02) Houston Community College System 22 Waugh Drive Houston, TX 77007	(713) 718-5037 FAX (713) 718-5018 cook_c@hccs.cc.tx.us
Dr. William Crowe President	(02) Tyler Junior College P.O. Box 9020 Tyler, TX 75711	(903) 510-2380 FAX (903) 510-2266 bcro@tjc.tyler.cc.tx.us
Dr. Richard Fonte President	(04) Austin Community College 5930 Middle Fiskville Road Austin, TX 78752	(512) 223-7598 FAX (512) 223-7185 rfonte@austin.cc.tx.us
Dr. Leonardo de la Garza Chancellor	(04) Tarrant County College District 1500 Houston Street Ft. Worth, TX 76102-6599	(817) 515-5201 FAX (817) 515-5450 ldlg@tccd.net
Dr. Robert Krienke President	(04) Lamar Institute of Technology P.O. Box 10001 Beaumont, TX 77710	(409) 880-8185 FAX (409) 880-8219 krienker@hal.lamar.edu
Dr. Marc A. Nigliazzo President	(00) Temple College 2600 South First Street Temple, TX 76504-7435	(254) 298-8282 FAX (254) 298-8277 marc.nigliazzo@templejc.edu

Name/Title		Institution/Address	Phone/Fax/Email
Dr. C. B. Rathburn President	(04)	Galveston College 4015 Avenue Q Galveston, TX 77550-7447	(409) 763-6551 ext. 200 FAX (409) 762-9367 brathburn@gc.edu
Dr. Shirley Reed President	(02)	South Texas Community College 3201 West Pecan Blvd. McAllen, TX 78501	(956) 618-8366 FAX (956) 618-8368 sreed@stcc.cc.tx.us
Dr. Bill Segura Chancellor	(02)	Texas State Technical College 3801 Campus Drive Waco, TX 78705	(254) 867-4891 FAX (254) 867-3960 bsegura@tstc.edu
Dr. Cheryl T. Sparks President	(02)	Howard County Junior College District 1001 Birdwell Lane Big Spring, TX 79720-3702	(915) 264-5030 FAX (915) 264-5082 csparks@hc.cc.tx.us
<u>FACULTY</u>			
Dr. Richard Elam	(00)	Hill College Johnson County Branch Campus 2112 Mayfield Dr. Cleburne, TX 76031	(817) 641-9887 ext. 247 FAX (817) 556-2142 rlelam@aol.com
Dr. Deann Merchant	(00)	Amarillo College P.O. Box 447 Amarillo, TX 79178	(806) 371-5184 FAX (806) 345-5589 dcmercha@actx.edu
<u>LAY MEMBERS</u>			
Ms. Marjorie Collings-Diehl	(02)	Logic Financial 8301 Broadway Suite 311 San Antonio, TX 78209	(210) 822-2439 FAX (603) 462-4669 mcd5412@aol.com
Ms. Lydia Santibañez	(00)	ReMax Realtors 4016 S. 31st Street, Ste. 200 Temple, TX 76502	(254) 771-3633 FAX (254) 771-3674
<u>COORDINATING BOARD STAFF SUPPORT</u>			
Ms. Sharon Cox Assistant Director of Finance		Finance, Campus Planning and Research Division Texas Higher Education Coordinating Bd P.O. Box 12788 Austin, TX 78711	(512) 483-6130 FAX (512) 483-6127 coxsn@the.cb.state.tx.us

Note: Terms end August 31 in the year indicated in parenthesis.

**General Academic Institutions
Funding Formulas**

**Coordinating Board Recommendations
for
Fiscal Years 2002-2003**

April 2000

**Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, TX 78711**

Executive Summary

Over 75 percent of the funds appropriated to general academic institutions each biennium are distributed by funding formulas designed to equitably allocate funds. The Texas Education Code and the General Appropriations Act give the Texas Higher Education Coordinating Board authority to review and recommend changes to these formulas. This document contains the results of that review.

The Commissioner of Higher Education appoints advisory committees to undertake this review. The Coordinating Board considers these committees' recommendations and the recommendations of the Commissioner before recommending formulas to the Governor and the Legislature. This document contains the Coordinating Board's recommendations. Where the Board's recommendations differ from those of the advisory committees, those differences have been identified.

The primary differences between the formula used for the 2000-2001 biennium and the formula recommended for the 2002-2003 biennium are as follows:

- \$ The incentive for teaching undergraduate courses with tenured or tenure-track faculty has been increased from 5 percent to 15 percent, as mandated by the Legislature.
- \$ A 6 percent increase in the base per-SCH rate in the Instruction and Operations Formula and the base per-NASF rate in the Infrastructure Formula is recommended to reflect a two-year, 4 percent cost of living increase and faculty and staff salary increases made outside the formulas to continue services at the current levels.
- \$ A supplement is recommended to assist institutions that enroll and retain economically disadvantaged students.
- \$ A consolidation of the weight matrix from 19 disciplines to 11 disciplines is recommended, which includes a rate separate from liberal arts for developmental education.
- \$ Rate changes are recommended to
 - increase the rate for developmental education courses by 25 percent;
 - increase the rate for undergraduate computer sciences courses currently funded as liberal arts to the rate for science courses;
 - increase the rate for upper-division business administration courses to the rate for upper-division liberal arts courses;
 - decrease the rate for physical education courses to the rate for liberal arts courses; and
 - fund all Pharmacy Pharm.D. courses at a single professional rate.
- \$ Changes are recommended to address a rider in the General Appropriations Act that directed the Coordinating Board to investigate the effects of short-term enrollment fluctuations on the formula.

- A formula for professional veterinary medicine education at Texas A&M University is recommended for the first time.
- \$ A technical change in the way the split between utilities and operation and maintenance is calculated in the Infrastructure Formula is recommended.
- \$ A technical change in the calculation of the Library factor in the university Space Projection Model is recommended.

The funding formulas allocated \$3,264,643,770 of the appropriation for general academic institutions for the 2000-2001 biennium. If these recommendations are adopted by the Legislature and fully funded, the estimated appropriation would be \$3,623,803,106, an increase of \$359,159,336 or 11 percent. Projected enrollment increases of 2 percent would increase the appropriation to \$3,696,279,168.

Table of Contents

	<u>Page</u>
Executive Summary	i
1. Background	1
1. Funding Formulas Used for the 2000-2001 Biennium	3
2. Recommended Changes to the Current Funding Formulas	5
3. Funding Implications of the Proposed Funding Formulas	7
4. Recommendations for Future Formula Work	10
Appendices	
A -- Authority for Funding Formula Development	
B -- Rationale for Various Formula Recommendations	
C -- Formula Advisory Committee and Formula Study Committee Rosters	

Background

Over 75 percent of the funds appropriated to Texas public universities each biennium is allocated by means of funding formulas. These formulas are intended to provide for an equitable allocation of funds among institutions and to establish the level of funding required to adequately support higher education. The authority for the Coordinating Board's involvement in the development of funding formulas is reproduced in Appendix A.

Until 1997, the funding formulas had been virtually unchanged for 40 years. However, the 75th Legislature adopted a new set of university funding formulas that were fewer in number, simpler in design, and more incentive-based.

The General Appropriations Act directs the Coordinating Board to review the formulas and to make recommendations to the Legislature in June of even-numbered years.

In response to that mandate, the Commissioner of Higher Education appointed an advisory committee and two study committees to assist in conducting this review. The Formula Advisory Committee is comprised of university administrators, faculty members, and citizens. Each of the two study committees was assigned to one of two major sections of the new formula and reported to the Formula Advisory Committee.

The Instruction and Operations formula provides support for the ongoing academic and administrative programs of the universities, and the Instruction and Operations Study Committee reviewed that formula and related supplements. The Infrastructure Support formula provides support for maintenance and operations, including utilities, of university and technical college physical plants, and was reviewed by the Infrastructure Study Committee. Most members of the Formula Advisory Committee also served on a study committee. Study committee membership was then augmented by other specialists -- primarily academic officers in the case of the Instruction and Operations Study Committee; primarily business officers and physical plant administrators in the case of the Infrastructure Study Committee. Appendix C contains lists of committee members.

The Formula Advisory Committee made its recommendation to the Commissioner on February 25, 2000. The formal report of that committee is available from committee members or the Coordinating Board's Division of Finance, Campus Planning, and Research. There are some differences between the recommendations in this document and the recommendations of the advisory committee, and those differences are noted here.

Differences among the three formulas -- the formula used by the Legislature to allocate funds for the 2000-2001 biennium, the formula recommended by the Formula Advisory Committee, and the formula recommended by the Board -- are few. In addition to compensating for the effects of inflation, the changes recommended by the Board are intended to address the following policy objectives:

- < make additional resources available to several high-priority programs, including teacher education, developmental education, some business administration programs, and some computer science programs;
- < provide incentives for institutions to assign their best faculty to undergraduate classes;
- < assist institutions that enroll and retain economically disadvantaged students;

- < provide more-stable funding for Veterinary Medicine by putting it on formula; and
- < address a number of technical issues, primarily associated with adjusting the formulas for changes in the Consumer Price Index.

2. Funding Formulas Used for the 2000-2001 Biennium

The funding formulas adopted by the Legislature for the 2000-2001 biennium are found in the General Appropriations Act, Article III, page III-237, and they are reproduced here for reference.

Section 34. General Academic Funding. Funding for general academic institutions will consist of four formulas and supplemental items.

