

**Texas Health-Related Institutions
Funding Formulas
For the
2020 - 2021 Biennium**

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

December 15, 2017

Health-Related Institutions Formula Advisory Committee Recommendation Report for 2020-2021 Biennium

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

Background

The Commissioner of the THECB delivered his charge to the HRIs Formula Advisory Committee (HRIFAC) at its first meeting on August 31, 2017 (Attachment A). The HRIFAC held two additional meetings in September 2017 and October 2017 to consider and discuss the Commissioner's charges. Attachment B provides a list of the current HRIFAC members. Attachment C contains the committee minutes from each meeting.

Executive Summary

The HRIs are the primary producers of the state's healthcare providers. The population of Texas, per the 2015 U.S. Census updated projection, experienced the largest population growth among all states at 1.8 million more people and the third fastest growth rate at 7.2 percent since 2010 – only outpaced by small population centers North Dakota and Washington, DC. Texas is still facing workforce shortages in many of the health professions. This population growth will likely continue to stress our state's capacity to meet the healthcare needs and demands of our citizens, currently and in the future.

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

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

- Texas currently ranks 41st, up from 42nd in 2015, in the U.S. in numbers of active, patient care physicians per 100,000 population. Despite an overall increase of over 2,500 (or almost 5% more) new physicians into Texas since 2013¹, the state ranking improved only slightly.
- Texas ranks 47th, unchanged from 2015, in the number of active, patient care, primary care physicians per 100,000 population. Again, despite close to 700 (or nearly 4%) more primary care physicians added to the state since 2015, Texas' comparative U.S. ranking remains very low.¹

¹ Association of American Medical Colleges (AAMC) (2017) *State Physician Workforce Data Book*

- Texas ranks 2nd overall in physicians retained in the state who completed undergraduate medical education (UME) within the state, at 59.9%, unchanged from 2015.¹
- Texas ranks 5th in physicians retained who completed graduate medical education (GME) within the state, at 58.7%, unchanged from 2015.¹
- Texas ranks 4th in physicians retained that completed both UME and GME within the state, at 80.9%, dropping one spot compared to 2015 despite a slightly higher percentage.¹

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

- Texas ranks 43rd in the number of registered nurses per 100,000 population.²
- Nearly 85% of the public health workforce in Texas has no formal, professional public health training.³
- Texas ranks 44th in the number of dentists per 10,000 population.⁴
- Texas' three schools of dentistry rank first, second, and third in the nation in retaining their graduates in state.⁵

Given the cuts in per unit formula funding in recent biennia, institutions face the difficult task of maintaining quality programs and expanding programs to address these critical shortages and limitations. External factors are also likely to limit the abilities of HRIs to continue absorbing costs related to the increasing gaps between formula funding rates and associated actual costs. HRIs' clinical enterprises serve some of the most complex cases and face additional challenges related to reductions in Medicaid and Medicare funding as reimbursement for healthcare services shift to a higher emphasis on patient outcomes and quality of care. Anticipated declines in sponsored research funding levels may require HRIs to provide additional "bridge" funding for faculty researchers' salaries and research operations to retain productive researchers until they obtain additional external funding. This is most often a cost-effective alternative to avoid program closures and the need to recruit new and more costly faculty in the future.

² Kaiser Family Foundation, Statehealthfacts.org, U.S. Bureau of Labor Statistics and 2010 U.S. Census Data

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

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

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

Charges and Committee Recommendations

Charge 1

Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, SB 1, 85th Texas Legislature, Section 27.8, page III-250)

Recommendation:

To meet the educational needs of Texas' growing and diverse population and to meet the state's demands for healthcare, it is important that the five HRI formulas be funded at levels that address the requirements of the *60x30TX* higher education strategic plan. The committee recommends that the Legislature continue the process of restoring the per-unit rates of funding back to the 2000-01 levels through increasing the I & O, Infrastructure and Research Enhancement formulas by an increment equivalent to two-thirds of the difference between the 2018-19 and 2000-01 biennium rates. Additionally, the committee recommends a GME funding rate of \$6,653 and Mission Specific funding be increased by the "average growth in funding" recommended for the I & O formula.

