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OVERVIEW OF A RAPIDLY EVOLVING ACADEMIC HEALTH CENTER

Texas A&M University Health Science Center (Texas A&M Health) is a comprehensive academic health science center focused on producing a full range of critically needed health care practitioners, life-changing research, and innovation in health care delivery. With eight campuses and five colleges, Texas A&M Health is headquartered in Bryan/College Station and serves the state through campus locations and partnerships in Corpus Christi, Dallas, Houston, Kingsville, Lufkin, McAllen, Round Rock, and Temple. Texas A&M Health focuses on addressing the state's urgent need for health care professionals across dentistry, medicine, nursing, pharmacy, public health, and medical sciences by providing inter-professional education aimed at equipping its graduates to work in a patient-centered health care team.

Texas A&M Health is codified in the Texas Education Code Chapter 89 as a "medical and dental unit"/Health Related Institution (HRI). As a statutorily defined HRI with its own agency code (709) and reporting responsibilities, Texas A&M Health is responsible for assuring its programmatic accreditations, quality, budget, performance, reporting, and compliance - through shared activities with the University when possible - and through institution/program-specific compliance activities as necessary to fulfill requirements specific to an HRI.

LEVERAGING STATE ASSETS TO DRIVE NOVEL RESEARCH SOLUTIONS

Research is a core component of every college within Texas A&M Health. With world renowned faculty, students, and groundbreaking research initiatives, Texas A&M Health is at the forefront of efforts to discover innovative solutions applicable to real-world scenarios and to train the next generation of health care practitioners to make connections across specializations. With the arrival of COVID-19, Texas A&M Health found itself perfectly positioned to accelerate research in vaccine development and treatment of the disease. The Texas A&M Center for Innovation in Advanced Development and Manufacturing (CIADM), part of the Public Health Preparedness and Response initiative established at Texas A&M Health, was selected to manufacture a COVID-19 vaccine candidate from Novavax, Inc. Dr. Jeffrey Cirillo, PhD, is leading a national trial on the use of the tuberculosis vaccine, BCG, to mitigate the damaging effects of COVID-19. Other COVID-19 innovations and research are happening in our unique Engineering Medicine (EnMed) program located in the Texas Medical Center, as well as our College of Pharmacy and School of Public Health. We undertake and pursue this innovative work as part of our mission as an HRI and to fulfill the Legislature's expectation to produce useful outcomes from the funding provided . In response to an interim Joint Senate-House study, the 86th Legislature established a methodology to provide performance-based formula funding for certain endeavors by health-related institutions beyond the existing base funding formulas. Texas A&M Health is prepared to respond to this new opportunity to meet the needs of the state and earn funding support based on performance of our research and integrative workforce training initiatives across the five disciplines: medicine, dentistry, pharmacy, nursing, and public health.

RESPONDING TO THE PANDEMIC WITH SCIENTIFIC LEADERSHIP

The COVID-19 pandemic changed life as we know it throughout the state, country, and world. Texas A&M Health proactively responded to the crisis in a variety of ways, including enlisting experts in microbial and molecular pathogenesis and infectious disease response, and offering real, practical solutions designed to help state and local communities.

Contact Tracing and Testing

Texas A&M Health assisted the Department of State Health Services (DSHS) to stand up state-wide contact tracing efforts and was the first institution to sign a contract with DSHS to provide a contact tracing workforce. Through a unique agreement with the Brazos County Health Department and other local governments in the Brazos

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Valley, Texas A&M Health provided funding, expertise, and management to a regional contract tracing program that assists local communities and in other parts of the state with Texas A&M regional campuses. Texas A&M Health provided guidance to the Texas Department of Emergency Management on strategy and lab development for COVID-19 testing, and the Texas A&M System is supplying a minimum of 15,000 COVID-19 PCR tests per month for students, faculty, and staff on all of its campuses and agency sites.