1. **Instruction and Operations Formula.** The Instruction and Operations Formula shall provide funding for faculty salaries (including nursing), departmental operating expense, library, instructional administration, research enhancement, student services, and institutional support. These funds are distributed on a weighted semester credit hour basis. The rate per weighted semester credit hour for the 2000-01 biennium is \$54.44.

Weighting is determined by the following matrix:

	Lower Division	Upper Division	Masters	Doctoral	Special Professional
Liberal Arts	1.00	1.96	3.94	12.04	
Science	1.53	3.00	7.17	19.29	
Fine Arts	1.85	3.11	6.51	17.47	
Teacher Education	1.28	1.96	3.23	9.95	
Agriculture	2.05	2.54	6.64	16.37	
Engineering	3.01	3.46	8.20	21.40	
Home Economics	1.58	2.12	4.34	10.79	
Law					3.22
Social Services	1.64	1.84	5.80	11.92	
Library Science	1.45	1.52	4.22	12.26	
Vocational Training	1.45	2.59			
Physical Training	1.36	1.36			
Health Services	2.87	3.46	6.47	15.98	
Pharmacy	4.00	4.64	7.55	19.11	13.43
Business Admin.	1.41	1.59	4.59	13.91	
Optometry			5.46	19.12	7.00
Teacher Ed. Practice	2.43	2.57			
Technology	1.99	2.56	6.61		
Nursing	4.91	5.32	6.49	16.32	

2. **Teaching Experience Supplement.** For the 2000-2001 biennium, an additional weight of five percent is added to lower-division and upper-division semester credit hours taught by tenured or tenure-track faculty.

Furthermore, it is the intent of the Legislature that the weight shall increase by ten percent per biennium, up to 50 percent.

3. **Growth Supplement.** Universities projected by the Coordinating Board to experience growth in headcount enrollment from Fall 1998 to Fall 2000 will receive a \$1,435 supplement for each additional student forecasted to enroll during that time period. The supplement is based on the amount of general revenue funding per student generated by the instruction and operations formula.
4. **Infrastructure Support Formula.** Funding associated with plant-related formulas and utilities shall be distributed by the infrastructure support formula, which is driven by the predicted square feet for universities' educational and general activities produced by the Space Projection Model developed by the Coordinating Board. The portion of the formula related to utilities is adjusted to reflect differences in unit costs for purchased utilities, including electricity, natural gas, water and wastewater and thermal energy. The average rate per square foot is \$7.26.
5. **Supplemental Non-formula Items.** Institutions should receive a direct reimbursement as applicable for staff group insurance (other educational and general income portion), workers=compensation insurance, unemployment compensation insurance, public education grants, 50 percent of indirect research costs recovered on grants, organized activities, scholarships, tuition revenue bond payments, Skiles Act bond payments, and facility lease charges. Institutions may receive an appropriation for special items. Revenue derived from board authorized tuition would still be appropriated to the institutions levying the additional charges.

These formulas and supplemental items shall be reviewed and updated by study committees appointed by the Higher Education Coordinating Board and the recommended changes forwarded to the Legislature, Legislature Budget Board, and Governor's Office of Budget and Planning by June 1, 2000.

3. Recommended Changes to the Current Funding Formulas

Recommended changes to the current funding formulas fall in several categories, as indicated below. Most are recommendations from the Formula Advisory Committee, and those are indicated by a “#” immediately following the recommendation. For changes that are considered non-controversial, no additional rationale is presented in this report, but additional backup material can be found in the Formula Advisory Committee’s report to the Commissioner. For other changes, the rationale for the recommendation can be found in Appendix B.

Routine technical changes necessary to update the formulas for inflation and current data

- Increase the per-SCH rate in the Instruction and Operations Formula from \$54.44 to \$57.70 to reflect changes in the Consumer Price Index and faculty and staff salary increases that were provided by the 76th Legislature outside the formula. #
- Increase the per-NASF rate in the Infrastructure Formula from \$7.26 to \$7.55 to reflect changes as above. #
- Re-calculate the Maintenance and Operations/Utilities “split” to reflect FY 2000 costs. #
- Modify the research and office space factors in the space projection model to provide space per \$1.223761 million of research or current funds expenditures, to adjust for changes in the Consumer Price Index. #

New or revised formula supplements

- Increase the teaching experience bonus for undergraduate courses taught by tenured or tenure-track faculty from 5 percent to 15 percent as mandated by the Legislature, but make no change in the pool of faculty that would generate the supplement. (The Formula Advisory Committee recommended that hours generated by all full-time faculty with credentials similar to tenure-track faculty be made eligible for the supplement. See Appendix B, page B-1)
- Eliminate the current growth supplement that is based on projected headcount enrollments. Replace it with a fund trusted to the Coordinating Board that would be allocated based on actual increases in fall semester weighted SCH enrollments over 3 percent in the first year and 6 percent in the second year of the biennium. Provide a hold-harmless in the formula for institutions that experience base-period to base-period decreases greater than 3 percent in the first year and 6 percent in the second year of the biennium. (This is a Formula Advisory Committee recommendation, except the committee recommended that the supplement or hold-harmless be provided for increases or decreases greater than 2 percent in the first year and 4 percent in the second year. See Appendix B, page B-1.)
- Provide a supplement that would provide an incentive for recruitment, retention, and graduation of economically disadvantaged students who graduate from economically disadvantaged school districts. # Do not recommend a supplement for K-16 partnerships, as presented. (See Appendix B, page B-2.)

- Provide a supplement for institutions that choose to import degree programs from other Texas public universities. When a university imports a degree program using distance technologies from other Texas public universities, the institution importing the degree program will receive \$70 per SCH taught as a part of that degree program.

Structural changes to the formulas

- Consolidate disciplines in the weight matrix, decreasing the number of disciplines from 19 to 11 by merging several low-production disciplines into other disciplines and providing a separate rate for developmental education. This consolidation will change the recommended rate from \$57.70 to \$58.37 to reflect the recommended 6 percent increase. (See Appendix B, page B-3.)
- Incorporate Veterinary Medicine, currently funded as a special item, into the formula. # (See Appendix B, page B-3.)
- Modify the library space calculation in the Space Projection Model to eliminate a data element that is not available on a timely basis and is considered unreliable. #

Changes in the weights for specific disciplines

- Increase the weight for developmental education courses by 25 percent. (See Appendix B, page B-4.)
- Increase the weight for computer science courses currently classified as liberal arts to the science rate. (See Appendix B, page B-4.)
- Increase the weight of upper-division business administration courses to the weight of upper-division liberal arts. (See Appendix B, page B-4.)
- Increase the weight of all undergraduate teacher education courses to the weight of field-based teacher education. (See Appendix B, page B-5.)
- Decrease the weight of undergraduate physical education courses to the weight of lower division liberal arts. (See Appendix B, page B-5.)
- Fund all hours generated by Pharm.D. students at a uniform weight of 9.0. Phase in a previously agreed upon 136-hour cap on Pharm.D. degrees. (See Appendix B, page B-5.)

Additional studies

- Staff study of infrastructure needs of Texas State Technical College System and Lamar State Colleges. #
- Staff study of data sources documentation for Texas A&M Services Agencies space model. #
- Formula Advisory Committee should conduct a comprehensive study of the weight matrix during the next two years. #

4. Funding Implications of the Recommended Funding Formulas

Formula funding appropriated to general academic institutions for the 2000-2001 biennium totaled \$3,264,643,770. Implementing all of the recommendations would increase formula funding for general academic institutions to a projected \$3,623,803,106, an increase of 11 percent.

In examining the implications of the recommended funding formula for general academic institutions, it is assumed that they will see a 2 percent increase in student credit hour production. The most-recent inflation data indicates an increase in the Consumer Price Index of 4 percent for the two-year period between September 1997 and September 1999. Indexing the 2000-2001 formula appropriation for inflation will require an additional \$196,707,412. This brings the appropriation necessary to provide current services to \$3,461,351,182.

Table 1
Proposed Increases in Formula Appropriation

Item	Projected Cost	Percentage of 2000-01 Appropriation
2000-2001 Biennium appropriation, including special item for TAMU Veterinary Medicine	\$3,264,643,770	
Changes to update the formulas for inflation and current data	196,707,412	6.03
Increase teaching experience supplement to 15 percent	98,571,200	3.02
Replace current growth supplement with a fund trustee to Coordinating Board and 3 percent hold harmless	(23,040,191)	(0.71)
Supplement for recruitment, retention, and graduation of economically disadvantaged students	20,895,584	0.64
Consolidate disciplines in the weight matrix	(143)	0.00
Modify the library space calculation in the Space Model	2,351,766	0.07
Increase the weight for some computer science courses	1,595,128	0.05
Increase the weight for developmental education courses	3,842,152	0.12
Increase the weight for upper-division Business Administration courses	31,786,320	0.97
Increase the weight of undergraduate teacher education courses	30,933,100	0.95
Decrease the weight of undergraduate physical education courses	(5,026,378)	0.15
Fund all hours generated by Pharm.D. students at a weight of 9.0	543,386	0.02
Total	\$ 3,623,803,106	111.00
Projected Enrollment Increase (2%)	\$ 72,476,062	
Total Recommendation for 2002-2003 Biennium	\$ 3,696,279,168	113.22