It is critically important to note that the committee's recommendation applies to all formula funding areas – Instruction & Operations, Infrastructure, Research Enhancement, and Graduate Medical Education, not just to the Instruction & Operations formula, and takes into consideration the overall increase in total funding required to support growth at existing HRIs as well as the two new medical schools. The 2020 – 2021 recommended rates are crucial to the support of mature programs and ensure those institutions do not receive a decrease in formula funding to maintain their capacity. A recap of the recommended funding rates are outlined in the table below.

Rates	2000-01 Biennium	2018-19 Biennium	2000-01 vs 2018- 19	2020-21 Biennium	Change Amount	Percent Change
Instruction and Operations	\$ 11,383	\$ 9,431	(17.15%)	\$ 10,731	\$ 1,300	13.8%
E & G Space Support	\$ 11.18	\$ 6.11	(45.40%)	\$ 9.49	\$ 3.38	55.4%
Research Enhancement	2.85%	1.16%	(59.30%)	2.29%	1.13%	97.4%
Graduate Medical Education		\$ 5,824		\$ 6,653	\$ 829	14.2%

*The greater decrease in rates for the E&G Space Support and Research Enhancement Formulas is a result of focused funding on Instruction & Operations, which has also led to a change in the original balance of total funding among these three formulas. The recommended FY 2020-21 funding would begin to restore the disproportionate decreases to the E&G Space Support and Research Enhancement Formulas since inception.

Funding	Est. Unit Growth	2018-2019 Biennium	2020-2021 Biennium	Change Amount	Percent Change
Instruction and Operations	5.82%	\$ 1,181,856,760	\$ 1,404,584,938	\$ 222,728,178	18.8%
E & G Space Support	5.62%	267,576,446	439,275,308	171,698,862	64.2%
Research Enhancement	5.27%	80,628,378	130,839,770	50,211,392	62.3%
Graduate Medical Education	7.14%	74,717,294	91,643,268	16,925,974	22.7%
Mission Specific	N/A	323,162,046	383,916,511	60,754,465	18.8%
Total		\$ 1,927,940,924	\$ 2,450,259,795	\$ 522,318,871	27.1%

Charge 2

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

Recommendation:

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

Charge 3

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

Recommendation

The committee requests that the THECB consider proposing to the Legislature a new weight for Health-Related Institutions' Instruction and Operations formula funding for Biomedical Informatics which is currently grouped with Allied Health at the lowest possible, or "base," weight of 1.0. The committee recommends the new weight only be considered if the Legislature provides funding for growth in all formulas to maintain the FY 2018 – 2019 funding rates.

Biomedical Informatics Weight

Biomedical Informatics is, in many ways, population-based, data-driven education and research to improve healthcare and advance biomedical discovery, as well as to develop and use advanced informatics tools to solve problems in healthcare that brings together clinical, engineering, computer, and biological sciences into one concentrated study. For Texas, this new and expanding field offers new opportunities in research and interdisciplinary graduate education for the new economy driven by big data and artificial intelligence.

The costs of Biomedical Informatics education and research are significantly increased by hardware needs (e.g., high capacity computers and storage), sophisticated data warehousing infrastructures for large data sets (e.g., clinical and health records; genomic, imaging, public health, and financial data), and advanced software and information systems for education and research (e.g., commercial EHR systems, virtual environments, patient simulators, simulated smart homes for healthcare, etc.). However, the highest value assets to a biomedical informatics school or program are the faculty and students that a robust program can attract. Many of these faculty have multiple terminal degrees in medicine, computer science, engineering, business administration, and other healthcare or science related fields and some of the faculty have joint appointments with the medical school and actively provide patient care.

Appropriate funding for biomedical informatics education will allow Texas to produce the workforce to build the research and infrastructure to attract big data and artificial intelligence companies and serve as a home base for start-ups. This is particularly crucial at a time when other states and institutions are making major investments:

- Harvard Data Science Initiative started in March of 2017 (55 faculty, Odyssey Computing Cluster (60,000 CPUs), invested hundreds of millions of dollars);
- Cornell Tech campus opened in September 2017 on New York City's Roosevelt Island in partnership with NYC at a cost of hundreds of millions of dollars (a whole island in the heart of NYC dedicated to data sciences and graduate level informatics education);
- Columbia University's \$100 million+ Data Science Institute started in 2013;
- Indiana University's \$120 million for Precision Health Initiative in 2017;
- University of Colorado's \$63 million Center for Biomedical Informatics and Personalized Medicine started in 2013; and
- International competition from China and Russia.