School of Public Health (SPH) Work

The SPH contracted with DSHS to build the first disease spread models using actual state data, and provided expertise on planning supply chain/distribution priorities in the early days of the pandemic. Since April, utilizing real-time data from the state and collaborating partners, the SPH has led a University-wide group to provide weekly updates on the current status and future predictions of the spread of COVID-19 locally and statewide. These updates are shared with DSHS, the Texas Emergency Management Advisory Group, University leadership, and local decision makers. In addition, students from SPH provided staffing support for the DSHS Vulnerable Populations Facilities Task Force by gathering and analyzing data on populations most vulnerable to COVID-19, like individuals in nursing homes and incarceration facilities.

COVID-19 Treatment and Vaccine Research and Development

Texas A&M Health faculty and students are part of several efforts to develop treatments and vaccines for use against COVID-19. The Texas A&M University System and Texas A&M Health Center for Innovation in Advanced Development and Manufacturing (CIADM) received a federal task order as part of Operation Warp Speed, which reserved production capacity at CIADM to mass manufacture a COVID-19 vaccine candidate Novavax, Inc., NVX-CoV2373, and potentially manufacture other leading candidates for COVID-19 vaccines. Faculty are leading a national clinical trial of the BCG Vaccination, commonly used for tuberculosis, as a potential defense against COVID-19 through enhanced immune response. Other research projects include a vaccine evaluation study; an investigation into fluorescent biosensors that can detect virus particles for flu, dengue, zika and now COVID-19; and the use of adult stem cell products to treat lung injuries caused by COVID-19. Texas A&M Health is also working in partnership with the biopharmaceutical company Pulmotect and MD Anderson on an inhaled therapeutic drug that could provide short-term immunity against COVID-19. The College of Pharmacy is enabling drug/vaccine product development, compounding approved medication like remdesivir, and working to identify pathways for emergency use of COVID-19 testing kits.

Clinical and Community Support

Diabetes education staff from the Coastal Bend Health Education Center (CBHEC) and the South Texas Campus in McAllen were able to acquire and distribute thousands of masks, along with diabetes supply kits and hand sanitizer to current and former program participants at no cost. The Healthy Texas Medication Assistance Program responded to a spike in requests for prescription assistance for those who lost jobs and health benefits due to COVID-19. The Texas A&M Rural Community Health Institute provided COVID-19 resources and technical assistance to rural healthcare facilities for workforce and supply chain planning. The College of Medicine transitioned to telehealth care to continue providing services to patients. The College of Dentistry is providing emergency dental services in the Dallas/Ft. Worth area, the majority of which is indigent care. Texas A&M Health Telebehavioral Care operations has provided training and consultation with health care providers to deliver mental and behavioral health care via telehealth.

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ADDRESSING NEEDS IN HEALTH PROFESSIONS EDUCATION AND HEALTH CARE

Our colleges lead the state and nation in areas of excellence vital to developing diverse health professionals who will serve the changing demographics of Texas. The College of Dentistry consistently leads the nation in underrepresented minority student enrollment through the use of pipeline programs to reach students as early as elementary school; the Irma Lerma Rangel College of Pharmacy consistently ranks at the top in Hispanic graduates among national colleges and schools of pharmacy and more than 40 percent of the college's graduates remain in South Texas to practice; the College of Medicine, recognized for its commitment to primary care, has 50 percent of graduates entering primary care residencies in Texas; the College of Nursing has been named a 2020 Center of ExcellenceTM in Nursing Education by the National League for Nursing; and the School of Public Health has a 90 percent job placement rate for all undergraduate and graduate degrees.

The Legislature looks to the state's HRIs to address the critical shortage of health care professionals, and Texas A&M Health takes that responsibility seriously. We depend on state funding in the form of formula and non-formula support to help meet the health care workforce needs of the state and we provide a return on that investment to Texas. To that end, the level of non-formula support received from the state over the last decade for the College of Medicine, for example, has helped Texas A&M Health produce an additional 800 physicians, ensuring that Texas A&M Health is doing its part to address the physician shortage in Texas.