Table 2

Effects of Full Formula Funding

Institution	2000-2001 Appropriations	2002-2003 Recommended	Increase	Percentage Increase
UT Arlington	\$151,256,893	\$170,327,209	\$ 19,070,316	12.61%
UT Austin	519,186,930	564,159,984	44,973,054	8.66%
UT Dallas	92,154,782	98,355,844	6,201,062	6.73%
UT El Paso	102,253,881	113,208,690	10,954,809	10.71%
UT Pan American	77,599,431	89,347,319	11,747,888	15.14%
UT Brownsville	17,639,931	19,000,394	1,360,463	7.71%
UT Permian Basin	15,002,404	17,034,792	2,032,388	13.55%
UT San Antonio	105,915,028	120,419,454	14,504,426	13.69%
UT Tyler	28,077,940	31,787,561	3,709,621	13.21%
Texas A&M University	452,253,167	498,197,191	45,944,024	10.16%
TAMU Galveston	10,832,696	11,914,671	1,081,975	9.99%
Prairie View A&M University	48,640,783	53,181,165	4,540,382	9.33%
Tarleton State University	47,839,405	49,588,267	1,748,862	3.66%
TAMU Commerce	59,309,745	66,089,252	6,779,507	11.43%
TAMU Corpus Christi	46,638,855	51,961,669	5,322,814	11.41%
TAMU Kingsville	44,897,396	50,621,631	5,724,235	12.75%
Texas A&M International U.	20,711,605	22,850,819	2,139,214	10.33%
TAMU Texarkana	8,139,572	10,169,477	2,029,905	24.94%
West Texas A&M University	43,498,363	49,158,432	5,660,069	13.01%
University of Houston	263,932,430	290,714,851	26,782,421	10.15%
UH Clear Lake	49,893,933	55,160,832	5,266,899	10.56%
UH Downtown	38,807,193	44,626,192	5,818,999	14.99%
UH Victoria	11,630,535	13,064,619	1,434,084	12.33%
Midwestern State University	34,653,074	41,102,840	6,449,766	18.61%
University of North Texas	192,562,942	213,107,373	20,544,431	10.67%
Stephen F. Austin State U.	83,868,579	94,107,255	10,238,676	12.21%
Texas Southern University	52,278,927	65,511,109	13,232,182	25.31%
Texas Tech	208,681,883	228,280,852	19,598,969	9.39%
Texas Woman=s University	94,297,915	102,503,374	8,205,459	8.70%
Angelo State University	39,699,162	44,987,333	5,288,171	13.32%
Lamar University	54,511,626	62,996,169	8,484,543	15.56%
Sam Houston State U.	80,543,692	91,634,272	11,090,580	13.77%
Southwest Texas State U.	143,081,224	161,258,068	18,176,844	12.70%
Sul Ross State University	18,476,768	20,750,292	2,273,524	12.30%
Sul Ross State RGC	5,875,080	6,623,854	748,774	12.74%
Statewide Totals	\$3,264,643,770	\$3,623,803,106	\$359,159,336	11.00%

5. Recommendations for Future Formula Work

Clearly, the weights incorporated into the Instruction and Operations matrix are the most important part of the formula. There was a general consensus in the Formula Advisory Committee that this matrix should be reviewed and revised, but the committee was unable to come to any consensus as to what specific changes should be made. The committee recommended that the Instruction and Operations Study Committee continue to work on this problem during the interim with the goal of bringing recommendations for changes to the next Formula Advisory Committee in fall 2001.

The Infrastructure Study Committee noted the inherent differences that exist between the general academic institutions and Texas State Technical College System and Lamar State Colleges and recommended that the staff review the applicability of the general academic infrastructure formula to those institutions. #

A rider in the General Appropriations Act directs the Coordinating Board to review the A&M Service Agencies infrastructure funding model developed during the last biennium. The focus of that effort this cycle has been on documenting data sources. The staff will continue to work with the Texas A&M University System on this task.

Appendix A

Authority for Funding Formula Development

Texas Education Code, Section 61.002

In the exercise of its leadership role, The Texas Higher Education Coordinating Board shall be an advocate for the provision of adequate resources . . . to institutions of higher education, to the end that the State of Texas may achieve excellence for college education of its youth . . .

Texas Education Code, Section 61.059(b)

The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the Legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

General Appropriations Act, 76th Legislature, page III-239

These formulas and supplemental items shall be reviewed and updated by study committees appointed by the Higher Education Coordinating Board and recommended changes forwarded to the Legislature, Legislative Budget Board, and Governor's Office of Budget and Planning by June 1, 2000.

Appendix B

Rationale for Various Formula Recommendations

Increase the teaching experience bonus for undergraduate courses taught by tenured or tenure-track faculty from 5 percent to 15 percent as mandated by the Legislature, but make no change in the pool of faculty that would generate the supplement.

- The General Appropriations Act mandates a 10 percent increase in the teaching experience bonus.
- The Formula Advisory Committee recommended that hours generated by full-time faculty with credentials similar to tenure-track faculty be made eligible for the supplement. This change is not recommended because:
 - The average salary for tenured and tenure-track faculty in fall 1998 was \$57,246 per academic year, while the average salary for non-tenure-track faculty was \$34,381 per academic year. Non-tenure-track faculty typically teach more classes than their tenure-track counterparts. Consequently, a significant financial incentive already exists to use non-tenure-track faculty.
 - In fall 1999, the number of full-time non-tenure-track faculty was 3,236, more than either tenure-track assistant professors or associate professors. Moreover, the number of full-time, non-tenure-track faculty increased by more than 10 percent in one year, while the number of tenure-track faculty was reduced. Over time, many institutions have systematically reduced teaching loads for tenure-track faculty by employing more non-tenure-track faculty.
 - Although many non-tenure-track faculty are excellent, as a group they lack the technical expertise, teaching skills, breadth of knowledge, and understanding of student needs found in tenured and tenure-track faculty.
 - It was the intent of the supplement to provide a financial incentive for institutions to put their best faculty in the classroom, and this is done by limiting the supplement to tenure-track faculty.

Eliminate the current growth supplement that is based on projected headcount enrollments. Replace it with a fund trusted to the Coordinating Board that would be allocated based on actual increases in fall semester weighted SCH enrollments over 3 percent in the first year and 6 percent in the second year of the biennium. Provide a hold-harmless in the formula for institutions that experience base-period to base-period decreases greater than 3 percent in the first year and 6 percent in the second year of the biennium.

- This is a Formula Advisory Committee recommendation, except the committee recommended that the supplement or hold-harmless be provided for increases or decreases greater than 2 percent in the first year and 4 percent in the second year.
- While the Coordinating Board's enrollment estimates are reasonably accurate on a statewide basis, they have not proved to be accurate enough for allocating funds for individual institutions. A worksheet showing the effects for the current formula for Fiscal Year 1999 is available on request. It indicates that some institutions with enrollment decreases received large growth supplement appropriations while others that grew received no growth supplement appropriations.

- Because institutions are essentially sharing a fixed amount of money, protecting institutions that experience enrollment declines tends to deny needed funding to institutions that are growing.
- The Legislature provides funding for community and technical colleges that experience growth greater than 5 percent and no hold-harmless funding for community and technical colleges that experience enrollment declines. Given these decisions, protecting universities from enrollment changes as small as 2 percent seems excessive.

Provide a supplement that would provide an incentive for recruitment, retention, and graduation of economically disadvantaged students who graduate from economically disadvantaged school districts.

- The Formula Advisory Committee made the following recommendations:

The target group for the special retention formula supplement should be those students most in need. These are those who are economically disadvantaged (measured as those with zero expected family contributions to pay college costs) and who graduated from Texas school districts which have 40 percent or more of their students characterized as economically disadvantaged (per Texas Education Agency criteria); 634 districts (59.9 percent) in Texas meet this criterion.

The formula should vary according to the number of semester credit hours taken in the first two years of university work, attributable to these students. The credit hour approach will recognize the number of courses which may need supplementation better than a simple headcount. Focusing on hours taken in the first two years captures the most critical period in which the institution can influence the retention and graduation outcomes.

There should also be an element of the formula which provides a supplement for these students who graduate. This amount would help finance any supplemental retention expenses the institution may incur during and after the sophomore year.

- (a). It is recommended that there be a formula supplement sufficient to finance enhanced student services and instructional assistance for economically disadvantaged students who graduated from Texas districts in which 40 percent or more of the students are economically disadvantaged. The level of funding per semester credit hour would be based on costs associated with recruiting, providing improved student advising and counseling for freshman and sophomore students, and additional instructional assistance for all freshman core academic courses. Funding would be generated by freshman and sophomore students whose expected family financial contribution to their college education is zero, as determined by the federal financial need calculation, as an indicator of economic disadvantage. Funding for freshman who are economically disadvantaged students in 2002 would be an additional \$54.52 per semester credit hour. Funding for freshman and sophomore economically disadvantaged students in 2003 would be an additional \$55.86 and \$15.03 per semester credit hour, respectively.

In addition to the supplement discussed above, it is recommended that for each student who is economically disadvantaged, as defined by this recommendation, and who obtains a baccalaureate degree, the degree-granting institution will receive a supplement of \$1,000.

- (b) It is recommended that each of the 35 universities receive funding sufficient to implement one new *K-16 Partnership* program during the 2002-2003 biennium. Each new program would be expected to serve no fewer than 500 students and encouraged to serve an even greater number. The target group would be a predominant number (at least 40 percent) of economically disadvantaged students.

<u>The recommended funding level for each university would be:</u>		
	<u>FY 2002</u>	<u>FY 2003</u>
K-16 Partnerships	\$300,000	\$300,000
The total for the 35 universities would amount to \$21 million for the biennium.		