While the recommendation for a new formula weight pales in comparison to the investments listed above, it is important to establish the biomedical informatics workforce in Texas. The low formula funding weight puts Texas at a disadvantage in the international competition for Biomedical Informatics faculty and students. With existing programs and burgeoning ones starting up at Texas' HRIs, Texas has an opportunity to be an international leader in the field of Biomedical Informatics education and research and its accompanying big data economic benefits.

As evidence, Eric Schmidt, the executive chairman of Google's parent company Alphabet, recently said: "Big Data is the oil wealth of the 21st Century. No company or society can move forward without it."

Attachment A

Texas Higher Education Coordinating Board Commissioner's Charge to the Health-Related Institutions Formula Advisory Committee (HRIFAC) For the FY 2020-2021 Biennium

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

The HRIFAC will meet during the summer and fall of 2017 to discuss formula elements and make a formal recommendation in regard to funding amounts for FY 2020-21 to the Commissioner of Higher Education in December of 2017.

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

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

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

Instruction & Operations (I & O)

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

The Legislature appropriated a base value rate of \$9,431 per FTSE for the FY 2018-19 biennium. Formula weights for each discipline, the related amount per FTSE for the small class size supplement, and the calculated funding amount for one student are provided in the following table:

Program	Formula Weight	Small Class Size Supp.	Funding Amt. for One Student
Allied Health	1.000	\$ 20,000	\$ 9,431
Health Informatics (Allied Health)	1.000	\$ 20,000	\$ 9,431
Biomedical Science	1.018	\$ 20,000	\$ 9,601
Nursing - Undergraduate	1.138	\$ 20,000	\$ 10,732
Nursing - Graduate	1.138	\$ 20,000	\$ 10,732
Pharmacy	1.670	\$ 20,000	\$ 15,749
Public Health	1.721	\$ 20,000	\$ 16,230
Dental Education	4.601	\$ 30,000	\$ 43,391
Medical Education	4.753	\$ 30,000	\$ 44,825

The I & O formula represents 77.2 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.25 percent over the prior biennium. The All Funds I & O formula funding appropriation of \$1,181.9 million represents a 0.95 percent increase in funding over the FY 2016-17 biennium, compared to a 6.5 percent increase in FTSE.

The I & O funding for FY 2018-19 represents 94 percent of the funding requested by the Committee in 2015.

Infrastructure

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

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

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

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

- Only the E&G square feet of the facilities are included in the calculation of the space projection model.

The Infrastructure rate per predicted square foot appropriated for all Health Related Institutions for FY 2018-19 is \$6.11.

The Infrastructure formula represents 17.5 percent of total I & O, Infrastructure, and Research Enhancement funding to the health-related institutions, a decrease of 0.08 percent over the prior biennium. The FY 2018-19 total formula funding appropriation of \$267.6 million represents a 0.81 percent increase from the FY 2016-17 biennium, compared to an 8.3 percent increase in predicted square feet.

The Infrastructure funding for FY 2018-19 represents 90 percent of the funding requested by the Committee in 2015.

Research Enhancement

Health-related institutions generate state appropriations to support research from the Research Enhancement formula. The Research Enhancement formula provides a base amount of \$1,412,500 for all institutions regardless of research volume. To the base amount each institution receives an additional 1.23 percent of its research expenditures as reported to the Coordinating Board.

The Research Enhancement formula represents 5.3 percent of total I & O, Infrastructure, and Research Enhancement funding to the HRIs, an increase of 0.33 percent over the prior biennium. The FY 2018-19 total formula funding appropriation of \$80.6 million represents an 8.14 percent increase over the amounts for the FY 2016-17 biennium, compared to a 7.01 percent increase in research expenditures.

The Research Enhancement funding for FY 2018-19 represents 96 percent of the funding requested by the Committee in 2015.

