Formula Funding Recommendations for Health-Related Institutions

Presented to the
Senate Finance Committee
February 10, 2009

Recommendations for Health-Related Institutions

- Restore funding rates to 2000-01 biennial levels
  - Phase-in the restoration by increasing the rates to one-half of the difference between the 2008-09 and 2000-01 funding levels
  - In 2012-13 biennium, restore 100% of the 2000-01 funding levels

Coordinating Board Recommendations Health-Related Institutions (Increase over 2008-2009 biennium)

	Recommendation
Instruction & Operations Formula	$22.4 million
Research Enhancement Formula	$17.7 million
Mission Specific Formula	$5.6 million
Infrastructure Formula	$50.2 million
Graduate Medical Education Formula	$16.5 million
Total -- Formulas	**$112.4 million**
Nursing Shortage (All Sectors Eligible)	$10.3 million

Summary of Coordinating Board Recommendations for Health-Related Institutions

Proposed biennial total: $1.624 billion

Overall increase from 2008-2009 biennium:

$112.4 million

Texas Higher Education Coordinating Board

OVERVIEW

Health-Related Institutions Formula Funding Recommendations for the 2010-2011 Biennium

The health-related institutions received twenty percent of their appropriations through funding formulas in the 2008-09 biennium. Highlights of the specific funding recommendations for the Health-Related Institutions are outlined below.

Health-Related Institutions

Recommended biennial total: $1.624 billion
Overall change from 2008-09 biennium: $112.4 million

The Coordinating Board recommends that the formula funding rates for the health-related institutions be restored to the 2000-01 biennial level, with further increases in future biennia, to restore the purchasing power lost to inflation.

- The Board recommends that the restoration be phased-in by increasing the rates for the 2010-11 biennium to one-half of the difference between the 2008-09 biennium and the 2000-01 biennium; the institutions indicated that this was an adequate phase-in level.
- The Board further recommends that 100 percent of the 2000-01 levels be restored for the 2012-13 biennium.
- If sufficient funding is not available to fund the requested rates, the Coordinating Board recommends that funding be stated as a percentage of the requested rate, in lieu of adjusting the rates to match funding.

The recommended rates are:

Instruction and Operations: $11,112
Infrastructure:
The University of Texas M. D. Anderson Cancer Center: $8.94
The University of Texas Health Science Center at Tyler: $8.94
All other HRIs: $9.58
Research Enhancement: 2.19%
Mission-Specific Formula: 2.5% increase over 2008-09

The Coordinating Board recommends that the graduate medical education rate be increased to $7,500 per resident for 2010-11.

Recommended Funding Increases

- Base Funding:
  - Increase Instructions and Operations formula funding by $22.3 million
  - Increase Research Enhancement formula funding by $17.7 million
  - Increase infrastructure formula funding (utilities, maintenance, and operations) by $50.2 million

- Increase the mission specific formula (for The University of Texas M.D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler) by $5.6 million

- Increase funding for graduate medical education by $16.5 million

All Institutions

- Increase the Nursing Shortage Reduction Program by $10.3 million
  - The Nursing Shortage Reduction Program provides incentive funds to professional nursing programs that show increases in nursing graduates. The program is open to community, technical and state colleges; state universities, independent institutions, health-related institutions, and diploma programs.
  - Since the program's inception in FY 2006, the Coordinating Board has awarded institutions funding based on a cumulative increase of 1,379 nursing graduates.
  - The funding is trusteed to the Coordinating Board and allocated to nursing programs based on their increases in nursing graduates.
  - With the recommended increase the total funding for the program would be $25 million.

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