While the Legislature and HRIs are partners in the effort to shore up our state's healthcare workforce, the state has not been able to provide consistent funding, resulting in an overall decline in per-student formula support. In the 2017-2018 biennium, the state found it necessary to reduce non-formula funding, including a $7 million, 22% reduction for the College of Medicine. This non-formula support for the College of Medicine is vitally important in that it augments formula funding to pay faculty and teach students.

Due to the loss of 2017-2018 biennium base funding, the College of Medicine had to reduce its class size and decline admission to qualified medical student applicants. Since that funding loss, and in preparation for reaccreditation, we have worked to rebuild medical school support to restore our class size to pre-2017 levels. The reaccreditation visit in spring 2020 yielded excellent results. For the fall of 2020, the College of Medicine will begin increasing the number of admitted students, but continued base formula and non-formula funding is critical to our ability to do so.

We are well positioned to continue meeting the state's needs for exceptionally prepared health professionals, innovative community service, and cutting-edge research. However, in order to fulfill these objectives, there are significant, ongoing funding and infrastructure challenges, and the following requests are key.

MAJOR BUDGET AND POLICY ISSUES

For the past several years, in response to budget reductions in 2011, 2015 (small class supplement formula change resulted in losses of $3.5 million to our nursing and pharmacy programs) and again in 2017, we have taken every possible step to reduce administrative costs and redirect those funds to shore up our educational mission. Administrative savings include, but are not limited to, administrative salary savings of over $10 million since 2014, administrative shared-service savings agreements with Texas A&M University, and outsourcing of facilities operations. While Texas A&M Health depends heavily on state funding to accomplish its mission, we continue to develop a clinical practice plan to both balance past state funding reductions and reduce reliance on state funding. We commit ourselves to providing critical educational programs though our colleges which are among the most affordable in the nation, particularly those of medicine, dentistry, and pharmacy. We look to the state as our continued partner in the education of our students and the investment in a stellar teaching faculty.

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Formula Funding

As with other sectors of higher education, the formula rates for HRIs have eroded over the last decade, even as they are under intense pressure to produce more clinicians to meet the state's health workforce needs. To illustrate the impact of the decreasing formula funding, had the state maintained 2010 rates moving forward, Texas A&M Health would be receiving $35.5 million in additional formula funding in the current biennium. Despite challenges and other priorities that hampered the state's ability to provide funding to keep up with growth, multiple new medical schools have opened and more are proposed. Without increased funding in the formulas in the base budget bill to support these new programs, formula funding will be further diluted for existing students and institutions.

For the FY2022-23 biennium, the Health Related Institution Formula Advisory Committee (HRIFAC) recommended to continue the restoration of funding units for the HRI formulas (Instruction and Operations, Infrastructure Support, and Research Enhancement) by the difference between the 2020-21 and 2000-01 per-unit funding rates. Additionally, the committee recommended a GME funding rate increase of 105.6 percent. Texas HRIs unanimously affirm that the structure of the formulas is valid and sound, but that the current funding levels are insufficient to maintain excellence and achieve the state's objectives.

Non-Formula Support

1. Non-formula Support Item Continuation for the Texas A&M College of Medicine
Swift expansion of the College of Medicine was undertaken in response to legislative direction. To date, student enrollment has increased by 84 percent from 324 in 2006 to 597 in 2019 and the College of Medicine plans to welcome 124 students in the fall of 2020. This non-formula support is critical for faculty recruitment and training so that seamless continuation of quality educational programming is assured across our multiple campuses. If this funding is not continued or reduced again, the College of Medicine will be unable to maintain its current footprint and would likely need to close one or more campuses to make the program more sustainable in the future.