Mission Specific

Mission specific formulas provide instruction and operations support funding for The University of Texas M. D. Anderson Cancer Center and The University of Texas Health Science Center at Tyler. Total funding for the FY 2018-19 biennium is as follows:

- The Cancer Center's total formula funding appropriations are \$264.8 million, unchanged from the FY 2016-17 biennium.
- The Health Science Center's total formula funding appropriations are \$58.4 million, unchanged from the FY 2016-17 biennium.

Mission Specific funding for FY 2018-19 represents 93 percent of the funding requested by the Committee in 2015.

Graduate Medical Education

The formula for bill pattern Graduate Medical Education began with the FY 2006-07 biennium. Graduate Medical Education formula funds provide support for qualified Accreditation Council for Graduate Medical Education (ACGME) and American Osteopathic Association (AOA) medical residents trained by state health-related institutions in Texas. Residents at the Baylor College of

Medicine are funded at the same rate as other institutions through an appropriation to the Coordinating Board to be distributed to Baylor.

For the FY 2018-19 biennium, a total of \$74.7 million was appropriated for Graduate Medical Education for public institutions, an increase of 6.36 percent over FY 2016-17, compared to a 12.9 percent increase in residents. Appropriations provide \$5,824 per resident per year.

The GME formula funding for FY 2018-19 represents 80 percent of the funding requested by the Committee in 2015. Additional GME Expansion funding of \$48.5 million was trusteeed to the Coordinating Board for FY 2018-19.

Commissioner's Charges

Similar to the other formula advisory committees, the HRIFAC is asked to conduct an open, public process, providing opportunities for all interested persons, institutions, or organizations that desire to provide input on formula funding issues to do so. At the end of this process, the HRIFAC should provide the Commissioner with a written report of the Committee's recommendations by December 15, 2017, on the following specific charges:

- 1 Study and make recommendations for the appropriate funding levels for the instruction and operation (I&O), infrastructure, research enhancement, graduate medical education, and mission specific formulas. (General Appropriations Act, SB 1, 85th Texas Legislature, Section 27.8, page III-250)
- 2 Study and make recommendations for the appropriate I&O formula weights.
- 3 Study and make recommendations for the inclusion and weight of specialty programs in the I&O formula.

Attachment B

HEALTH-RELATED INSTITUTIONS FORMULA ADVISORY COMMITTEE FOR THE FY 2018-2019 BIENNIUM

Name/Title	Institution/Address	Email/Phone
<u>Institution Representatives:</u>		
Ms. Penny Harkey Vice President and Chief Financial Officer	Texas Tech University Health Sciences Center 3601 4th Street Lubbock, TX 79430	penny.harkey@ttuhsc.edu (806) 743-3080
Dr. Barry C. Nelson Vice President for Finance and Administration	Texas A&M University System Health Science Center Clinical Building 1, Ste 4130 8441 State Hwy 47 Bryan, TX 77807	nelson@tamhsc.edu (979) 458-7252
Ms. Lauren Sheer Assistant Vice President for Legislative Affairs	The University of Texas Medical Branch at Galveston 301 University Blvd. Galveston, TX 77555-0126	lesheer@utmb.edu (512) 971-5380
Mr. Kevin Dillon Senior Executive Vice President, Chief Operating & Financial Officer	The University of Texas Health Science Center at Houston PO Box 20036 Houston, TX 77030	kevin.dillon@uth.tmc.edu (713) 500-3010
Mr. Ben Melson Senior Vice President and Chief Financial Officer	The University of Texas M. D. Anderson Cancer Center 1515 Holcombe Blvd., Box 95 Houston, TX 77030	bbmelson@mdanderson.org (713) 794-5162
Ms. Andrea Marks Vice President of Business and Finance	The University of Texas Health Science Center at San Antonio 7703 Floyd Curl Drive San Antonio, TX 78229-3900	marksa@uthscsa.edu (210) 567-7020
Mr. Joseph Woelkers Executive Vice President and Chief Operating Officer	The University of Texas Health Center at Tyler 11937 US Hwy 271 Tyler, TX 75708	joseph.woelkers@uthct.edu (903) 877-5072
Mr. Gregory Anderson Executive Vice Present for Finance	University of North Texas Health Science Center at Fort Worth 3500 Camp Bowie Blvd. Fort Worth, TX 76107-2644	gregory.anderson@unthsc.edu (817) 735-2523
Ms. Angelica Marin-Hill Vice President for Government Affairs	The University of Texas Southwestern Medical Center at Dallas 5323 Harry Hines Blvd. Dallas, TX 75390-9131	angelica.marin-hill@utsouthwestern.edu (214) 648-9068