By rider, the THECB would receive 2.5 percent (\$525,000) of the appropriated funds to evaluate the initiative and to prepare a report on its progress and achievements for the 78th Texas Legislature.

- The Board endorses the portion of the recommendation providing support for recruitment, retention, and graduation of economically disadvantaged students.
- Although assisting K-12 education is a high priority with the Board, the portion of the recommendation dealing with K-16 partnerships is not endorsed for the following reasons:
 - Rather than providing funding for existing activities, it represents an extension of higher education's responsibilities and is more-properly addressed in a statute rather than in the funding formulas.
 - Allocating the same amount to every institution, no matter how many students it enrolls, does not appear to be appropriate.
 - Insufficient detail has been provided to assure accountability.

Consolidate disciplines in the weight matrix, decreasing the number of disciplines from 19 to 11, by merging several low-production disciplines into other disciplines and providing a separate rate for developmental education.

- The current weight matrix provides funding for 19 different disciplines. Most other states that have funding formulas use a much smaller number of disciplines, often as few as three.
- Over 42 percent of total SCH are in liberal arts. Some other disciplines account for less than one-half of one percent of total SCH.
- A smaller number of disciplines will greatly facilitate a cost-study to better determine appropriate formula rates.
- The current weight matrix is based on an obsolete HEGIS coding system that is no longer used. The revised matrix will facilitate transition to the widely used CIP coding system. This coding system is used in all other Coordinating Board records and was adopted by the Community and Technical College Formula Advisory Committee last biennium.

	Lower Division	Upper Division	Masters	Doctoral	Special Professional
Liberal Arts, Social Science, & Math	1.00	1.93	4.14	11.80	
Developmental Education	1.25				
Recreation, Fitness	1.00				
Business, Public Administration	1.39	1.93	4.52	13.70	
Science, Computer Science, & Agriculture	1.53	2.89	6.99	18.64	
Fine Arts	1.82	3.06	6.41	17.20	
Teacher Education	2.43	2.57	3.18	9.80	
Engineering, Architecture, & Technology	2.72	3.25	8.01	21.07	
Health Professions, Optometry, & Pharmacy other than PharmD	3.32	4.37	6.49	16.65	8.23
Pharmacy (PharmD)					9.00
Law					3.22

Incorporate Veterinary Medicine, currently funded as a special item, into the formula.

- Veterinary Medicine is offered only at Texas A&M University.
- Special item funding typically does not increase with inflation and is not sensitive to changes in enrollment.
- The chairman of the Senate Finance Committee requested that the Coordinating Board consider the feasibility of formula funding for Veterinary Medicine.
- The Health-Related Institution Formula Committee recommended a rate that will produce Instruction and Operation funding in an amount provided by the current special item and Infrastructure funding at the Health-Related Institution rate, which is somewhat higher than the current university rate.
- The staff has compared appropriations for professional veterinary education at Texas A&M University with over 20 other Veterinary Medicine schools nationwide, and the current level of funding places Texas A&M University about at the mid-point of those schools.

Increase the weight for developmental education courses by 25 percent.

- Developmental education constitutes over 4 percent of lower-division instruction at only 6 universities: Prairie View A&M University, Texas A&M University-Kingsville, The University of Texas–Pan American, The University of Texas at El Paso, Texas Southern University, and Sul Ross State University.
- Doing a good job of developmental education is expensive, because it requires smaller classes, extensive academic advising, a significant amount of support equipment, and less-structured instruction.

- Developmental education is currently funded at the lower-division liberal arts rate, the lowest rate for any instruction. A modest 25 percent increase, pending a comprehensive review of the weight matrix, is indicated.
- Providing more funds for developmental education supports the Board's goals for increasing access to higher education.

Increase the weight for computer science courses currently classified as liberal arts to the science rate.

- Most computer science courses are currently classified as science or engineering courses, but some are classified as liberal arts.
- Computer science faculty are among the most highly paid faculty on most campuses, both in Texas and elsewhere in the nation. In addition, quality computer sciences programs require a significant investment in equipment, making them expensive to operate.
- Liberal Arts courses generate lower levels of funding than almost all other disciplines. Funding Computer Science courses at that rate is inappropriate, and a modest increase to the science rate, pending a full review of the weight matrix, is indicated.
- Increasing funding for Computer Science course work is supportive of the Board's goals regarding the development of the technology workforce.

Increase the weight of upper-division business administration courses to the weight of upper-division liberal arts.

- Upper-division business administration courses are currently funded at a rate that is approximately 80 percent of the liberal arts rate. Only physical education and library science rates are lower.
- In general academic institutions, only law and engineering professors are paid more than business administration faculty. At both the assistant professor and associate professor levels, business faculty are paid higher salaries than engineering professors.
- A recent study published by the USA Foundation indicated the cost of business administration instruction to be comparable to engineering.
- In recent years, business administration programs have become much more equipment intensive.
- A modest increase to the liberal arts rate would be appropriate, pending a more complete study of the weight matrix.
- An increase would be supportive of the Board's priorities regarding the development of the technology workforce.

Increase the weight of all undergraduate teacher education courses to the weight of field-based teacher education.

- The formula has two rates for teacher education – one for regular classroom instruction and a second, higher rate for practice teaching (field-based teacher education). Last biennium, the Board recommended modest increases in the rates for undergraduate teacher education courses.
- An analysis of College of Education budgets indicates that institutions are typically allocating more funds to these colleges than they are currently generating in formula revenue.
- The Board recommends funding all undergraduate teacher education at a single rate, the current field-based teacher education rate, pending a more complete study of the weight matrix.

- An increase would be supportive of the Board's priorities regarding improving teacher education programs.

Decrease the weight of undergraduate physical education courses to the weight of lower-division liberal arts.

- Physical training courses are, for the most part, activities courses such as swimming, golf, archery, etc.
- Most are lower-division courses. The rate for physical training classes is 36 percent higher than for liberal arts courses such as mathematics, English, and history.
- Decreasing the rates to those of lower-division liberal arts would support the Board's priorities regarding emphasizing academics.

Fund all hours generated by Pharm.D. students at a uniform rate of 9.0.

- In 1995, after consultation with pharmacy deans, the Board adopted a funding policy that involved three different rates with maximum numbers of hours allowed at each rate. That policy has proved to be difficult to administer, both for institutions and the Coordinating Board.
- The funding formula provides a single rate for all hours generated in most professional programs such as optometry, law, and veterinary medicine. Providing a single rate for Pharm.D. students would be consistent with the formulas for those disciplines.
- The Pharmacy Deans endorsed a single rate of 9.0 and a phase-in of an 136-hour cap for Pharm.D. students.
- While this rate will produce a small increase for institutions with pharmacy programs, it will help to narrow the large gap between pharmacy programs at general academic institutions and the single health-related institution that has a pharmacy program.

Appendix C

FORMULA ADVISORY COMMITTEE FOR FY 2002-2003

Dr. Arthur K. Smith, Chair (02)
 Chancellor/President
 University of Houston
 Houston, TX 77204-2162
 (713) 743-8820; FAX (713) 743-8837
 AKSmith@UH.EDU

Name/Title	Institution/Address	Email/Phone/Fax
Mr. Jim Brunjes Vice President for Fiscal Affairs	(04) Texas Tech University Box 42016 Lubbock, TX 79409-2016	Jim.Brunjes@ttu.edu (806) 742-9000 FAX (806)742-2195
Dr. Beverley Byers-Pevitts Vice President Academic Affairs	(02) Texas Woman's University PO Box 425587 Denton, TX 76204-5587	BByerspevitts@twu.edu (940) 898-3301 FAX (940) 898-3306
Dr. Stanton Calvert Vice Chancellor for State & Public Affairs	(00) Texas A&M University System 814 Lavaca Street Austin, TX 78701	j-gayle@tamu.edu (512) 479-0895 FAX (512) 478-4681
Mr. Phillip C. Diebel Vice President for Finance and Business Affairs	(02) University of North Texas P.O. Box 310500 Denton, TX 76203-0500	diebel@unt.edu (940) 565-2055 FAX (940) 565-4779
Dr. Ronald G. Douglas Executive Vice President and Provost	(00) Texas A&M University Office of the Provost College Station, TX 77843-1248	rgd@tamu.edu (409) 845-4016 FAX (409) 845-6994
Dr. Sheldon Ekland-Olson Executive Vice President & Provost	(04) The Univ. of Texas at Austin MAI 201, G1000 Austin, TX 78712	seo@mail.utexas.edu (512) 232-3300 FAX (512) 471-0577
Dr. Sandra Harper Provost & VP Academic Affairs	(04) Texas A&M Univ. - Corpus Christi 6300 Ocean Drive Corpus Christi, TX 78412	sharper@falcon.tamucc.edu (361) 825-2722 FAX (361) 825-5810
Dr. Karen S. Haynes President	(04) University of Houston-Victoria 2506 E. Red River Victoria, TX 77901-4450	HaynesK@jade.vic.uh.edu (361) 788-6204 FAX (361) 788-6208

