

SENATE AMENDMENTS

2nd Printing

By: Branch, McCall, Coleman, McClendon,
Madden, et al.

H.B. No. 51

A BILL TO BE ENTITLED

1 AN ACT

2 relating to funding and incentives to support emerging public
3 research universities in developing and maintaining programs of the
4 highest tier.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. The heading to Chapter 62, Education Code, is
7 amended to read as follows:

8 CHAPTER 62. CONSTITUTIONAL AND STATUTORY [~~DIVISION OF~~
9 ~~CONSTITUTIONALLY APPROPRIATED~~] FUNDS TO SUPPORT [~~AMONG CERTAIN~~
10 INSTITUTIONS OF HIGHER EDUCATION [~~, RESEARCH DEVELOPMENT FUND~~]

11 SECTION 2. Chapter 62, Education Code, is amended by adding
12 Subchapters C and D to read as follows:

13 SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

14 Sec. 62.051. DEFINITIONS. In this subchapter:

15 (1) "Eligible institution" means an emerging research
16 university.

17 (2) "Emerging research university" means an
18 institution of higher education that the coordinating board
19 determines:

20 (A) is a research university as that term is
21 commonly used in classifying or ranking institutions of higher
22 education; and

23 (B) has demonstrated a commitment to developing
24 and maintaining degree and research programs that support the

1 mission of the institution and the institution's efforts to improve
2 its ranking among research universities.

3 (3) "Institution of higher education" has the meaning
4 assigned by Section 61.003.

5 Sec. 62.052. PURPOSE. The purpose of this subchapter is to
6 provide funding to eligible institutions for the enhancement of
7 research productivity to enable those institutions to achieve
8 national prominence as major research universities.

9 Sec. 62.053. FUNDING. (a) For each state fiscal year, the
10 comptroller shall distribute any funds appropriated by the
11 legislature for the purposes of this subchapter, and any other
12 funds made available for the purposes of this subchapter, among
13 eligible institutions in proportion to the total amount of
14 restricted research funds expended by each institution in the two
15 most recent state fiscal years.

16 (b) For purposes of Subsection (a), the amount of restricted
17 research funds expended by an eligible institution in a state
18 fiscal year is the amount of those funds as reported to the
19 coordinating board by the institution for that year, subject to any
20 adjustment by the coordinating board in accordance with the
21 standards and accounting methods the coordinating board prescribes
22 for purposes of this section.

23 (c) The legislature may not appropriate money for purposes
24 of this subchapter in a state fiscal year unless the legislature
25 appropriates an equal amount of money for that fiscal year for the
26 Texas Research Incentive Program under Subchapter D.

27 Sec. 62.054. USE OF ALLOCATED AMOUNTS. An eligible

1 institution may use money received under this subchapter only for
2 the support and maintenance of educational and general activities
3 that promote increased research capacity at the institution.

4 Sec. 62.055. RULES. The coordinating board shall adopt
5 rules for the administration of this subchapter, including rules
6 requiring eligible institutions to report necessary information to
7 the coordinating board.

8 SUBCHAPTER D. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

9 Sec. 62.071. DEFINITIONS. In this subchapter:

10 (1) "Eligible institution" means an emerging research
11 university.

12 (2) "Emerging research university" means an
13 institution of higher education that the coordinating board
14 determines:

15 (A) is a research university as that term is
16 commonly used in classifying or ranking institutions of higher
17 education; and

18 (B) has demonstrated a commitment to developing
19 and maintaining degree and research programs that support the
20 mission of the institution and the institution's efforts to improve
21 its ranking among research universities.

22 (3) "Institution of higher education" has the meaning
23 assigned by Section 61.003.

24 (4) "Program" means the Texas Research Incentive
25 Program (TRIP) established under this subchapter.

26 Sec. 62.072. PROGRAM ADMINISTRATION. (a) The coordinating
27 board shall administer the Texas Research Incentive Program (TRIP)

1 in accordance with this subchapter to provide matching funds to
2 assist eligible institutions in leveraging private gifts for the
3 enhancement of research productivity and faculty recruitment. The
4 comptroller shall deliver any payment of matching funds to which an
5 eligible institution is entitled under the program.

6 (b) The legislature may not appropriate money for purposes
7 of this subchapter in a state fiscal year unless the legislature
8 appropriates an equal amount of money for that fiscal year for the
9 research university development fund under Subchapter C.

10 Sec. 62.073. MATCHING GRANTS. (a) An eligible institution
11 that receives cash gifts from private sources in a state fiscal year
12 for the purpose of enhancing research activities at the
13 institution, including gifts for endowments or endowed chairs or
14 professorships, research or academic facilities, equipment,
15 program costs, or graduate stipends or fellowships, is entitled to
16 receive, out of funds appropriated for the purposes of the program
17 for that fiscal year, a matching grant in an amount determined
18 according to the following rates:

19 (1) 50 percent of the total amount of the gifts
20 received, if the total amount of those gifts is \$100,000 or more but
21 not more than \$999,999;

22 (2) 75 percent of the total amount of the gifts
23 received, if the total amount of those gifts is \$1 million or more
24 but not more than \$1,999,999; or

25 (3) 100 percent of the total amount of the gifts
26 received, if the total amount of those gifts is \$2 million or more.

27 (b) An eligible institution is not entitled to matching

1 funds under the program for:

2 (1) an in-kind gift;

3 (2) a gift that has been pledged but has not been
4 received by the institution;

5 (3) a gift for undergraduate scholarships, grants, or
6 other financial aid; or

7 (4) any portion of gifts received by the institution
8 from a single source in a state fiscal year in excess of \$10
9 million.

10 (c) The coordinating board shall establish procedures for
11 the certification by the coordinating board of an eligible
12 institution's receipt of a qualifying gift. A gift must be
13 certified as of the date the gift was deposited by the institution
14 in a depository bank or invested by the institution as authorized by
15 law.

16 (d) If the funds appropriated for the program for a state
17 fiscal year are insufficient to provide matching grants in the
18 amounts specified by this section for all qualifying private gifts
19 received by eligible institutions during that fiscal year, the
20 coordinating board shall authorize matching grants for those gifts
21 in order of their certification dates under Subsection (c) and
22 shall authorize matching grants for any remaining unmatched gifts
23 in the following fiscal year. Unmatched gifts carried forward from
24 a preceding fiscal year under this subsection shall be given
25 priority over gifts received in the current fiscal year, and shall
26 be provided matching grants under this section in order of their
27 certification dates. An unmatched gift shall continue to be

1 carried forward to subsequent fiscal years until a matching grant
2 is awarded for the gift.