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Attachment C

Health-Related Institutions Formula Advisory Committee Meeting 1:00 P.M. Texas Higher Education Coordinating Board August 31, 2017

Minutes

Members:

Penny Harkey - TTUHSC	Present
Barry Nelson - TAMHSC	Present
Lauren Sheer - UTMB	Present
Kevin Dillon – UTHSCH	Present-by phone
Ben Melson – M.D. Anderson	Present-by phone
Andrea Marks - UTHSCSA	Present
Joseph Woelkers – UTHSCT	Present-by phone
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Present-by phone
Dwain Morris – UT-Austin Medical School	Present
Richard Lange – TTUHSC-EI Paso	Present-by phone
Rick Anderson – UTRGV Medical School	Present

Agenda Item I: introductions

Andrea Marks convened the meeting in the Tejas Room of the Texas Higher Education Coordinating Board following the General Session.

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

Andrea Marks opened the meeting by requesting nominations for the new Chair for the Health-Related Formula Advisory Committee. Andrea Marks nominated Penny Harkey as the Chair. The nomination was seconded and Ms. Harkey was voted as the new Chair.

Ms. Harkey then requested nominations for the position of Vice-Chair. Angelica Marin-Hill nominated Kevin Dillon as Vice-Chair. The nomination was seconded and Mr. Dillon was voted as the new Vice-Chair.

Ms. Harkey continued the meeting by requesting nominations for the position of Secretary. Andrea Marks volunteered nominating herself as the Secretary. The nomination was seconded and Ms. Marks was voted as the new Secretary.

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

Ed Buchanan from the Coordinating Board staff briefly reviewed the formula funding schedules and amounts for FY 2018-19 noting changes in the formulas compared to FY 2016-17. The comparison indicates increases in state funding but noted formula drivers grew at a higher rate than the increase in funding. The result is a decrease in formula rates. Ms. Harkey noted that the only increase in General Revenue to the formula was to account for inclusion of the new medical schools, meaning the 2018-19 funding did not cover overall growth across HRI.

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

Penny Harkey reviewed the Commissioner's charges to the committee.

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

specific formulas.

The committee discussed continuing the previous message of phased in restoration of 2000-01 formula rates without including any factor for the impact of inflation. The highest formula rates for the HRI formulas was the 2002-03 biennium.

The committee thought it important to emphasize the need for the Legislature to fund growth in formula drivers (which would maintain existing formula rates) and to continue the message of phased-in return to 2000-01 rates. For the next biennium, the committee agreed to pursue funding equivalent to 2/3s of the way back to 2000-01 rates. For the GME Formula, which was not in place in 2000-01, there is interest in returning to the highest level funding rate for this formula.

The committee requested that the THECB staff prepare an analysis of growth in the drivers of each formula since 2000-01 per institution. I&O growth data by discipline was also requested. In order to get an estimate of the cost for recommendations, THECB staff will also look at ways to estimate enrollment growth for the next base period.

There was interest in how the funding rates for the various formulas, which have declined by various amounts depending on the formula, has impacted individual institutions. THECB staff will prepare some analyses.

The committee reviewed and considered the Commissioner's Charge #2 related to recommendations for the appropriate I&O formula weights.

There was discussion about whether weights should be adjusted to reflect statewide needs, thus providing financial support to increase enrollment in certain disciplines. One comment was whether this should be done within the formula or separate funding streams (such as the Nursing Shortage Reduction Program).

The committee then reviewed and considered Commissioner's Charge #3 related to making recommendations for the inclusion and weight of specialty programs in the I&O formula.