Name/Title		Institution/Address	Email/Phone/Fax
Dr. E. James Hindman President	(00)	Angelo State University Box 11007 ASU Station San Angelo, TX 76909	president@angelo.edu (915) 942-2073 FAX (915) 942-2038
Dr. Charles Hines President and CEO	(04)	Prairie View A&M University PO Box 188 Prairie View, TX 77446-0188	juanita_turner@pvamu.edu (409) 857-2111 FAX (409) 857-3928
Dr. Thomas P. Hoffman Assoc. Professor of English	(00)	Midwestern State University 3410 Taft Bldg. Wichita Falls, TX 76308	hoffman properties@prodigy.net (940) 397-4125 FAX (940) 397-4010
Dr. Bobby K. Marks President	(00)	Sam Houston State University P.O. Box 2026 Huntsville, TX 77341	marks@shsu.edu (409) 294-1012 FAX (409) 294-1465
Dr. Miguel A. Nevarez President	(02)	The Univ. of Texas - Pan American 1201 W. University Drive Edinburg, TX 78539	MN38F1@panam.edu (956) 381-2100 FAX (956) 381-2150
Mr. Tom Scott Associate Vice Chancellor	(00)	University of Texas System 210 W. 6th Street Austin, TX 78701	tscott@utsystem.edu (512) 499-4455 FAX (512) 499-4259
Mr. Lamar G. Urbanovsky Chancellor	(04)	Texas State University System Thomas J. Rusk Bldg., 200 E. 10th Street, Suite 600 Austin, TX 78701-2407	penny.mudgett @ tsus.edu (512) 463-1808 FAX (512) 463-1816
<u>LAY MEMBERS</u>			
Mr. Sandy Dochen Program Manager, Corporate Community Relations	(02)	IBM 11400 Burnet Rd M/S 1169 Austin, TX 78758	Dochen@us.ibm.com (512) 823-7500 FAX (512) 823-7876
The Honorable William P. Hobby (02)		P.O. Box 326 Houston, TX 77001	hobby@uh.edu (713) 521-0960 FAX (713) 521-3950
Ms. Savitri Saldana Workforce Development Manager	(00)	National Semiconductor Corp. 5930 Middle Fiskville Rd. Austin, TX 78752	savitri.saldana@nsc.com (512) 223-7377 FAX (512) 223-7030

Name/Title	Institution/Address	Email/Phone/Fax
<u>COORDINATING BOARD STAFF SUPPORT</u>		
Dr. Roger W. Elliott Assistant Commissioner	Finance, Campus Planning & Research Division Texas Higher Education Coordinating Board P.O. Box 12788 Austin, TX 78711	elliotttr@theqb.state.tx.us (512) 483-6130 FAX (512) 483-6127

Note: Terms end August 31 in the year indicated in parenthesis.

**INSTRUCTION & OPERATION FORMULA STUDY COMMITTEE FOR
FY 2002-2003**

Dr. Ronald G. Douglas, Chair (*) (00)
Executive Vice President and Provost
Texas A&M University
College Station, TX 77843-1248
(409) 845-4016; FAX (409) 845-6994
rgd@tamu.edu

Name/Title		Institution/Address	Email/Phone/Fax
Dr. John Burns Provost	(02)	Texas Tech University MS2019 Lubbock, TX 79409	john.burns@ttu.edu (806) 742-2184 FAX (806) 742-1331
Dr. Beverley Byers-Pevitts (*) Vice President Academic Affairs	(02)	Texas Woman's University PO Box 425587 Denton, TX 76204-5587	BByerspevitts@twu.edu (940) 898-3301 FAX (940) 898-3306
Dr. Stanton Calvert (*) Vice Chancellor for State & Public Affairs	(00)	Texas A&M University System 814 Lavaca Street Austin, TX 78701	j-gayle@tamu.edu (512) 479-0895 FAX (512) 478-4681
Dr. Sheldon Ekland-Olson (*) Executive Vice President & Provost	(04)	The Univ. of Texas at Austin MAI 201, G1000 Austin, TX 78712	seo@mail.utexas.edu (512) 232-3300 FAX (512) 471-0577
Dr. Sandra Harper (*) Provost & Vice President Academic Affairs	(04)	Texas A&M Univ. - Corpus Christi 6300 Ocean Drive Corpus Christi, TX 78412	sharper@falcon.tamucc.edu (361) 994-2722 FAX (361) 825-5810
Dr. Karen S. Haynes (*) President	(04)	University of Houston-Victoria 2506 E. Red River Victoria, TX 77901-4450	HaynesK@jade.vic.uh.edu (361) 788-6204 FAX (361) 788-6208
Dr. Charles A. Hines (*) President and CEO	(04)	Prairie View A&M University PO Box 188 Prairie View, TX 77446-0188	juanita_turner@pvamu.edu (409) 857-2111 FAX (409) 857-3928

Name/Title	Institution/Address	Email/Phone/Fax
The Honorable William P. Hobby (*) (02)	P.O. Box 326 Houston, TX 77001	hobby@uh.edu (713) 521-0960 FAX (713) 521-3950
Dr. Thomas P. Hoffman (*) Assoc. Professor of English	(00) Midwestern State University 3410 Taft Bldg. Wichita Falls, TX 76308	hoffman properties@prodigy.net (940) 397-4125 FAX (940) 397-4010
Dr. David B. Kesterson Provost & Vice President Academic Affairs	(00) University of North Texas PO Box 311190 Denton, TX 76203	kesterson@unt.edu (940) 565-3952 FAX (940) 565-4438
Dr. Bobby K. Marks (*) President	(00) Sam Houston State University P.O. Box 2026 Huntsville, TX 77341	marks@shsu.edu (409) 294-1012 FAX (409) 294-1465
Dr. Miguel Nevarez (*) President	(02) The Univ. of Texas - Pan American 1202 W. University Drive Edinburg, TX 78539	MN38F1@panam.edu (956) 381-2100 Fax (956) 381-2150
Mr. Tom Scott (*) Associate Vice Chancellor	(00) University of Texas System 210 W. 6th Street Austin, TX 78701	tscott@utsystem.edu (512) 499-4455 FAX (512) 499-4259
Dr. Joseph H. Stafford Associate Vice Chancellor for Academic Affairs	(00) The University of Texas System 601 Colorado Austin, TX 78701	jstafford@utsystem.edu (512) 499-4245 FAX (512) 499-4240
Dr. Linda Vaden-Goad Assoc. Professor of Psychology	(02) University of Houston- Downtown One Main Street Houston, TX 77002	vaden-goad@dt.uh.edu (713) 221-8958 FAX (713) 221-8144

COORDINATING BOARD STAFF SUPPORT

Kenneth Vickers
Director of Finance

Texas Higher Education
Coordinating Board
P.O. Box 12788
Austin, TX 78711

vickerskh@theccb.state.tx.us
(512) 483-6130
FAX (512) 483-6127

*Note: Terms end August 31 in the year indicated in parenthesis.
(* Formula Advisory Committee Member*

INFRASTRUCTURE FORMULA STUDY COMMITTEE FOR FY 2002-2003

Mr. Jim Brunjes, Chair (*) (04)
 Vice President for Fiscal Affairs
 Texas Tech University
 Box 42016
 Lubbock, TX 79409-2016
 (806) 742-9000; FAX (806)742-2195
 Jim.Brunjes@ttu.edu

Name/Title	Institution/Address	Email/Phone/Fax
Ms. B.J. Crain (02) Associate Vice Chancellor for Budgets & Accounting	Texas A&M University System 301 Tarrow, Bldg. #608 College Station, TX 77840	crain@sagomail.tamu.edu (409)458-6100 FAX (409) 458-6101
Mr. Phillip C. Diebel (*) (02) Vice President for Finance and Business Affairs	University of North Texas P.O. Box 310500 Denton, TX 76203-0500	diebel@unt.edu (940) 565-2055 FAX (940) 565-4779
Ms. Michelle Dotter (02) Vice President for Administration & Finance	University of Houston-Clear Lake 2700 Bay Area Blvd. Houston, TX 77058	dotter@cl.uh.edu (281) 283-2100 FAX (281) 283-2102
Dr. Brenda Floyd (04) Vice President for Finance & Administration	Texas Woman's University P.O. Box 425588 Denton, TX 76204-5588	a_floyd@twu.edu (940) 898-3505 FAX (940)898-3509
Mr. Jose Garcia (00) Vice President for Finance & Administration	Texas A&M International Univ. 5201 University Boulevard Laredo, TX 78041-1900	garcia@tamiu.edu (956) 326-2380 FAX (956) 326-2379
Mr. Randy Harris (04) Vice Chancellor for Administration & Finance	University of Houston 4800 Calhoun Rd., Suite 226 Houston, TX 77204-2162	rharris@uh.edu (713) 743-5550 FAX (713) 743-5551
Mr. C. Ray Hayes (02) Executive Vice President for Finance & Administration	TX A&M Univ.-Corpus Christi 6300 Ocean Drive Corpus Christi, TX 78412	Ray-Hayes@tamucc.edu (361) 825-2321 FAX (361) 825-5810

Name/Title	Institution/Address	Email/Phone/Fax
Dr. Steve Kraal Associate Vice President for Plant Management	(02) The Univ. of Texas at Austin PO Drawer 7580 Austin, TX 78713-7580	sakraal@mail.utexas.edu (512) 475-6976 FAX (512) 475-7084
Mr. Bill Nance Vice President Finance & Support Services	(04) Southwest Texas State University 601 University Drive San Marcos, TX 78666-4685	wn02@a1.swt.edu (512) 245-2244 FAX (512) 245-2033
Mr. Juan Sandoval Vice President for Finance & Administration	(00) Univ. of Texas at El Paso 500 W. University Dr. Admin Bldg, Suite 303 El Paso, TX 79968-0502	juans@utep.edu (915) 747-5113 FAX (915) 747-5068
Dr. William Segura Chancellor	(02) Texas State Technical College 3801 Campus Drive Waco, TX 76705	bsegura@tstc.edu (254) 867-4891 FAX (254) 867-3960
Dr. Roland Smith VP Business Affairs	(00) Stephen F. Austin State Univ. Box 6108 Nacogdoches, TX 75962	rksmith@sfasu.edu (409) 468-2203 FAX (409) 468-7027