3 (e) Matching grants received by an eligible institution
4 under this section may not be considered as a basis to reduce,
5 directly or indirectly, the amount of money otherwise appropriated
6 or allocated to the institution under any other law.

7 Sec. 62.074. USE OF MATCHING GRANTS. An eligible
8 institution may use matching grant money received under this
9 subchapter for the same purpose as that for which the matched gift
10 was received or for the support and maintenance of educational and
11 general activities that promote increased research capacity at the
12 institution.

13 Sec. 62.075. RULES. The coordinating board shall adopt
14 rules for the administration of this subchapter, including rules
15 requiring eligible institutions to report necessary information to
16 the coordinating board.

17 SECTION 3. Chapter 62, Education Code, is amended by adding
18 Subchapter F to read as follows:

19 SUBCHAPTER F. NATIONAL RESEARCH UNIVERSITY FUND

20 Sec. 62.121. PURPOSE. The purpose of this subchapter is to
21 allocate appropriations from the national research university fund
22 to provide a dedicated, independent, and equitable source of
23 funding to enable emerging research universities in this state to
24 achieve national prominence as major research universities.

25 Sec. 62.122. DEFINITIONS. In this subchapter:

26 (1) "Eligible institution" means a general academic
27 teaching institution that is eligible to receive distributions of

1 money under this subchapter.

2 (2) "Fund" means the national research university
3 fund.

4 (3) "General academic teaching institution" has the
5 meaning assigned by Section 61.003.

6 Sec. 62.123. ADMINISTRATION AND INVESTMENT OF FUND. (a)
7 The national research university fund is a fund outside the state
8 treasury in the custody of the comptroller.

9 (b) The comptroller shall administer and invest the fund in
10 accordance with Section 20, Article VII, Texas Constitution.

11 Sec. 62.124. FUNDING. (a) The fund consists of any
12 amounts appropriated or transferred to the credit of the fund under
13 the Texas Constitution or otherwise appropriated or transferred to
14 the credit of the fund under this section or another law.

15 (b) The comptroller shall deposit to the credit of the fund
16 all interest, dividends, and other income earned from investment of
17 the fund.

18 (c) The comptroller may accept gifts or grants from any
19 public or private source for the fund.

20 Sec. 62.125. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM
21 FUND. (a) A general academic teaching institution is eligible to
22 receive a distribution of money under this subchapter for each year
23 of a state fiscal biennium if:

24 (1) the institution is designated as an emerging
25 research university under the coordinating board's accountability
26 system;

27 (2) in each of the two state fiscal years preceding the

1 state fiscal biennium, the institution expended at least \$45
2 million in restricted research funds; and

3 (3) the institution satisfies at least four of the
4 following criteria:

5 (A) the aggregate value of the institution's
6 endowment funds is at least \$400 million;

7 (B) the institution awarded at least 200 doctor
8 of philosophy degrees during each of the two academic years
9 preceding the state fiscal biennium;

10 (C) the entering freshman class of the
11 institution for each of those two academic years demonstrated high
12 academic achievement, as determined according to standards
13 prescribed by the coordinating board by rule, giving consideration
14 to the future educational needs of the state as articulated in the
15 coordinating board's "Closing the Gaps" report;

16 (D) the institution is designated as a member of
17 the Association of Research Libraries or has a Phi Beta Kappa
18 chapter or has received an equivalent recognition of research
19 capabilities and scholarly attainment as determined according to
20 standards prescribed by the coordinating board by rule;

21 (E) the faculty of the institution for each of
22 those two academic years was of high quality, as determined
23 according to coordinating board standards based on the professional
24 achievement and recognition of the institution's faculty,
25 including the election of faculty members to national academies;
26 and

27 (F) the institution has demonstrated a

1 commitment to high quality graduate education, as determined
2 according to standards prescribed by the coordinating board by
3 rule, including the number of graduate-level programs at the
4 institution, the institution's admission standards for graduate
5 programs, and the level of institutional support for graduate
6 students.

7 (b) A general academic teaching institution that becomes
8 eligible to receive a distribution of money under this subchapter
9 remains eligible to receive a distribution in each subsequent state
10 fiscal year.

11 Sec. 62.126. ACCOUNTING STANDARDS; VERIFICATION OF
12 INFORMATION. (a) The coordinating board, in consultation with the
13 State Auditor's Office, by rule shall prescribe standard methods of
14 accounting and standard methods of reporting information for the
15 purpose of determining the eligibility of institutions under
16 Section 62.125.

17 (b) As soon as practicable in each even-numbered year, based
18 on information submitted by the institutions to the coordinating
19 board as required by the coordinating board, the coordinating board
20 shall certify to the comptroller the institutions that are
21 determined to be initially eligible for distributions of money from
22 the fund for the following state fiscal biennium.

23 (c) At the request of the coordinating board, the State
24 Auditor's Office shall verify the information supporting the
25 coordinating board's determination under Subsection (b).

26 Sec. 62.127. INELIGIBILITY OF INSTITUTIONS RECEIVING
27 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University

1 of Texas at Austin, Texas A&M University, and Prairie View A&M
2 University are ineligible to receive money under this subchapter.

3 Sec. 62.128. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE
4 INSTITUTIONS. In each state fiscal year, the comptroller shall
5 distribute to eligible institutions the total amount appropriated
6 from the fund for that fiscal year. The amount allocated to the
7 eligible institutions shall be based on an equitable formula
8 adopted by the legislature to carry out the purposes of the fund as
9 established by Section 20, Article VII, Texas Constitution. In
10 adopting the allocation formula, the legislature shall consider the
11 recommendations of the coordinating board, including
12 recommendations on the appropriate elements and relative weights of
13 elements of the formula.

14 Sec. 62.129. USE OF ALLOCATED AMOUNTS. (a) An eligible
15 institution may use money received under this subchapter only for
16 the support and maintenance of educational and general activities
17 that promote increased research capacity at the institution.

18 (b) For purposes of Subsection (a), permitted activities
19 include the use of the money to:

- 20 (1) provide faculty support and pay faculty salaries;
21 (2) purchase equipment or library materials;
22 (3) pay graduate stipends; and
23 (4) support research performed at the institution,
24 including undergraduate research.

25 (c) Money received in a fiscal year by an institution under
26 this subchapter that is not used in that fiscal year by the
27 institution may be held and used by the institution in subsequent

1 fiscal years for the purposes prescribed by this section.

2 SECTION 4. Section 62.094, Education Code, is amended to
3 read as follows:

4 Sec. 62.094. FUNDING. (a) The research development fund
5 consists of the [~~amount deposited to the credit of the fund under~~
6 ~~Section 62.025 in each state fiscal year, the amount appropriated~~
7 ~~or transferred to the credit of the fund by the legislature under~~
8 ~~Subsection (b), and any other~~] amounts appropriated or transferred
9 to the credit of the fund under this section or other law.