2. Non-formula Support Item Continuation for the Texas A&M Rangel College of Pharmacy
The College of Pharmacy in South Texas, ranked in the top 50 pharmacy programs in the country by US News and World Report, continues to serve the region with excellence in teaching, research and scholarship, and public service. The College of Pharmacy focuses on educating first-generation and underrepresented minority students (URM): of the 442 students currently enrolled, 43 percent are URM. The College of Pharmacy utilizes non-formula funding to support at-risk students through efforts like a pre-matriculation program that focuses on preparing such students for success both in and outside of the classroom. This non-formula support is critical in helping to keep the cost of attendance low and increase access to underrepresented students in the region.

EXCEPTIONAL ITEM REQUESTS

Texas A&M Health recognizes that the Legislature will be facing unprecedented challenges in addressing the budget needs of the state when the 87th Session convenes. While base funding provided through the formulas and existing non-formula items continues to be our highest priority to provide foundational support for core programs, we respectfully put forth the following three key initiatives to bolster research designed to improve health outcomes; support clinical services to underserved populations while responding to COVID-19 revenue challenges; and train the workforce needed to support highly vulnerable populations.

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1. Research Performance Based Funding Formula ($12,250,000)

Texas A&M Health places a strong emphasis on applying innovative research to confront and resolve real world problems. Over the past two years, research initiatives have been launched in six priority areas: biomarkers and disease prevention; cancer; infectious diseases; health disparities; neurobiology, behavior and cognition; and women's health and sex differences. In addition, Texas A&M Health seeks out every opportunity to make research and discovery a part of the training and practice of the next generation of practitioners; our recently launched Engineering Medicine (EnMed) program will produce graduates who specialize in translational research, using the latest discoveries and inventions to improve patient outcomes and lower the cost of health care.

As we continue our work in research and workforce training, we know the Legislature expects to see outcomes of funding provided to health science centers. The 86th Legislature established a methodology to provide performance-based formula funding for certain endeavors by health-related institutions beyond existing base funding formulas. Texas A&M Health is prepared to respond to this new opportunity to meet the needs of the state and earn funding support based on performance of our research and integrative workforce training initiatives. We propose to dedicate $12.25 million in seed funding to be matched by $12.25 million in general revenue to establish a performance-based, research-specific formula.

2. Texas A&M Health Clinical Services COVID-19 Response ($5,000,000)

Texas A&M Health was called upon to bring its considerable resources and expertise to respond to the COVID-19 pandemic. In addition to playing a leading role in contact tracing and testing and COVID-19 treatment and vaccine development, TAMHSC found innovative ways to provide access to critically needed services within its medical and dental clinics. Both our College of Medicine (COM) and College of Dentistry (COD) clinics serve a patient population of low-income and uninsured. Our COM clinic transitioned to a telehealth model of care and our COD clinics provided ongoing emergency-only dental services, ensuring those patients had some level of care provided during the pandemic. Since March, TAMHSC clinics have seen a monthly average of $924,000 in COVID-related expenditures and lost revenue. While TAMHSC identified cost savings measures to weather the financial strain – the COD and COM enacted 4.5 percent and 10 percent reductions in administrative costs, respectively – we are requesting relief to address a portion of the financial losses. The funding requested will allow TAMHSC to retain the faculty and support structure needed to provide medical and dental services to the underserved, and the required clinical educational contact hours for students. We are not, however, requesting a restoration of the five percent reductions to our FY2022-2023 base funding amount.

3. Improving Access to Sexual Assault Care ($3,400,000)

The mission and commitment of the Center of Excellence in Forensic Nursing (CEFN) is to improve health outcomes of those affected by violence and improve the collection, security, and custody of forensic evidence needed by the legal system. The CEFN at the Texas A&M Health College of Nursing will use the requested $3.4 million to maintain programming and support required for nurses to become certified Sexual Assault Nurse Examiners (SANEs); to implement expanded simulation training offerings; and to extend access to telehealth services for forensic health care throughout the state. The CEFN currently receives nearly $5 million in state and federal contracts and grants to support the training of SANEs, to establish and implement a statewide telehealth center, per Senate Bill 71 (86R). Referred to as the Texas Teleforensic Remote Assistance Center (Tex-TRAC), Tex-TRAC is set to begin operating at three pilot sites in the Fall of 2020.