An issue was raised about the weight for Biomedical Informatics which is currently incorporated into the I&O Formula under Allied Health. Information to support establishing a new weight or incorporating it into a different weight will be presented at the next meeting.

The Commissioner's charges do not include a review of overall funding to HRI, the focus is limited to formula funding. Given recent legislative interest in (and planned legislative interim committee on) formula and non-formula funding, it was asked whether the THECB considered a broader charge to the committee. THECB staff indicated that the decision was to have the committees focus on formula funding only and the expectation was that institutions would engage in the legislative discussion on non-formula funding separately.

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

The future meeting dates were reviewed, and the committee agreed to the following schedule:

All meetings scheduled from 11:00 am to 1:00 pm:

September 20

October 18

November 15

If necessary, December 13 and January 10

Agenda Item VI: Adjourn

With no other discussion, the committee voted to adjourn.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.
Texas Higher Education Coordinating Board
September 20, 2017**

Minutes

Members:

Penny Harkey - TTUHSC	Present
Barry Nelson - TAMHSC	Present
Lauren Sheer - UTMB	Present
Kevin Dillon – UTHSCH	Present
Ben Melson – M.D. Anderson	
Andrea Marks - UTHSCSA	Present
Joseph Woelkers – UTHSCT	
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Present-by phone
Dwain Morris – UT-Austin Medical School	
Richard Lange – TTUHSC-EI Paso	Present
Rick Anderson – UTRGV Medical School	Present

Agenda Item I: Call to order

Penny Harkey, Chair, called the second meeting of the HRI FAC, held on September 20th to order.

Agenda Item II: Consideration and approval of the minutes from August 31, 2017, meeting

Richard Lange made a motion to approve the minutes, 2nd by Barry Nelson and the minutes were approved by full vote of the committee.

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

- a. Instruction & Operations**
- b. Infrastructure**
- c. Research Enhancement**
- d. Mission Specific/General Revenue Operations**
- e. Graduate Medical Education**

THECB provided an estimate of growth in formula drivers and historical information on the formulas. It was noted the with growth estimates, it would cost \$85 million in additional funding just to maintain current formula rates. The cost of covering growth and proposed increases in formula rates would be \$105 million.

The Committee voted unanimously in favor of recommending an increase in the I&O (motion by Kevin Dillon, 2nd by Andrea Marks), Infrastructure (motion by Richard Lange, 2nd by Kevin Dillon), and Research (motion by Rick Anderson, 2nd by Lauren Sheer) Formula rates to 2/3 of the way back to the original, 2000-01 formula rates.

The Committee voted unanimously in favor of recommending an increase in the GME Formula rate back to its highest rate. The GME Formula was established after the original 2000-01 implementation of the other formulas (motion by Kevin Dillon, 2nd by Barry Nelson).

Questions were asked about the Mission Specific Formulas which apply only to UTMDACC and UTHSC T. Because neither institution was represented at the meeting, that formula will be addressed at the next Committee meeting.

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

Modification of existing/new weights within the I&O Formula were discussed. A request was made by Kevin Dillon to revive language in the HRIFAC report last year—this language requested that the THECB staff look at the cost of providing biomedical informatics education and determine whether a weight should be modified from the existing weight of 1.000. There was discussion about the variability of the costs of providing various degree programs within the Health Professions field. It was noted that UTHSC Houston has a separate School of Biomedical Informatics, not simply a degree program within the varied field of allied health. No decision was made about the biomedical informatics weight. Andrea Marks made a motion, 2nd by Lauren Sheer and approved by full vote of the committee to consider draft language prepared by UT Health Houston at the next meeting. Richard Lange requested statistical information be provided to support the request.

An issue was raised about increasing the weight for Nursing, perhaps by decreasing the weight for Public Health. After significant discussion, the issue was “retracted” with no vote taken.

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

The committee voted unanimously to make no changes in existing weights (motion by Barry Nelson, 2nd by Rick Anderson).