10 (b) [~~In each state fiscal year, the legislature may~~
11 ~~appropriate or provide for the transfer to the credit of the~~
12 ~~research development fund of an amount not less than the amount~~
13 ~~deposited to the credit of the fund under Section 62.025 in that~~
14 ~~fiscal year.~~

15 [~~(c)~~] The comptroller shall deposit all interest,
16 dividends, and other income earned from investment of the research
17 development fund to the credit of the fund.

18 (c) [~~(d)~~] The comptroller may accept gifts or grants from
19 any public or private source for the research development fund.

20 SECTION 5. Sections 62.025 and 62.026, Education Code, are
21 repealed.

22 SECTION 6. The Texas Higher Education Coordinating Board
23 shall adopt rules relating to the administration of Subchapters C,
24 D, and F, Chapter 62, Education Code, as added by this Act, as soon
25 as practicable after the effective date of this Act.

26 SECTION 7. (a) Except as provided by Subsection (b) of this
27 section, this Act takes effect September 1, 2009.

1 (b) Sections 3, 4, and 5 of this Act take effect January 1,
2 2010, but only if the constitutional amendment proposed by the 81st
3 Legislature, Regular Session, 2009, establishing the national
4 research university fund to enable emerging research universities
5 in this state to achieve national prominence as major research
6 universities and transferring the balance of the higher education
7 fund to the national research university fund is approved by the
8 voters. If that constitutional amendment is not approved by the
9 voters, Sections 3, 4, and 5 of this Act do not take effect.

ADOPTED

MAY 26 2009

Atty. Gen.
Secretary of the Senate

By: Brand/Zaffirini

16.B. No. 51

Substitute the following for __.B. No. _____:

By: Zaffirini

C.S. __.B. No. _____

A BILL TO BE ENTITLED

1

AN ACT

2 relating to measures to enhance and maintain the quality of state
3 universities, including funding and incentives to support emerging
4 public research universities in developing and maintaining
5 programs of the highest tier, to the abolition of the higher
6 education fund, and to the institutional groupings under the Texas
7 Higher Education Coordinating Board's accountability system.

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

9 SECTION 1. Subchapter G, Chapter 51, Education Code, is
10 amended by adding Section 51.358 to read as follows:

11 Sec. 51.358. LONG-TERM STRATEGIC PLAN FOR RESEARCH
12 UNIVERSITY OR EMERGING RESEARCH UNIVERSITY. (a) The governing
13 board of each institution of higher education designated as a
14 research university or emerging research university under the Texas
15 Higher Education Coordinating Board's accountability system shall
16 submit to the coordinating board, in the form and manner prescribed
17 by the coordinating board, a detailed, long-term strategic plan
18 documenting the strategy by which the institution intends to
19 achieve recognition as a research university, or enhance the
20 university's reputation as a research university, as applicable.

21 (b) The Texas Higher Education Coordinating Board shall
22 adopt rules for the administration of this section.

23 SECTION 2. Section 61.059, Education Code, is amended by
24 adding Subsection (o) to read as follows:

1 (o) In addition to the other funding recommendations
2 required by this section, biennially the board shall determine the
3 amount that the board considers appropriate for purposes of
4 providing funding under Section 61.0596 in the following state
5 fiscal biennium to carry out the purposes of that section and shall
6 make recommendations to the governor and the Legislative Budget
7 Board for funding those programs in that biennium. To the extent
8 the board considers appropriate, the board may include in the
9 formulas established under this section the funding to be provided
10 under Section 61.0596.

11 SECTION 3. Subchapter C, Chapter 61, Education Code, is
12 amended by adding Section 61.0596 to read as follows:

13 Sec. 61.0596. UNIVERSITY FUNDING FOR EXCELLENCE IN SPECIFIC
14 PROGRAMS AND FIELDS; INCENTIVE GRANTS. (a) The board shall
15 administer this section to encourage and assist general academic
16 teaching institutions, other than public state colleges, that are
17 not research universities or emerging research universities
18 according to the institutional groupings under the board's higher
19 education accountability system to develop and maintain specific
20 programs or fields of study of the highest national rank or
21 recognition for that type of program or field.

22 (b) To assist the institution in achieving the highest
23 national rank or recognition for the applicable degree program and
24 from money available for the purpose, the board shall award
25 incentive grants to general academic teaching institutions
26 described by Subsection (a) that the board considers to have
27 demonstrated the greatest commitment to success in developing or

1 improving, consistent with the mission of the institution, the
2 quality of an existing degree program designated by the
3 institution. An institution must use a grant under this subsection
4 for faculty recruitment or other faculty support with respect to
5 the designated degree program for which the grant is awarded,
6 including establishment of endowed faculty positions or
7 enhancement of faculty compensation as considered appropriate by
8 the institution.

9 (c) An institution may designate only one degree program at
10 a time for consideration for new funding under Subsection (b). The
11 institution may change its designation with the consent of the
12 board. If the board determines that an institution has met all the
13 applicable benchmarks for the institution's designated program,
14 the institution may designate another degree program for
15 consideration for new funding under Subsection (b).

16 (d) The board shall establish a series of benchmarks
17 applicable to each degree program designated by an institution
18 under this section. The institution becomes eligible for funding
19 under Subsection (b) for each benchmark the board determines that
20 the institution has met. The board shall establish the amount of
21 funding for each benchmark met in a manner that provides an
22 effective incentive to assist the institution to continue its
23 efforts to meet the remaining benchmarks for its designated
24 program.

25 (e) Unless the board determines that a different number of
26 benchmarks is appropriate, the board shall establish three
27 benchmarks for each designated degree program. The board shall

1 identify one or more persons who have relevant expertise and do not
2 reside in this state to assist the board in establishing the
3 benchmarks and associated funding levels for each type of degree
4 program designated by an institution under this section.

5 (f) An institution that designates a degree program to
6 receive funding under Subsection (b) shall reimburse the board for
7 the costs incurred by the board in administering this section with
8 respect to the institution's designated program.

9 (g) In addition to supporting the programs designated by
10 institutions for consideration to receive incentive grants under
11 Subsection (b), from money available for the purpose, the board
12 shall provide additional money as the board determines appropriate
13 to assist the institutions described by Subsection (a) in
14 maintaining the excellence of programs or fields of study that have
15 achieved the highest national ranking or recognition for that type
16 of program or field.

17 (h) The legislature may not appropriate money for grants or
18 other financial assistance to general academic teaching
19 institutions under this section before the board certifies that one
20 or more institutions have met at least one of the benchmarks
21 established by the board for the institutions' designated degree
22 programs under Subsection (d).