COORDINATING BOARD STAFF SUPPORT

William Beckham Director of Campus Planning	Texas Higher Education Coordinating Board P.O. Box 12788 Austin, TX 78711	beckhamwm@thecb.state.tx.us (512) 483-6130 FAX (512) 483-6127
Frank DuBose Program Director	Texas Higher Education Coordinating Board P.O. Box 12788 Austin, TX 78711	dubosefk@thecb.state.tx.us (512) 483-6130 FAX (512) 483-6127

Note: Terms end August 31 in the year indicated in parenthesis
(*) Formula Advisory Committee Member

**Health-Related Institutions
Funding Formulas**

**Coordinating Board Recommendations
for
Fiscal Years 2002-2003**

April 2000

**Texas Higher Education Coordinating Board
P. O. Box 12788
Austin, TX 78711**

Executive Summary

For the first time, health-related institutions received a substantial portion of their appropriations through funding formulas for the 2000-2001 biennium. The Texas Education Code and the General Appropriations Act give the Texas Higher Education Coordinating Board authority to review and recommend changes to these formulas. This document contains the results of that review.

The Commissioner of Higher Education appointed an advisory committee to assist in this review. Executive Vice President Robert P. Price of The University of Texas Health Science Center at San Antonio chaired the advisory committee. All of the health-related institutions were represented on the committee.

The Coordinating Board considered the committee's recommendations and the recommendations of the Commissioner before recommending formulas to the Governor and the Legislature. This document contains the Coordinating Board's recommendations. Where the Board's recommendations differ from those of the advisory committee, those differences have been identified.

The primary differences between the formula used for the 2000-2001 biennium and the formula recommended for the 2002-2003 biennium are as follows:

- \$ A 6 percent increase for inflation and for faculty and staff salary increases provided by the 76th Legislature outside the formula process is recommended.
- \$ It is recommended that public health degree-granting satellite programs at The University of Texas Health Science Center at Houston, currently funded as a special item, be brought into the formula.
- \$ An increase in the rate for biomedical science is recommended to provide parity with funding provided for science students in universities.
- \$ An incentive is recommended for recruiting and retaining medical and dental students from Historically Black Universities and Hispanic Serving Universities.
- A cap is recommended for the number of medical and dental students eligible for funding at each institution.
- An increase in the research formula factor from 2.85 percent to 5 percent of reported research expenditures is recommended.
- \$ The infrastructure formula makes use of the Coordinating Board's space projection model. Changes proposed to that model include the following:
 - a new methodology for funding the additional space needed for multi-campus programs and a revised list of campuses eligible for that adjustment, and
 - a minor revision to the office space calculation at institutions with hospitals.
- \$ Two recommendations of the advisory committee are policy questions that will be deferred to the Governor and Legislature for their consideration. They are forwarded without a recommendation.

\$ Studies of funding for allied health and graduate medical education are recommended.

The funding formulas allocated \$1,133,124,785 to health-related institutions for the 2000-2001 biennium. If these recommendations are adopted by the Legislature and fully funded, the estimated appropriation would be \$1,236,529,487, an increase of \$103,404,702 or 9.13 percent.

Table of Contents

	<u>Page</u>
Executive Summary.....	i
2. Background.....	1
5. Funding Formulas used for the 2000-2001 Biennium.....	3
6. Recommended Changes to the Current Funding Formulas.....	5
7. Funding Implications of the Proposed Funding Formula.....	8
8. Recommendations for Future Formula Work.....	10
Appendices	
A -- Authority for Funding Formula Development	
B -- Rationale for Various Formula Recommendations	
C – Health-Related Institutions Formula Advisory Committee Roster	

1. Background

One-third of the funds appropriated to Texas health-related institutions for the 2000-2001 biennium was allocated by means of funding formulas. These formulas are intended to provide for an equitable allocation of funds among institutions and to establish the level of funding required to adequately support higher education. The authority for the Coordinating Board's involvement in the development of funding formulas is described in Appendix A.

Until the current biennium (2000-2001), the funding of health-related institutions had been through a continuation and special item process. However, the 76th Legislature adopted a new set of funding formulas that serve to allocate funds to Instruction and Operations, Infrastructure, and Research. The General Appropriations Act directs the Coordinating Board to review the formulas and to make recommendations to the Legislature in June of even-numbered years.

In response to that mandate, the Commissioner of Higher Education appointed a Formula Advisory Committee to assist in conducting this review. The Formula Advisory Committee is composed of nine individuals including three presidents and several financial and operations officers. The chair of the Formula Advisory Committee initiated the review process by appointing four subcommittees to review and make recommendations to the full committee on: Instruction and Operations, Research, Infrastructure, and Graduate Medical Education.

The Instruction and Operations Subcommittee reviewed that formula which provides support for the ongoing academic and administrative programs of the universities. The Infrastructure Subcommittee reviewed that formula, which provides support for maintenance and operations, including utilities, of the institutions' physical plants. All of the members of the Formula Advisory Committee served on a subcommittee. The Formula Advisory Committee met a total of six times, including one telephone conference call, beginning September 1999 and concluding February 2000. The subcommittees also met several times during that period. Appendix C contains a list of the committee members.

The Formula Advisory Committee submitted its recommendations to the Commissioner on March 17, 2000. The formal report of that committee is available from the Chairman of the Committee or members or the Coordinating Board's Division of Finance, Campus Planning, and Research. There are some differences between these recommendations. The recommendations of the advisory committee and those differences are noted in this document.

There are some differences among the three formulas -- the formula used by the Legislature to allocate funds for the 2000-2001 biennium, the formula recommended by the Formula Advisory Committee, and the formula recommended by the Board. In addition to compensating for the effects of inflation, the major changes recommended by the Board are intended to address the following:

- \$ equalize the per-student funding (between health-related institutions and general academic institutions) for students enrolled in biomedical science;
- \$ bring the students enrolled in the "satellite" Public Health programs at The University of Texas Health Science Center at Houston into the formula funding process;
- \$ assist institutions that enroll and retain economically disadvantaged students;
- \$ increase research funding;

- \$ equalize the office space standard between institutions with hospitals and those without; and
- \$ address a number of technical issues, primarily associated with adjusting the formulas for changes in the Consumer Price Index.

2. Funding Formulas used for the 2000-2001 Biennium

The funding formulas adopted by the Legislature for the 2000-2001 biennium are found in the General Appropriations Act, Article III, page III-239, and they are reproduced here for reference.

Sec. 35. Health-Related Institutions Funding. Funding for health-related institutions shall consist of three formulas plus supplemental non-formula items.

1. **Instruction and Operations Support Formula.** The Instruction and Operations Support Formula shall provide funding on a per-student or full time equivalent basis. Funding for each instructional program is based on the following funding weights per-student, with a base value per weighted student of \$11,383:

<u>Program</u>	<u>Weight Per-student</u>
Allied Health	1.000
Biomedical Science	1.018
Nursing	1.138
Pharmacy	1.670
Public Health	1.721
Dental	4.601
Medical	4.753

Instructional programs with enrollments of less than 200 students at individual campuses shall receive additional funding to compensate for the diseconomies of scale. The minimum formula shall generate additional funding per-student, on a sliding scale, with programs with small enrollments receiving additional funding per-student.

2. **Infrastructure Support Formula.** Funding to the health-related institutions for plant support and utilities shall be distributed by the infrastructure support formula. This formula is driven by the predicted square feet for the health-related institutions produced by the Space Projection Model developed by the Texas Higher Education Coordinating Board. The rate per square foot is \$11.18 for all health related institutions, excluding The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Center at Tyler. For these two institutions, the per square foot rate is \$10.68.

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

3. **Research Funding.** The health-related institutions shall retain 100 percent of indirect research costs recovered on grants. Each institution also receives research enhancement funding of \$1,412,500 plus 2.85 percent of its research expenditures as reported to the Texas Higher Education Coordinating Board.

4. **Supplemental Non-formula Items.** Institutions shall receive a direct reimbursement as applicable for staff group insurance, workers' compensation insurance, unemployment insurance, public education grants, medical loans, tuition revenue bond payments, and facility lease charges. Institutions may receive an appropriation for special items. Hospital and clinic operations shall be funded through a combination of hospital and clinic revenue and general revenue.
5. **Formula Study Committees.** These formulas shall be reviewed and updated by study committees appointed by the Texas Higher Education Coordinating Board and recommended changes forwarded to the Legislature, Legislative Budget Board, and Governor's Office by June 1, 2000.

3. Recommended Changes to the Current Funding Formulas

Recommended changes to the current funding formulas fall in several categories, as indicated below. Most are the direct result of recommendations of the Formula Advisory Committee and are indicated by a “#” immediately following the recommendation. Other recommendations are the result of recommendations of the Formula Advisory Committee but have been modified in some substantive way, and these are indicated by a “@” immediately following the recommendation.

For many of the changes that are considered non-controversial, no additional rationale is presented in this report, but additional backup material can be found in the Formula Advisory Committee’s report to the Commissioner. For other changes, the rationale for the recommendation can be found in Appendix B.