There was an open ended discussion about whether the Committee should prioritize its recommendations. While no decision was made, potential prioritization included:

- The importance of funding growth in all formula drivers so that no institution loses funding if it does not decline in its formula drivers.
- Prioritize certain formulas such as the I&O Formula.
- With fear that the Legislature will not provide the additional \$85 million estimated to fund growth in formulas, find a way to protect institutions with growth at less than the average from receiving less funding than the prior biennium.
- Because some formula rates have declined substantially more than others, prioritize the balance of funding across all formulas to match the original balance across the formulas. Angelica Marin-Hill volunteered to recommend language after the first draft to be included in the report.

Agenda Item VI. Planning for subsequent meetings

The next meeting will be October 18. Penny Harkey will work with Ed Buchanan (THECB) on a draft report to be disseminated to the committee. As noted above, the next meeting will also include a review of the Mission Specific formula and a review of draft language for a bioinformatics formula weight.

Agenda Item VII. Adjourn

With no other discussion, the committee voted to adjourn.

**Health-Related Institutions
Formula Advisory Committee Meeting 11:00 A.M.
Texas Higher Education Coordinating Board
October 18, 2017**

Minutes

Members:

Penny Harkey - TTUHSC	Present
Barry Nelson - TAMHSC	Present
Lauren Sheer - UTMB	Present
Kevin Dillon – UTHSCH	Present
Ben Melson – M.D. Anderson	Present
Andrea Marks - UTHSCSA	Present
Joseph Woelkers – UTHSCT	
Gregory Anderson - UNTHSC	Present
Angelica Marin-Hill - UTSWMC	Present-by phone
Dwain Morris – UT-Austin Medical School	
Richard Lange – TTUHSC-EI Paso	Present
Rick Anderson – UTRGV Medical School	Present

Agenda Item I: Call to order

Penny Harkey, Chair, called the third meeting of the HRI FAC, held on October 18th to order.

Agenda Item II: Consideration and approval of the minutes from September 20, 2017 meeting

Richard Lange made a motion to approve the minutes, 2nd by Barry Nelson and the minutes were approved by full vote of the committee.

Agenda Item III. Consideration, discussion, and approval of formula funding levels for the Mission Specific Formula

Ben Melson, MD Anderson provided an overview of the history of the Mission Specific formula first piloted in 2007 for MD Anderson. The formula is based on the number of malignant cancer cases in Texas on the MD Anderson campus and does not include affiliate locations. The formula is capped to the average growth of the I&O formula. The committee voted unanimously to include language in the FAC draft report similar to the prior year’s report that the Mission Specific formula increase not to exceed the average increase in the I&O formula (motion by Kevin Dillion, 2nd by Richard Lange).

Agenda Item IV. Discussion, review and consideration of the Committee’s report to the Commissioner

Penny Harkey opened discussion of the draft reported distributed to the committee in advance of the meeting. Data from the AAMC regarding Texas rankings will be updated by UT Health Houston staff within the next 60 days.

Language regarding Charge 1 was discussed with the following recommendations:

- add a column to the table within Charge 1 highlighting the decline in formula rates since 2000-2001
- update the table within Charge 1 to include Mission Specific Formula
- add language related to the Mission Specific formula previously discussed under Agenda Item III

The committee voted unanimously to accept the language in Charge 1 with the above edits (Motion by Andrea Marks, 2nd by Barry Nelson).

Charge 2 was accepted as written.

Charge 3 in the draft report relates to the inclusion and weight of specialty programs in the I&O formula. The committee discussed including a specialty weight for the Bioinformatics program as previously requested by UT Health Houston. Kevin Dillion reviewed the proposal to add a specific weight for Bioinformatics including the cost and the distinct nature of the program. After much discussion, the committee voted unanimously to include language that a new weight be added for the specialty of Bioinformatics but without a specific recommendation of the weight to be assigned (Motion by Andrea Marks, 2nd by Barry Nelson). The committee also recommended that the new formula weight be added only if growth is funded.

Agenda Item V. Planning for subsequent meetings

The committee voted to delegate the compilation of the report to Penny Harkey, circulate to the members by email, and vote on acceptance of the report via email (Motion by Andrea Marks, 2nd by Richard Lange). The next meeting is scheduled to be November 15. If there are edits to the report that require discussion, the Committee agreed to meet by teleconference on November 15.

Agenda Item VI. Adjourn

With no other discussion, the committee voted to adjourn.