23 SECTION 4. Subchapter C, Chapter 61, Education Code, is
24 amended by adding Section 61.0904 to read as follows:

25 Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least
26 once every 10 years, the board shall conduct a review of the
27 institutional groupings under the board's accountability system,

1 including a review of the criteria for and definitions assigned to
2 those groupings.

3 SECTION 5. The heading to Chapter 62, Education Code, is
4 amended to read as follows:

5 CHAPTER 62. CONSTITUTIONAL AND STATUTORY [~~DIVISION OF~~
6 ~~CONSTITUTIONALLY APPROPRIATED~~] FUNDS TO SUPPORT [~~AMONG CERTAIN~~]
7 INSTITUTIONS OF HIGHER EDUCATION [~~RESEARCH DEVELOPMENT FUND~~]

8 SECTION 6. Section 62.003(1), Education Code, is amended to
9 read as follows:

10 (1) Except as otherwise provided by Subchapters C, D,
11 F, and G, "eligible [~~Eligible~~] institution" means the eligible
12 agencies and institutions of higher education listed in Article
13 VII, Section 17(b), of the Constitution of Texas, and any
14 institution or agency of higher education that is later made
15 eligible to participate in the disbursement of funds pursuant to
16 Article VII, Section 17(c), of the Constitution of Texas.

17 SECTION 7. Chapter 62, Education Code, is amended by adding
18 Subchapters C, D, and F to read as follows:

19 SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

20 Sec. 62.051. DEFINITIONS. In this subchapter:

21 (1) "Eligible institution" means an institution of
22 higher education designated as a research university or emerging
23 research university under the coordinating board's accountability
24 system.

25 (2) "Institution of higher education" has the meaning
26 assigned by Section 61.003.

27 Sec. 62.052. PURPOSE. The purpose of this subchapter is to

1 provide funding to research universities and emerging research
2 universities for the recruitment and retention of highly qualified
3 faculty and the enhancement of research productivity at those
4 universities.

5 Sec. 62.053. FUNDING. (a) For each state fiscal year, the
6 coordinating board shall distribute any funds appropriated by the
7 legislature for the purposes of this subchapter, and any other
8 funds made available for the purposes of this subchapter, to
9 eligible institutions based on the average amount of total research
10 funds expended by each institution annually during the three most
11 recent state fiscal years, according to the following rates:

12 (1) at least \$1 million for every \$10 million of the
13 average annual amount of those research funds expended by the
14 institution, if that average amount for the institution is \$50
15 million or more; and

16 (2) at least \$500,000 for every \$10 million of the
17 average annual amount of those research funds expended by the
18 institution, if that average amount for the institution is less
19 than \$50 million.

20 (b) For purposes of Subsection (a), the amount of total
21 research funds expended by an eligible institution in a state
22 fiscal year is the amount of those funds as reported to the
23 coordinating board by the institution for that fiscal year, subject
24 to any adjustment by the coordinating board in accordance with the
25 standards and accounting methods the coordinating board prescribes
26 for purposes of this section. If the funds available for
27 distribution for a state fiscal year under Subsection (a) are not

1 sufficient to provide the amount specified by Subsection (a) for
2 each eligible institution or exceed the amount sufficient for that
3 purpose, the available amount shall be distributed in proportion to
4 the total amount to which each institution is otherwise entitled
5 under Subsection (a).

6 Sec. 62.054. RULES. The coordinating board shall adopt
7 rules for the administration of this subchapter, including any
8 rules the coordinating board considers necessary regarding the
9 submission to the coordinating board by eligible institutions of
10 any student data required for the coordinating board to carry out
11 its duties under this subchapter.

12 SUBCHAPTER D. PERFORMANCE INCENTIVE FUNDING

13 Sec. 62.071. DEFINITIONS. In this subchapter:

14 (1) "At-risk student" means an undergraduate student
15 of an eligible institution:

16 (A) whose score on the Scholastic Assessment Test
17 (SAT) or the American College Test (ACT) is less than the national
18 mean score of students' scores on that test;

19 (B) who has been awarded a grant under the
20 federal Pell Grant program;

21 (C) who was 20 years of age or older on the date
22 the student initially enrolled in the institution;

23 (D) who is enrolled as a part-time student; or

24 (E) who did not receive a high school diploma but
25 received a high school equivalency certificate within the last six
26 years.

27 (2) "Critical field" means:

1 (A) the field of engineering, computer science,
2 mathematics, physical science, allied health, nursing, or teacher
3 certification in a field of science or mathematics; and

4 (B) any other field of study identified as a
5 critical field by the coordinating board in "Closing the Gaps," the
6 state's master plan for higher education.

7 (3) "Eligible institution" means a general academic
8 teaching institution other than a public state college.

9 (4) "General academic teaching institution" and
10 "public state college" have the meanings assigned by Section
11 61.003.

12 Sec. 62.072. FUNDING. (a) For each state fiscal year, the
13 coordinating board shall distribute any performance incentive
14 funds appropriated by the legislature for purposes of this
15 subchapter, and any other funds made available for the purposes of
16 this subchapter, to eligible institutions as follows:

17 (1) 50 percent to be distributed among eligible
18 institutions in proportion to the increase, if any, in the average
19 number of degrees awarded annually by each institution in the two
20 most recent fiscal years from the average number of degrees awarded
21 annually by that institution in the two fiscal years immediately
22 preceding those fiscal years, using the weights assigned to each
23 degree under the table prescribed by Subsection (b); and

24 (2) the remaining 50 percent to be distributed among
25 eligible institutions in proportion to the average number of
26 degrees awarded annually by each institution in the three most
27 recent fiscal years, using the weights assigned to each degree

1 under the table prescribed by Subsection (b).

2 (b) A number of points is assigned for each degree awarded
3 by an eligible institution according to the following table:

	<u>POINTS</u>
4 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
5 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
6 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
7 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

8 Sec. 62.073. RULES. The coordinating board shall adopt
9 rules for the administration of this subchapter, including any
10 rules the coordinating board considers necessary regarding the
11 submission to the coordinating board by eligible institutions of
12 any student data required for the coordinating board to carry out
13 its duties under this subchapter.

14 SUBCHAPTER F. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

15 Sec. 62.121. DEFINITIONS. In this subchapter:

16 (1) "Eligible institution" means an institution of
17 higher education designated as an emerging research university
18 under the coordinating board's accountability system.

19 (2) "Gift" includes cash, cash equivalents,
20 marketable securities, closely held securities, money market
21 holdings, partnership interests, personal property, real property,
22 minerals, and life insurance proceeds.