Routine technical changes necessary to clarify the formulas or update the formulas for inflation

- Increase the Base Value Per Weighted Student in the Instruction and Operations Formula from \$11,383 to \$12,066 to reflect changes in the Consumer Price Index and faculty and staff salary increases that were provided by the 76th Legislature outside the formula. #
- Increase the per-NASF rate in the Infrastructure Formula from \$10.68 for The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Center Tyler to \$11.32. For all other Health-Related Institutions, increase the rate from \$11.18 to \$11.85. Increases are related to changes in the Consumer Price Index. #
- Increase the “constant” in the research laboratory space and office space factors in the Space Projection Model from \$1.174927 million to \$1.223761 million to adjust for changes in the Consumer Price Index.
- Increase the base level funding for research from \$1,412,500 per institution to \$1,497,250, a 6 percent increase, to recognize an increase in the Consumer Price Index and faculty and staff salary increases that were provided by the 76th Legislature outside the formula. #
- Fund Dental Hygiene as Allied Health at The University of Texas Health Science Center at Houston, Texas A&M University Health Science Center, Baylor College of Dentistry, and The University of Texas Health Science Center at San Antonio. #

Structural changes to the formula

- Incorporate the Public Health degree-granting satellite programs at The University of Texas Health Science Center at Houston, currently funded as a special item, into the formula. @ (See Appendix B, page B-1.)
- Provide an incentive for institutions to recruit and retain economically disadvantaged students by including, as part of the formula, a funding bonus equal to one-half of the per-student appropriation for each second-year medical and dental student who was recruited through a CB-approved educational partnership with an Historically Black University or Hispanic Serving higher education institution in Texas. (See Appendix B, page B-1.)

- Place a cap on the number of medical and dental students eligible to be counted for formula funding purposes. The cap would be calculated for each institution through a formula that would multiply the total number of new students enrolled in the Fall in the base years of 1996, 1997, 1998, and 1999 times a factor of 1.04. The cap would remain constant unless changed by the Legislature. #
- In the Space Projection Model, modify the methodology for calculating the Multi-Campus Adjustment. Limit sites eligible to those established by the Legislature and offering academic programs in which students are taught in two or more locations. @ (See Appendix B, page B-1.)
- Equalize the office space standard for all health-related institutions by increasing the office space allocated to institutions with hospitals from 1,400 Net Assignable Square Feet to 1,600 Net Assignable Square Feet for each \$1.223761 million in current funds expenditures. #
- Increase formula appropriation for research from 2.85 percent to 5 percent of research expenditures reported in the Research Expenditures Report. #

Change in the weights for specific disciplines

- Increase the weight for biomedical science from 1.018 to 1.285 to yield the same amount of funding per-student as received by the general academic institutions. @ (See Appendix B, page B-2.)

Texas A&M College of Veterinary Medicine

- For Instruction and Operations, assign a weight of 3.580 for Veterinary Medicine to be multiplied times the same Base Value per Weighted Student used by the Health-Related Institutions (\$12,066). For Infrastructure, assign an amount of \$11.85 per NASF to be multiplied times the college's predicted space. Fund the college as a general academic institution (same pool of funds), rather than as a health-related institution. # (See Appendix B, page B-2.)

Additional Studies

- An ad hoc committee of the health-related institutions should conduct a study of Allied Health to determine costs associated with each of the various Allied Health programs. #
- Study funding for graduate medical education. Graduate medical education is important to the state. The traditional sources of subsidies for this activity appear to have been reduced by changes in federal health-care reimbursement. The Board recommends that an objective study by an independent accounting firm be commissioned to provide the foundation for a graduate medical education formula. To the extent that the Board could be helpful in formulating such a study, Board resources should be made available. (See Appendix B, page B-2).
- Staff should review the methodologies used by the institutions in determining clinical space to insure consistency of classification and reporting. #

Advisory Committee recommendations that will be forwarded to the Legislative Budget Board without a recommendation from the Board

- Modify the language in the General Appropriation Act Infrastructure Formula to clarify that the sources of funding for The University of Texas-M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler are general revenue only and all other health-related institutions are general revenue plus tuition and fees. #
- Modify the bill pattern in the General Appropriations Act to provide a single lump sum for Instruction and Operations, as is done for general academic institutions. #

Formula Advisory Committee recommendations not being endorsed at this time

- Include predicted FTE's for new programs in formula calculations. (See Appendix B, page B-3.)
- Fund health informatics at The University of Texas Health Science Center at Houston using the Biomedical Sciences rate. (See Appendix B, page B-3.)
- In the space model, include students on clinical rotations in estimating teaching space needed. (See Appendix B, page B-3.)
- In the space model, use data from the Research Expenditures Report instead of the Annual Financial Report to estimate research laboratory space. (See Appendix B, page B-3.)

4. Funding Implications of the Proposed Funding Formula

Formula funding appropriated to health-related institutions for the 2000-2001 biennium totaled \$1,133,124,785. Implementing all of the proposed recommendations would increase formula funding for health-related institutions by \$103,404,702 to a projected \$1,236,529,487, an increase of 9.13 percent.

In examining the implications of the proposed funding formula for health-related institutions, it is assumed that they will see no growth in student credit hour production. This appears to be a reasonable assumption, given recent enrollment trends. The most recent inflation data indicates an increase in the Consumer Price Index of 4 percent for the two-year period between September 1997 and September 1999. Indexing the 2000-2001 formula appropriations for inflation produces an inflation-related amount of \$61,615,184 which is included in the projected increase of \$103,404,702 for the 2002-2003 biennium.

Table 1
Proposed Increases in Formula Appropriation

Item	Projected Cost	Percentage of 2000-01 Appropriation
Base appropriation for 2000-2001 biennium	\$1,133,124,785	
Changes to update the formulas for inflation and current data	61,615,184	5.44%
Incentive to form partnerships and recruit students from Historically Black and Hispanic Serving Universities	3,564,036	0.31%
Modify multi-campus adjustment and office space calculation in space model	1,770,670	0.16%
Increase weight for biomedical science courses	9,902,430	0.87%
Fund UTHSC Houston Public Health satellite programs through formula	1,423,412	0.13%
Increase research funding from 2.85 percent to 5 percent of research expenditures	25,128,970	2.22%
Fully fund 100 percent indirect cost return	TBD	___%
Potential graduate medical education formula	TBD	___%
Total	\$1,236,529,487	109.13%

Table 2
Effects of Full Formula Funding

Institution	2000-2001 Base	2002-2003 Recommended	Increase	Percentage Increase
UTSWMC Dallas	\$166,300,102	\$185,038,193	\$18,738,091	11.27%
UTMB Galveston	\$164,746,245	\$179,361,829	\$14,615,584	8.87%
UTHSC Houston	\$217,735,501	\$239,842,310	\$22,106,809	10.15%
UTHSC San Antonio	\$208,530,555	\$226,591,994	\$18,061,439	8.66%
TAMUSHSC	\$89,340,720	\$95,173,132	\$5,832,412	6.53%
UNTHSC Fort Worth	\$74,723,853	\$80,570,697	\$5,846,844	7.82%
TTUHSC	\$124,265,251	\$131,833,762	\$7,568,511	6.09%
UT MD Anderson Cancer Center	\$79,714,690	\$89,483,802	\$9,769,112	12.26%
UTHC Tyler	\$7,767,868	\$8,633,768	\$865,900	11.15%
Statewide Totals	\$1,133,124,785	\$1,236,529,487	\$103,404,702	9.13%

5. Recommendations for Future Formula Work

Because the costs associated with the different programs within Allied Health can vary widely, the Formula Advisory Committee agrees that a single weight for Allied Health (1.000) does not produce realistic or accurate amounts. Accordingly, the committee has recommended that a study be conducted to determine the costs associated with each of the programs within Allied Health. The goal is to identify “higher cost” programs and “lower cost” programs and then derive appropriate weights. Representatives of the health-related institutions will conduct the study. #

The federal government is making major changes in the way graduate medical education is financed. An appropriate state response can only be made if the current financing methodology is clearly understood and documented. Health-related institutions should consider contracting with a competent public accounting firm that could document the costs of graduate medical education, revenue sources, and revenue changes. To the extent that the Coordinating Board could be helpful in this process, resources should be made available.

In the Space Projection Model, actual space is used as the “predicted” for the Clinical space factor. Coordinating Board staff should review the methodologies used by the institutions in determining clinical space to ensure consistency of classification and reporting.

Appendix A

Authority for Funding Formula Development

Texas Education Code, Section 61.002

In the exercise of its leadership role, the Texas Higher Education Coordinating Board shall be an advocate for the provision of adequate resources ... to institutions of higher education, to the end that the State of Texas may achieve excellence for college education of its youth ...

Texas Education Code, Section 61.059(b)

The board shall devise, establish, and periodically review and revise formulas for the use of the governor and the Legislative Budget Board in making appropriations recommendations to the Legislature for all institutions of higher education, including the funding of postsecondary vocational-technical programs. As a specific element of the periodic review, the board shall study and recommend changes in the funding formulas based on the role and mission statements of institutions of higher education. In carrying out its duties under this section, the board shall employ an ongoing process of committee review and expert testimony and analysis.

General Appropriations Act, 76th Legislature, page III-240

These formulas and supplemental items shall be reviewed and updated by study committees appointed by the Texas Higher Education Coordinating Board and recommended changes forwarded to the Legislature, Legislative Budget Board, and Governor-s Office of Budget and Planning by June 1, 2000.