During the FY2022-FY2023 biennium, several federal grants for CEFN programming will end, resulting in a loss of approximately $2.3 million. $1.9 million of this exceptional item request would offset a portion of those lost federal grant dollars and ensure the CEFN is able to support the training of SANEs in the state ; implement the Tex-TRAC per legislative direction; and continue to provide state-of-the-art clinical simulation training for those working to become forensic nurses. $1.5 million of the request would

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support new course offerings for certified SANEs to build upon their skills, and expand the reach of Tex-TRAC to additional sites around the state.

Other Issues

Texas A&M Health recognizes the state faces a significant budget deficit and continued economic uncertainty in the coming budget cycle. As the state's financial outlook continues to evolve in the coming months, Texas A&M would like to make the Legislature aware of the following infrastructure needs for consideration, as well as an opportunity to continue providing needed health care services in underserved areas in a more cost-efficient manner.

1. Future Capital Needs: Texas A&M at TMC3
   Total Project Cost: $100,000,000
   Requested Funds: $100,000,000
   Estimated Annual Debt Service Request: $8,718,456 annually; $17,436,912 for the biennium

TMC3 is a collaborative effort among Texas higher education and non-profit research institutions to establish a premier destination for biomedical innovation and commercialization in Houston, Texas. Once completed, TMC3 will house world-class research of the founding member institutions, Texas A&M Health, University of Texas Health Science Center at Houston, and MD Anderson. It will serve as a home to newly established multi-institutional initiatives in the area of medicine, including clinical research, genomics, health policy, innovation, and regenerative medicine. TMC3 will optimize the use of capital; reduce operational costs via enhanced efficiencies; maximize the potential for research collaboration; and create a worldwide destination for research. TMC3 is projected to generate 30,000 new jobs for Texans and provide the HSC's Engineering Medicine, medical, MD/PhD, and graduate students with vital exposure to groundbreaking research.

2. Future Capital Needs: Nursing Education and Research Building in McAllen
   Total Project Cost: $40,000,000
   Requested Funds: $40,000,000
   Estimated Annual Debt Service Request: $3,487,383 annually; $6,974,766 for the biennium

To build upon Texas A&M's 100-year history of serving the Rio Grande Valley and to help address the critical nursing workforce needs in the region, Texas A&M Health is proposing the construction of the Nursing Education and Research Building. Once completed, the facility will be the second building within Texas A&M's Higher Education Center (HEC) in McAllen, Texas. The new facility will allow the College of Nursing to offer a bachelor of science in nursing degree to meet local demand for nurses; alleviate capacity issues related to student enrollment growth for the current HEC building; and expand research capabilities for the region, Texas, and beyond. The completed facility will include up to eight classrooms; clinical skills and clinical simulation laboratories; facilities for standardized patients; faculty and staff offices; student collaboration spaces; and dedicated research laboratories for faculty from other disciplines.

3. Consolidation of Non-Formula Support for Public Health Interventions

Texas A&M Health continues to seek ways to create administrative efficiencies and cost savings for the state while providing community care to underserved populations. Through non-formula funding, Texas A&M Health has established the infrastructure and support for the implementation of public health initiatives that address prevalent chronic and infectious diseases across a 27-county area of South Texas. The Coastal Bend Health Education Center (CBHEC) in Corpus Christi, initially funded to provide a "home grown" strategy for recruiting, training, and maintaining health care professionals in the region's health professional shortage areas, has