23 (3) "Institution of higher education" has the meaning
24 assigned by Section 61.003.

25 (4) "Program" means the Texas Research Incentive
26 Program (TRIP) established under this subchapter.
27

1 Sec. 62.122. PROGRAM ADMINISTRATION. The coordinating
2 board shall develop and administer the Texas Research Incentive
3 Program (TRIP) in accordance with this subchapter to provide
4 matching funds to assist eligible institutions in leveraging
5 private gifts for the enhancement of research productivity and
6 faculty recruitment.

7 Sec. 62.123. MATCHING GRANTS. (a) An eligible institution
8 that receives gifts or endowments from private sources in a state
9 fiscal year for the purpose of enhancing research activities at the
10 institution, including a gift or endowment for endowed chairs,
11 professorships, facilities, equipment, program costs, or graduate
12 stipends or fellowships, is entitled to receive, out of funds
13 appropriated for the purposes of the program for that fiscal year, a
14 matching grant in an amount determined according to the following
15 rates:

16 (1) 50 percent of the amount of the gifts and
17 endowments, if the total amount of gifts and endowments is \$100,000
18 or more but not more than \$999,999;

19 (2) 75 percent of the amount of the gifts and
20 endowments, if the total amount of gifts and endowments is \$1
21 million or more but not more than \$1,999,999; or

22 (3) 100 percent of the amount of the gifts and
23 endowments, if the total amount of gifts and endowments is \$2
24 million or more.

25 (b) An eligible institution is not entitled to matching
26 funds under the program for:

27 (1) a gift that has been pledged but has not been

1 received by the institution;

2 (2) a gift for undergraduate scholarships or grants;

3 or

4 (3) any portion of gifts or endowments received by the
5 institution from a single source in a state fiscal year in excess of
6 \$10 million.

7 (c) The coordinating board shall establish procedures for
8 the certification by the coordinating board of an eligible
9 institution's receipt of a qualifying gift or endowment. A cash
10 gift or endowment must be certified as of the date the gift or
11 endowment was deposited by the institution in a depository bank or
12 invested by the institution as authorized by law. A non-cash gift
13 must be certified as of the date the gift is converted to cash, and
14 is considered to have been received on that date for purposes of
15 this subchapter.

16 (d) If the funds appropriated for the program for a state
17 fiscal year are insufficient to provide matching grants in the
18 amounts specified by this section for all qualifying private gifts
19 and endowments received by eligible institutions during that fiscal
20 year, the coordinating board shall provide matching grants for
21 those gifts and endowments in order of their certification date,
22 and shall provide matching grants for any remaining unmatched gifts
23 and endowments in the following fiscal year using funds
24 appropriated to the program for that following year, to the extent
25 funds are available.

26 (e) Matching grants received by an eligible institution
27 under this section may not be considered as a basis to reduce,

1 directly or indirectly, the amount of money otherwise appropriated
2 to the institution.

3 Sec. 62.124. RULES. The coordinating board shall adopt
4 rules for the administration of this subchapter.

5 SECTION 8. Chapter 62, Education Code, is amended by adding
6 Subchapter G to read as follows:

7 SUBCHAPTER G. NATIONAL RESEARCH UNIVERSITY FUND

8 Sec. 62.141. PURPOSE. The purpose of this subchapter is to
9 allocate appropriations from the national research university fund
10 to provide a dedicated, independent, and equitable source of
11 funding to enable emerging research universities in this state to
12 achieve national prominence as major research universities.

13 Sec. 62.142. DEFINITIONS. In this subchapter:

14 (1) "Eligible institution" means a general academic
15 teaching institution that is eligible to receive distributions of
16 money under this subchapter.

17 (2) "Endowment funds" means funds treated as endowment
18 funds under the coordinating board's accountability system.

19 (3) "Fund" means the national research university
20 fund.

21 (4) "General academic teaching institution" has the
22 meaning assigned by Section 61.003.

23 Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a)
24 The national research university fund is a fund outside the state
25 treasury in the custody of the comptroller.

26 (b) The comptroller shall administer and invest the fund in
27 accordance with Section 20, Article VII, Texas Constitution.

1 Sec. 62.144. FUNDING. (a) The fund consists of any amounts
2 appropriated or transferred to the credit of the fund under the
3 Texas Constitution or otherwise appropriated or transferred to the
4 credit of the fund under this section or another law.

5 (b) The comptroller shall deposit to the credit of the fund
6 all interest, dividends, and other income earned from investment of
7 the fund.

8 (c) The comptroller may accept gifts or grants from any
9 public or private source for the fund.

10 Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM
11 FUND. (a) A general academic teaching institution is eligible to
12 receive a distribution of money under this subchapter for each year
13 of a state fiscal biennium if:

14 (1) the institution is designated as an emerging
15 research university under the coordinating board's accountability
16 system;

17 (2) in each of the two state fiscal years preceding the
18 state fiscal biennium, the institution expended at least \$45
19 million in restricted research funds; and

20 (3) the institution satisfies at least four of the
21 following criteria:

22 (A) the value of the institution's endowment
23 is at least \$400 million;

24 (B) the institution awarded at least 200 doctor
25 of philosophy degrees during each of the two academic years
26 preceding the state fiscal biennium;

27 (C) the entering freshman class of the

1 institution for each of those two academic years demonstrated high
2 academic achievement, as determined according to standards
3 prescribed by the coordinating board by rule, giving consideration
4 to the future educational needs of the state as articulated in the
5 coordinating board's "Closing the Gaps" report;

6 (D) the institution is designated as a member of
7 the Association of Research Libraries or has a Phi Beta Kappa
8 chapter or has received an equivalent recognition of research
9 capabilities and scholarly attainment as determined according to
10 standards prescribed by the coordinating board by rule;

11 (E) the faculty of the institution for each of
12 those two academic years was of high quality, as determined
13 according to coordinating board standards based on the professional
14 achievement and recognition of the institution's faculty,
15 including the election of faculty members to national academies;
16 and

17 (F) the institution has demonstrated a
18 commitment to high-quality graduate education, as determined
19 according to standards prescribed by the coordinating board by
20 rule, including the number of graduate-level programs at the
21 institution, the institution's admission standards for graduate
22 programs, and the level of institutional support for graduate
23 students.

24 (b) A general academic teaching institution that becomes
25 eligible to receive a distribution of money under this subchapter
26 remains eligible to receive a distribution in each subsequent state
27 fiscal year.

1 Sec. 62.146. ACCOUNTING STANDARDS; VERIFICATION OF
2 INFORMATION. (a) The coordinating board by rule shall prescribe
3 standard methods of accounting and standard methods of reporting
4 information for the purpose of determining the eligibility of
5 institutions under Section 62.145.