Appendix B

Rationale for Various Formula Recommendations

Incorporate the Public Health degree-granting satellite programs at The University of Texas Health Science Center at Houston, currently funded as a special item, into the formula.

- The University of Texas Health Science Center at Houston operates degree-granting satellite programs in San Antonio, El Paso, and Dallas. They are currently funded by a special item appropriation of \$1,358,259.
- The Formula Advisory Committee recommended that these programs be placed under the formula, which would result in a biennial increase of \$1,423,412.
- The Formula Advisory Committee also recommended that the satellite programs be eligible for the small-class supplement. For the 99.67 students currently enrolled in the programs, the supplement would produce an additional \$18,157 per-student on top of the \$19,600 per-student produced by the formula, approximately \$1.6 million.
- The Coordinating Board recommends that the small program supplement be limited to programs specifically authorized by the Legislature and that these satellite programs not be eligible.

Provide an incentive for institutions that recruit and retain economically disadvantaged students by including, as part of the formula, a funding bonus equal to one-half of the per-student appropriation for each second-year medical and dental student who was recruited through a CB-approved educational partnership with an Historically Black or Hispanic Serving higher education institution in Texas.

- The Formula Advisory Committee recommended that “Incentives to recruit/enroll economically disadvantaged students should take the form of direct aid to the students rather than through financial incentives to the institutions” and elected not to offer a formula-related recommendation.
- The Coordinating Board believes that formula funding can be used as an incentive to support Legislative priorities.
- Partnerships between universities and health-related institutions have proven to be very effective in enlarging the pool of qualified applicants and in increasing the diversity of applicants.

In the Space Projection Model, modify the methodology for calculating the Multi-Campus Adjustment. Limit sites eligible to those established by the Legislature and offering academic programs in which students are taught in two or more locations.

- The Space Projection Model provides additional space for coordination for programs that are carried on in multiple locations.
- The Formula Advisory Committee recommended an improved methodology for calculating the Multi-Campus Adjustment.
- The committee also recommended that the Multi-Campus Adjustment be extended to a number of campuses not currently eligible for the adjustment including Texas Tech University Health Science Center-Midland; Texas A&M University System Health Science Center-Dallas and Houston, The University of Texas M.D. Anderson Cancer Center Science Park in Smithville; The University of Texas Health Science

Center–San Antonio facilities in Harlingen, McAllen, Edinburg, and Laredo; The University of Texas Health Science Center-Houston Brownsville RAHC, and The University of Texas Southwestern Medical Center-Dallas Moncrief Cancer Center.

- The Coordinating Board recommends that campuses be eligible for the adjustment if they are instructional programs carried on over multiple locations and are specifically authorized by the Legislature.

Eligible sites as recommended by the Coordinating Board:

TTUHSC
El Paso
Amarillo
Odessa

TAMUSHSC
Temple

UTHSC-SA
[Harlingen, McAllen,
Edinburg]
Laredo

UTHSC-H
Brownsville

Increase the weight for biomedical science from 1.018 to 1.285 to yield the same amount of funding per-student as received by the general academic institutions.

- The Formula Advisory Committee recommended that biomedical science students be funded at a comparable level as doctoral students in university science programs and recommended a weight of 1.660.
- The Coordinating Board supports the principle of parity of funding between health-related institution biomedical sciences programs and university science programs. However, the Coordinating Board’s analysis suggests that a proper weight would be 1.285.

For Instruction and Operations, assign a weight of 3.580 for Veterinary Medicine to be multiplied times the same Base Value per Weighted Student used by the Health-Related Institutions (\$12,066). For Infrastructure, assign an amount of \$11.85 per NASF to be multiplied times the college’s predicted space. Fund the college as a general academic institution (same pool of funds), rather than as a health-related institution.

- The Formula Advisory Committee recommended an Infrastructure rate equal to that assigned to the health-related institutions -- \$11.85 per NASF (recommended for 2002-2003 biennium).
- The Coordinating Board recommends that the college establish a cost tracking system and/or perform a study of prior years’ Infrastructure costs in order to generate reliable cost information on which to base future recommendations for an Infrastructure rate adjustment and that the \$11.85 rate be used in the interim.

Provide formula funding for Graduate Medical Education (GME).

- While there are some indications that changes in federal health-care reimbursements are adversely affecting GME financing, sufficient information related to expenditures and revenue does not currently exist. Information should be compiled that would identify current sources of funding, discuss historical funding trends, and offer a prognosis for future funding from those sources. From the analysis should evolve a plan for the future financing of GME.
- An objective study could best be done by a public accounting firm with expertise in health care financing. The Coordinating Board does not have sufficient information to make a recommendation at this time and this important issue should be addressed in the context of all graduate medical education in the state, not only that taking place at the state funded academic health centers.
- A legislative committee is working on this issue, and it is not appropriate for the Board to act at this time.

Formula Advisory Committee recommendations not being endorsed at this time

Predicted FTE's for new programs in formula calculations.

- The funding of new programs and associated additional student FTE's should be requested as a special item, rather than through the formula process.
- Predicted enrollment numbers are rarely accurate.
- "New students" are generally not well-defined because they are often currently enrolled in different programs.
- Institutions should generally be expected to support new programs within existing funds until such program(s) qualify for formula funding.

Fund health informatics at The University of Texas Health Science Center-Houston using the Biomedical Sciences rate.

- This program was approved as an allied health program and is located in a College of Allied Health.
- The Formula Advisory Committee has recommended that a study of all allied health programs be done to consider differential funding for them. The appropriate funding level of this program should be determined as part of that review.

In the space model, include students on clinical rotations in estimating teaching space needed.

- Institutions are funded based on "predicted space" (rather than actual). Predicted teaching space currently exceeds actual teaching space by 44%.
- Since approximately one-fourth of an institution's medical students are on clinical rotation at any given time, the institutions are being funded for space not used – the funding for which could be transferred to hospitals via an inter-agency process.

In the space model, use data from the Research Expenditures Report instead of the Annual Financial Report to estimate research laboratory space.

- The Annual Financial Report records direct expenditures related to research; the Research Expenditures report records both direct and indirect expenditures related to research.
- Indirect research expenditures include items such as grant accounting, utilities, etc. Space for these functions is provided through other factors in the space model.
- Since research laboratory space corresponds to a direct research expenditure, research expenditures as reported in the Annual Financial Report are preferable.

Appendix C

HEALTH-RELATED INSTITUTIONS FORMULA ADVISORY COMMITTEE

Robert B. Price, Chair

Executive Vice President, UTHSC - San Antonio
7703 Floyd Curl Drive, Mail Code
San Antonio, TX 78229-3900
Phone: (210) 567-2015
Fax: (210) 567-2047
price@uthscsa.edu

Name/Title	Institution/Address	Email/Phone/Fax
Terry Ansell Assistant Vice President Resource Management	University of TX-Houston HSC P.O. Box 20036 Houston, TX 77225	tansell@admin4.hsc.uth.tmc.edu (713) 500-3640 FAX (713) 500-3805
Elmo Cavin Vice President, Fiscal Affairs	Texas Tech University HSC 3601 4 th Street, Room 2B154 Lubbock, TX 79430	adm1emc@ttuhsc.edu (806) 743-3080 FAX (806) 743-2910
Ronald F. Garvey, M.D., MBA President	UT Health Center at Tyler 11937 US Hwy 271 Tyler, TX 75708	rgarvey@uthct.edu (903) 877-7750 FAX (903) 877-7759
John Mendelsohn, M.D. President	UT - M.D. Anderson Cancer Center 1515 Holcombe Blvd. Houston, TX 77030	jmendelsohn@Mdanderson.org (713) 792-6000 FAX (713) 799-2210
Richard S. Moore Vice President Business & Administration	University of TX Medical Branch at Galveston 301 University Blvd. Galveston, TX 77555-0126	rmoore@utmb.edu (409) 772-6454 FAX (409) 772-1724
Steve Russell Vice President, Fiscal Affairs	UNT Health Science Center 3500 Camp Bowie Blvd. Fort Worth, TX 76107	Srussell@hsc.unt.edu (817) 735-2523 FAX (817) 735-5050

Name/Title	Institution/Address	Email/Phone/Fax
Elvin E. Smith, Ph.D. Executive Vice President	Texas A&M University System HSC 301 Tarrow, Ste. 319 College Station, TX 77840-7896	eesmith@tamu.edu (979) 458-6481 FAX (979) 458-6477
Kern Wildenthal, M.D., Ph.D. President	University of TX Southwestern Medical Center 5323 Harry Hines Blvd. Dallas, TX 75235	Priscilla.alderman@email.swmed.edu (214) 648-8690 FAX (214) 648-8690

COORDINATING BOARD STAFF SUPPORT

Roger Elliott Assistant Commissioner	Texas Higher Education Coordinating Board P.O. Box 12788 Austin, TX 78711	elliotttr@theccb.state.tx.us (512) 483-6130 FAX (512) 483-6127
Gary Partridge Program Director	Texas Higher Education Coordinating Board P.O. Box 12788 Austin, TX 78711	partridgg@theccb.state.tx.us (512) 483-6130 FAX (512) 483-6127

For additional information contact

Kenneth H. Vickers

Division of Finance, Campus Planning, and Research

P. O. Box 12788

Austin, Texas 78711

(512) 483-6130

(512) 483-6127

VickersKh@thecb.state.tx.us