

LEGISLATIVE BUDGET BOARD

Integration of General Academic Institutions and Health Related Institutions

**PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON ARTICLE III
LEGISLATIVE BUDGET BOARD STAFF**

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Overview of GAI and HRI Funding

General Academic Institutions (GAIs) and Health Related Institutions (HRIs) are both provided appropriations primarily through formula funding.

There are two formulas for the GAIs:

- Instruction & Operations (I&O) Formula
- Infrastructure Formula

There are six formulas for the HRIs:

- Instruction & Operations (I&O) Formula
- Infrastructure Formula
- Research Enhancement Formula
- Graduate Medical Education Formula
- Cancer Center Operations Formula (*mission specific formula*)
- Chest Disease Center Operations Formula (*mission specific formula*)

I&O Formulas for GAls and HRIs

The primary funding for academic programs at GAls and HRIs flows through the I&O formula for the general academic institutions and a separate I&O formula for the health related institutions. Both formulas use the same base period (summer, fall, spring) for formula funding.

General Academic Institutions

- I&O formula is based on weighted semester credit hours (SCHs)

Health Related Institutions

- I&O formula is based on weighted full time student equivalents (FTSEs)

I&O Funding by Weights and Discipline

General Academic Institutions

The I&O formula multiplies the semester credit hours generated at an institution by the weight assigned to the discipline (e.g., pharmacy and nursing) and the level. In House Bill 1, the weights by level for each of these disciplines are shown in the table below. The Legislature may choose to update these weights based on the new cost matrix provided by the Texas Higher Education Coordinating Board (THECB) in the spring data update.

Discipline	Lower Division	Upper Division	Masters	Doctoral	Professional
Nursing	1.81	2.08	3.49	8.85	
Pharmacy	1.63	5.85	25.82	37.34	4.25

General Academic Institutions I&O Pharmacy Example

For example, a general academic institution generates 24 semester credit hours in the professional pharmacy program.

The I&O formula first weights the semester credit hours generated by the general academic institution:

$$24 \times 4.25 = 102.0 \text{ wsch}$$

After calculating the weighted semester credit hours generated, these hours will be multiplied by the I&O rate to determine the annual funding an institution will receive for those hours.

$$102.0 \text{ wsch} \times \$54.86 = \$5,595.72$$

I&O Funding by Weights and Discipline

Health Related Institutions

The I&O formula multiplies the number of full time student equivalents (FTSEs) generated at an institution by a weight assigned to the program, regardless of level. In House Bill 1, the weights for each of these disciplines are shown in the table below. These weights are not based on a cost study and have not changed since the inception of the formulas in 2000-01.

Program	Weight
Nursing	1.138
Pharmacy	1.670

Health Related Institutions I&O Pharmacy Example

For example, a health related institution generates 1 FTSE in the pharmacy program.

The I&O formula first weights the FTSEs generated by the health related institution:

$$1 \times 1.670 = 1.670 \text{ weighted FTSE}$$

After calculating the weighted FTSEs, these FTSEs will be multiplied by the I&O rate to determine the annual funding an institution will receive for those FTSEs.

$$1.670 \text{ weighted FTSE} \times \$9,527 = \$15,910.09$$

Other Programs Funded at Both GAIs and HRIs

Many other programs are taught at GAIs and HRIs. The following is a sampling of the different programs that are found at both institution types:

- Clinical Psychology
- Biomedical Science
- Biochemistry
- Pathology
- Bioengineering and Biomedical Engineering
- Audiology
- Clinical Laboratory Science/Medical Technology/Technologist
- Respiratory Care Therapy/Therapist

Background of HRI/GAI Integration

Prior to the 83rd Legislative session, all public medical schools were located at a HRI and not directly associated with a GAI. During the current biennium, the following has occurred:

- Texas A&M University Health Sciences Center (TAMUHSC) and Texas A&M University (TAMU)
 - TAMUHSC was realigned as an academic unit under TAMU in July 2013.
- The University of Texas Rio Grande Valley (UTRGV) and UTRGV School of Medicine
 - Senate Bill 24, 83rd Legislature, 2013, created UTRGV as a general academic institution comprised of components including a medical school and the Regional Academic Health Center (RAHC).
 - Scheduled to admit first class in fall 2016.
- The University of Texas (UT) at Austin and the Dell Medical School
 - UT Austin notified THECB of the establishment of a new medical program in February 2013.
 - Scheduled to admit first class in fall 2016.

Issues for Legislative Consideration

The main legislative decision points relating to the integration of GAIs and HRIs are the following:

- Budget Structure
- Formula Funding
- Research Funding

Budget Structure for Integrated Institutions

House Bill 1 as Introduced includes the following budget structures:

- TAMUHSC and TAMU continue to maintain separate bill patterns and agency codes.
- UTRGV and UTRGV School of Medicine were both created with separate bill patterns and agency codes.
- UT Austin: There are currently no appropriations provided for the Dell Medical School within House Bill 1 as Introduced.
 - If the Legislature chose to appropriate funds for the medical school in the 2016-17 biennium, it could decide whether to treat the budget structure as separate or combined.

Formula Funding for Integrated Institutions

House Bill 1 as Introduced includes the following:

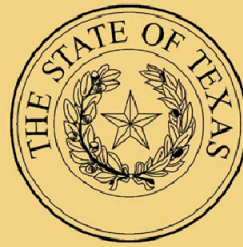
- TAMUHSC and TAMU each receive funding from the HRI and GAI formulas, respectively.
 - When TAMUHSC and TAMU begin a new program, the institution chooses whether it will be done through TAMUHSC or TAMU and receives the corresponding formula funding.
- UTRGV School of Medicine and Dell Medical School do not have medical students during the base period so they do not receive formula funding in House Bill 1 as Introduced.
 - Formula funding for these medical programs will begin through the HRI I&O formula in the 2018-19 biennium.

Research Program Considerations

- The **Available National Research University Fund (NRUF)** and **Texas Research Incentive Program (TRIP)** are provided to general academic institutions classified as emerging research universities by the Higher Education Coordinating Board.
 - TAMU and UT are both research universities and ineligible for these funds.
 - Unless there is statutory change, UTRGV may use research funding generated by the medical school to reach emerging research status and subsequently receive appropriations from NRUF or TRIP, assuming other eligibility criteria is reached.
- The **Texas Research University Fund (TRUF)** is provided only to UT Austin and TAMU in House Bill 1 as Introduced.
 - Currently, research expenditures for TAMUHSC are not included in the allocation of the TRUF.
 - The Legislature can choose whether to include the research funds generated by the Dell Medical School and/or TAMUHSC in the allocation of the TRUF.

Research Program Considerations, Continued

- The **Comprehensive Research Fund** (CRF) is provided to general academic institutions not classified as a research or emerging research university by THECB in House Bill 1 as Introduced.
 - Currently, UTRGV receives funding through the CRF.
 - The Legislature can choose whether to include the research funds generated by the UTRGV School of Medicine in the allocation of the CRF.
- The **Research Enhancement Formula** is provided to all HRIs. HRIs receive a base amount of \$1,412,500 and then funding for a percentage of actual research expenditures as reported to THECB. This percentage is set at 1.22 percent in House Bill 1.
 - TAMUHSC receives funding through the formula based on research conducted through the health science center.
 - The Legislature can choose whether to include all research generated by UT Austin or UTRGV or just through the medical schools in the allocation of the research enhancement formula.
- House Bill 1 includes a reporting requirement for UTRGV and UT Austin to report research expenditures at the medical schools separate from the academic institution to the LBB and Governor's office.



LEGISLATIVE BUDGET BOARD

Contact the LBB

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