6 (b) As soon as practicable in each even-numbered year, based
7 on information submitted by the institutions to the coordinating
8 board as required by the coordinating board, the coordinating board
9 shall certify to the legislature verified information relating to
10 the criteria established by Section 62.145 to be used to determine
11 which institutions are initially eligible for distributions of
12 money from the fund. Information submitted to the coordinating
13 board by institutions for purposes of this subchapter and the
14 coordinating board's certification of that information under this
15 subsection are subject to audit by the state auditor in accordance
16 with Chapter 321, Government Code.

17 Sec. 62.147. INELIGIBILITY OF INSTITUTIONS RECEIVING
18 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University
19 of Texas at Austin and Texas A&M University are ineligible to
20 receive money under this subchapter.

21 Sec. 62.148. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE
22 INSTITUTIONS. In each state fiscal year, the comptroller shall
23 distribute to eligible institutions the total amount appropriated
24 from the fund for that fiscal year. The amount shall be allocated
25 to the eligible institutions based on an equitable formula adopted
26 by the legislature to carry out the purposes of the fund as
27 established by Section 20, Article VII, Texas Constitution. In

1 adopting the allocation formula, the legislature may consider the
2 recommendations of the coordinating board, including
3 recommendations on the appropriate elements and relative weights of
4 elements of the formula.

5 Sec. 62.149. USE OF ALLOCATED AMOUNTS. (a) An eligible
6 institution may use money received under this subchapter only for
7 the support and maintenance of educational and general activities
8 that promote increased research capacity at the institution.

9 (b) For purposes of Subsection (a), permitted activities
10 include the use of the money to:

- 11 (1) provide faculty support and pay faculty salaries;
- 12 (2) purchase equipment or library materials;
- 13 (3) pay graduate stipends; and
- 14 (4) support research performed at the institution,
15 including undergraduate research.

16 (c) Money received in a fiscal year by an institution under
17 this subchapter that is not used in that fiscal year by the
18 institution may be held and used by the institution in subsequent
19 fiscal years for the purposes prescribed by this section.

20 SECTION 9. Section 62.094, Education Code, is amended to
21 read as follows:

22 Sec. 62.094. FUNDING. (a) The research development fund
23 consists of the [~~amount deposited to the credit of the fund under~~
24 ~~Section 62.025 in each state fiscal year, the amount appropriated~~
25 ~~or transferred to the credit of the fund by the legislature under~~
26 ~~Subsection (b), and any other]~~ amounts appropriated or transferred
27 to the credit of the fund under this section or other law.

1 (b) [~~In each state fiscal year, the legislature may~~
2 ~~appropriate or provide for the transfer to the credit of the~~
3 ~~research development fund of an amount not less than the amount~~
4 ~~deposited to the credit of the fund under Section 62.025 in that~~
5 ~~fiscal year.~~

6 [~~(e)~~] The comptroller shall deposit all interest,
7 dividends, and other income earned from investment of the research
8 development fund to the credit of the fund.

9 (c) [~~(d)~~] The comptroller may accept gifts or grants from
10 any public or private source for the research development fund.

11 SECTION 10. Sections 62.025 and 62.026, Education Code, are
12 repealed.

13 SECTION 11. (a) The Texas Higher Education Coordinating
14 Board, in consultation with institutions of higher education that
15 are eligible institutions under Subchapter C, Chapter 62, Education
16 Code, as added by this Act, shall study and make recommendations
17 regarding the appropriate definitions and categories of research
18 expenditures to be included and applied in determining an
19 institution's eligibility for and distributions from the Research
20 University Development Fund.

21 (b) Not later than December 1, 2010, the coordinating board
22 shall report its study and deliver its recommendations to the:

- 23 (1) governor;
- 24 (2) lieutenant governor;
- 25 (3) speaker of the house of representatives;
- 26 (4) chair of the Senate Committee on Finance;
- 27 (5) chair of the Senate Committee on Higher Education;

1 (6) chair of the House Committee on Appropriations;
2 and

3 (7) chair of the House Committee on Higher Education.

4 (c) At the request of an institution of higher education
5 that consults with the coordinating board under this section, the
6 coordinating board shall include with its recommendations the
7 written response of the institution to those recommendations.

8 SECTION 12. The Texas Higher Education Coordinating Board
9 shall adopt rules relating to the administration of Subchapters C,
10 D, F, and G, Chapter 62, Education Code, as added by this Act, as
11 soon as practicable after the effective date of this Act.

12 SECTION 13. (a) Except as provided by Subsections (b), (c),
13 and (d) of this section, this Act takes effect September 1, 2009.

14 (b) Money may not be appropriated to or distributed from the
15 research university development fund under Subchapter C, Chapter
16 62, Education Code, as added by this Act, or the national research
17 university fund under Subchapter G, Chapter 62, Education Code, as
18 added by this Act, before the state fiscal biennium that begins
19 September 1, 2011.

20 (c) The funding for Section 8 of this Act is contingent on
21 the approval by the voters of the constitutional amendment proposed
22 by the 81st Legislature, Regular Session, 2009, establishing the
23 national research university fund to enable emerging research
24 universities in this state to achieve national prominence as major
25 research universities and transferring the balance of the higher
26 education fund to the national research university fund. If that
27 constitutional amendment is not approved by the voters, Sections 9

1 and 10 of this Act do not take effect.

2 (d) This Act does not make an appropriation. This Act takes
3 effect only if a specific appropriation for the implementation of
4 this Act is provided in a general appropriations act of the 81st
5 Legislature.

FLOOR AMENDMENT NO. 1

BY: Robert Duncan

1 Amend C.S.H.B 51 as follows:

2 On Page 7, Lines 11 through 12 in added Section
3 62.149, strike "permitted activities include the use of the
4 money to:" and substitute "the use of the money shall be limited
5 to the following permitted activities:"

ADOPTED

MAY 26 2009

Atay Spaw
Secretary of the Senate

ADOPTED

MAY 26 2009

FLOOR AMENDMENT NO. 2

Atay Spaw
Secretary of the Senate

BY:

Robert Duncan

1 Amend C.S.S.B. No. 51 (Senate Committee Printing) as
2 follows:

3 (1) Add the following appropriately numbered SECTIONS to
4 the bill and renumber subsequent SECTIONS of the bill
5 accordingly:

6 SECTION ____ . Section 62.021, Education Code, is amended by
7 amending Subsection (a) and adding Subsections (a-1), (a-2),
8 (e), and (f) to read as follows:

9 (a) In each state fiscal year beginning with the state
10 fiscal year ending August 31, 2011 [~~2008~~], an eligible
11 institution is entitled to receive an amount allocated in
12 accordance with this section from the funds appropriated for
13 that year by Section 17(a), Article VII, Texas Constitution.
14 The comptroller shall distribute funds allocated under this
15 subsection only on presentation of a claim and issuance of a
16 warrant in accordance with Section 403.071, Government Code. An
17 eligible institution may not present a claim to be paid [~~The~~
18 ~~comptroller may not issue a warrant~~] from any funds allocated
19 under this subsection before the delivery of goods or services
20 described in Section 17, Article VII, Texas Constitution, except
21 for the payment of principal or interest on bonds or notes or
22 for a payment for a book or other published library material as
23 authorized by Section 2155.386, Government Code. The allocation
24 of funds under this subsection is made in accordance with an
25 equitable formula consisting of the following elements: space
26 deficit, facilities condition, institutional complexity, and a
27 separate allocation for the Texas State Technical College
28 System. The annual amounts allocated by the formula are as
29 follows:

✓ 9.146.431 ksd

- 1 (1) \$3,559,433 [~~\$3,434,348~~] to Midwestern State
2 University;
- 3 (2) \$27,846,476 [~~\$26,137,233~~] to the University of
4 North Texas;
- 5 (3) \$8,771,265 [~~\$8,139,391~~] to the University of
6 North Texas Health Science Center at Fort Worth;
- 7 (4) \$12,311,123 [~~\$12,882,348~~] to The University of
8 Texas--Pan American;
- 9 (5) \$5,057,420 [~~\$4,186,790~~] to The University of
10 Texas at Brownsville;
- 11 (6) \$8,425,937 [~~\$7,025,771~~] to Stephen F. Austin
12 State University;
- 13 (7) to the following component institutions of the
14 Texas State University System:
- 15 (A) \$8,330,933 [~~\$11,210,508~~] to Lamar
16 University;
- 17 (B) \$2,332,463 to the Lamar Institute of
18 Technology;
- 19 (C) \$1,235,752 [~~\$1,115,048~~] to Lamar State
20 College--Orange;
- 21 (D) \$1,244,694 [~~(C) \$1,190,119~~] to Lamar State
22 College--Port Arthur;
- 23 (E) \$11,893,110 [~~(D) \$9,916,306~~] to Sam Houston
24 State University;
- 25 (F) \$21,863,258 [~~(E) \$19,799,276~~] to Texas
26 State University--San Marcos;
- 27 (G) \$1,625,061 [~~(F) \$2,043,772~~] to Sul Ross
28 State University; and
- 29 (H) \$445,380 [~~(G) \$379,831~~] to Sul Ross State
30 University-Rio Grande College;
- 31 (8) \$8,894,700 [~~\$11,156,463~~] to Texas Southern

1 University;

2 (9) to the following component institutions of the
3 Texas Tech University System:

4 (A) \$23,936,088 [~~\$26,829,477~~] to Texas Tech
5 University;

6 (B) \$16,973,569 [~~\$17,849,441~~] to Texas Tech
7 University Health Sciences Center; and

8 (C) \$3,743,027 [~~\$3,585,802~~] to Angelo State
9 University;

10 (10) \$10,169,695 [~~\$8,424,209~~] to Texas Woman's
11 University;

12 (11) to the following component institutions of the
13 University of Houston System:

14 (A) \$35,885,768 [~~\$35,276,140~~] to the University
15 of Houston;

16 (B) \$2,393,921 [~~\$2,282,883~~] to the University of
17 Houston--Victoria;

18 (C) \$5,214,167 [~~\$6,001,337~~] to the University of
19 Houston--Clear Lake; and

20 (D) \$7,435,238 [~~\$9,628,151~~] to the University of
21 Houston--Downtown;

22 (12) to the following component institutions of The
23 Texas A&M University System:

24 (A) \$7,139,067 [~~\$8,278,993~~] to Texas A&M
25 University--Corpus Christi;

26 (B) \$3,796,436 [~~\$3,130,211~~] to Texas A&M
27 International University;

28 (C) \$5,046,885 [~~\$5,052,232~~] to Texas A&M
29 University--Kingsville;

30 (D) \$4,652,995 [~~\$4,776,890~~] to West Texas A&M
31 University;

9.146.431 ksd

1 (E) \$5,193,232 [~~\$5,345,678~~] to Texas A&M
2 University--Commerce; and

3 (F) \$1,307,907 [~~\$1,646,352~~] to Texas A&M
4 University--Texarkana; and

5 (13) \$5,775,000 to the Texas State Technical College
6 System Administration and the following component campuses, but
7 not its extension centers or programs:

8 (A) Texas State Technical College-Harlingen;

9 (B) Texas State Technical College--Marshall;

10 (C) Texas State Technical College--West Texas;
11 and

12 (D) Texas State Technical College--Waco.

13 (a-1) This subsection applies only to the state fiscal
14 years ending August 31, 2009, and August 31, 2010, and is
15 intended as a correction necessary to ensure an equitable
16 distribution of the funds appropriated by Section 17(a), Article
17 VII, Texas Constitution, for the five-year period ending August
18 31, 2010, in accordance with the equitable formula prescribed by
19 Section 17(d), Article VII, Texas Constitution. In each state
20 fiscal year to which this subsection applies, an eligible
21 institution is entitled to receive an amount allocated in
22 accordance with this subsection from the funds appropriated for
23 each of those years by Section 17(a), Article VII, Texas
24 Constitution. The comptroller shall distribute funds allocated
25 under this subsection only on presentation of a claim and
26 issuance of a warrant in accordance with Section 403.071,
27 Government Code. An eligible institution may not present a
28 claim to be paid from any funds allocated under this subsection
29 before the delivery of goods or services described in Section
30 17, Article VII, Texas Constitution, except for the payment of
31 principal or interest on bonds or notes or for a payment for a

4

1 book or other published library material as authorized by
2 Section 2155.386, Government Code. The allocation of funds
3 under this subsection is made in accordance with an equitable
4 formula consisting of the following elements: space deficit,
5 facilities condition, institutional complexity, and a separate
6 allocation for the Texas State Technical College System. The
7 annual amounts allocated by the formula are as follows:

8 (1) \$3,810,377 to Midwestern State University;

9 (2) \$27,122,687 to the University of North Texas;

10 (3) \$7,994,676 to the University of North Texas

11 Health Science Center at Fort Worth;

12 (4) \$13,176,800 to The University of Texas--Pan

13 American;

14 (5) \$4,284,677 to The University of Texas at

15 Brownsville;

16 (6) \$6,907,643 to Stephen F. Austin State University;