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evolved as a key provider of public health programming and public health crisis response. The South Texas Campus (STC) in McAllen, originally funded to support the School of Public Health's expansion in South Texas, now functions as a mechanism for the implementation of public health programming and crisis response as well as the piloting of public health research interventions. These two organizational hubs have been critical in the administrative management, staffing, and assessment of Healthy South Texas programing - a partnership of Texas A&M Health and AgriLife Extension - aimed at preventing and/or reducing high incidence of chronic diseases and providing resources during public health crises like COVID-19. Texas A&M Health proposes to achieve greater operational and financial efficiencies by consolidating the administration of CBHEC and STC and combining their respective strategies within the appropriations act into the Healthy South Texas Strategy (E.1.6 Strategy: Healthy South Texas), while maintaining the quality of programming and professional staffing. Texas A&M Health believes that reducing the administrative burden through this consolidation will allow for more efficient ongoing support of Healthy South Texas, the scientific testing of public health interventions, and the implementation of existing evidence-based programs.

4. Background Checks

Texas A&M Health conducts background checks in accordance with Texas Government Code Chapter 411 and Texas Education Code Section 51.215. It is our policy to conduct such checks on all employees being considered for employment at Texas A&M Health.

TEXAS A&M UNIVERSITY SYSTEM PRIORITIES

We recognize the difficult financial situation and tough budget decisions that will face the 87th Legislature and will work collaboratively with state leaders to find the support needed for the education, research, and service we provide. A robust higher education sector is key to long term economic growth and resiliency, but increased costs, revenue losses, and budget reductions due to the pandemic have Texas' higher education sector stressed and stretched. We request continued investment in higher education to maintain our service to the state. Key funding issues are detailed below:

Base Funding – Maintaining equitable, reliable, and predictable funding for higher education is critical for our institutions to plan, teach, and support students through to graduation and to pursue excellence. This base funding is provided by the State through both formula and non-formula support.

Formula funding accounts for 80 percent of our institutions' net GR appropriations and supports the core instructional, operational and infrastructure costs at our institutions. Our highest priority is maintaining the general revenue support to these formulas.

As higher education adapts to the financial hardships of COVID-19, non-formula items provide critical support for students and academic programs. We request that non-formula support items be maintained at FY2020-21 levels to preserve vital academic programs and student support services.

We request expansion of the Small Institution Supplement (SIS) to institutions up to 20,000 headcount. These institutions and their students' success are key to economic recovery and long-term resiliency. Expanding the SIS up to 20,000 students would provide critical support to help these institutions remain affordable for students and effective in fulfilling their missions.

Restoration of 5% Reductions – Across the A&M System the reductions total $84.6 million. These reductions hurt. Our institutions had to cut into the teaching and services provided to our students that are and will continue to impact students' success and time to degree. Continuing these reductions into the 2022-23 biennium will further harm our students.

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Outcomes Based Funding – Any performance funding contemplated as part of state support for higher education should be in addition to formula funding, especially as institutions struggle with the economic fallout from the pandemic. While this session may not be optimal timing for a major funding initiative, we have worked across higher education on a proposal for increased student success at Texas' 27 regional institutions and can provide additional information as requested.

Higher Education Group Health Insurance – We request funding to cover increases in covered enrollments and in health care costs beyond our control. We also request restoration of the gap in funding for our employees compared to state employees in the ERS group plan.

Student Financial Aid – Increased support for student financial aid is vitally important to help students graduate with lower debt. We request increases to TEXAS grants and other financial aid programs be made in conjunction with funding the formula that provides the state's share of the costs of educating students.

CONCLUSION

Texas faces continued challenges in many important areas of healthcare, and with the added strain of COVID-19 on the state's economy, budget, and health care delivery system, it is critical that the state's HRIs have the necessary resources to support their core functions and encourage continued innovation that will improve health and reduce costs. The administration, faculty, and staff of Texas A&M Health greatly appreciate the support shown by the Legislature since the institution's formation in 1999. Through this support, and through the diligent work of its faculty and staff, Texas A&M Health has matured into a vital health education, service, and research resource for the State of Texas. We pledge to continue this momentum as we work in partnership with the Legislature to strengthen the health of Texans.