17 (7) to the following component institutions of the

18 Texas State University System:

19 (A) \$8,028,333 to Lamar University;

20 (B) \$1,825,332 to the Lamar Institute of

21 Technology;

22 (C) \$1,140,745 to Lamar State College--Orange;

23 (D) \$1,217,124 to Lamar State College--Port

24 Arthur;

25 (E) \$10,184,001 to Sam Houston State University;

26 (F) \$20,258,248 to Texas State University--San

27 Marcos;

28 (G) \$2,090,896 to Sul Ross State University; and

29 (H) \$388,203 to Sul Ross State University-Rio

30 Grande College;

31 (8) \$11,283,387 to Texas Southern University;

1 (9) to the following component institutions of the
2 Texas Tech University System:

3 (A) \$27,446,656 to Texas Tech University;

4 (B) \$14,854,762 to Texas Tech University Health
5 Sciences Center; and

6 (C) \$3,667,497 to Angelo State University;

7 (10) \$8,615,167 to Texas Woman's University;

8 (11) to the following component institutions of the
9 University of Houston System:

10 (A) \$36,091,538 to the University of Houston;

11 (B) \$2,335,692 to the University of Houston--
12 Victoria;

13 (C) \$5,355,874 to the University of Houston--
14 Clear Lake; and

15 (D) \$9,548,995 to the University of Houston--
16 Downtown;

17 (12) to the following component institutions of The
18 Texas A&M University System:

19 (A) \$8,471,116 to Texas A&M University--Corpus
20 Christi;

21 (B) \$3,202,241 to Texas A&M International
22 University;

23 (C) \$5,167,540 to Texas A&M University--
24 Kingsville;

25 (D) \$4,886,159 to West Texas A&M University;

26 (E) \$5,684,047 to Texas A&M University--
27 Commerce; and

28 (F) \$1,684,587 to Texas A&M University--
29 Texarkana; and

30 (13) \$5,775,000 to the Texas State Technical College
31 System Administration and the following component campuses, but

1 not its extension centers or programs:

2 (A) Texas State Technical College-Harlingen;

3 (B) Texas State Technical College--Marshall;

4 (C) Texas State Technical College--West Texas;

5 and

6 (D) Texas State Technical College--Waco.

7 (a-2) This subsection and Subsection (a-1) expire
8 September 1, 2010.

9 (e) Whereas the University of North Texas at Dallas was
10 created as an institution of higher education by Chapter 25
11 (S.B. 576), Acts of the 77th Legislature, Regular Session, 2001,
12 which was approved by a vote of more than two-thirds of the
13 membership of each house of the legislature, the University of
14 North Texas at Dallas is entitled to participate in the funding
15 provided by Section 17, Article VII, Texas Constitution, as soon
16 as the University of North Texas at Dallas operates as a general
17 academic teaching institution.

18 (f) Pursuant to the annual allocation amounts shown in
19 Subsections (a) and (a-1) for each year of the remaining 10-year
20 allocation period established under Section 17(d), Article VII,
21 Texas Constitution, that ends in 2015, the comptroller shall
22 distribute to the Lamar Institute of Technology a portion of the
23 total annual appropriation under Section 17(a), Article VII,
24 Texas Constitution.

25 SECTION ____ . Section 62.024, Education Code, is amended to
26 read as follows:

27 Sec. 62.024. AMOUNT OF ALLOCATION INCREASED. In
28 accordance with Section 17(a), Article VII, Texas Constitution,
29 for each state fiscal year beginning with the state fiscal year
30 ending August 31, 2008, the amount of the annual constitutional
31 appropriation under that subsection is increased to \$262.5

9.146.431 ksd

1 million. [~~Before the state fiscal year ending August 31, 2008,~~
2 ~~the amount of the annual constitutional appropriation under that~~
3 ~~subsection is \$175 million.~~]

4 (2) In SECTION 13 of the bill, strike Subsection (a) of
5 that section (page 7, lines 68 and 69), and substitute the
6 following:

7 (a) Except as provided by Subsections (b), (c), (d), and
8 (e) of this section, this Act takes effect September 1, 2009.

9 (3) At the end of SECTION 13 of the bill (page 8,
10 immediately following line 19), add the following:

11 (e) The sections of this Act amending Sections 62.021, and
12 62.024, Education Code, take effect immediately if this Act
13 receives a vote of two-thirds of all the members elected to each
14 house, as provided by Section 39, Article III, Texas
15 Constitution. If this Act does not receive the vote necessary
16 for immediate effect, those sections takes effect September 1,
17 2009. Subsection (d) of this section does not apply to the
18 sections of this Act that amend Sections 62.021 and 62.024,
19 Education Code.

ADOPTED

MAY 26 2009

FLOOR AMENDMENT NO. 3

Atty Gen
Secretary of the State

William

Amendment No. 2 by Duncan to

1 Amend H.B. No. 51 by adding the following appropriately
2 numbered SECTIONS to the bill ^(amendment) and renumbering subsequent SECTIONS
3 of the bill ^(amendment) accordingly:

4 SECTION ____ Subsection (a), Section 96.703, Education
5 Code, is amended to read as follows:

6 (a) In the city of Beaumont, the ~~[The]~~ board shall establish
7 and maintain a lower-division institution of higher education ~~[an~~
8 ~~educational center of Lamar University]~~ as a separate
9 degree-granting institution to be known as Lamar Institute of
10 Technology.

11 SECTION ____ Subsection (c), Section 96.703, Education
12 Code, is repealed.

ADOPTED

FLOOR AMENDMENT NO. 4

MAY 26 2009

BY: Thurman

Antony Spaw
Secretary of the Senate

1 Amend C.S.H.B. No. 51 by adding the following appropriately
2 numbered SECTIONS to the bill and renumbering subsequent
3 SECTIONS appropriately:

4 SECTION __. INTERIM STUDY REGARDING TECHNOLOGY RESEARCH
5 DATA COLLECTION. (a) A select interim committee is created to
6 study the feasibility of collecting data and maintaining a
7 searchable electronic database, search engine, or other
8 collection of data (data collection) relating to specialized
9 technology research projects that are developed or conducted at
10 public universities in this state, research facilities of public
11 universities in this state, or other facilities operated by a
12 state agency, in order to facilitate coordination among the
13 universities and facilities on the projects and improve access
14 to and awareness of the specialized research and technologies
15 developed at those institutions and facilities.

16 (b) The study must consider:

17 (1) appropriate entities to administer the data
18 collection, including nonprofit organizations, public
19 universities in this state, or state agencies;

20 (2) the extent of legislative oversight required for
21 an entity that would maintain the data collection;

22 (3) compliance with state and federal laws regarding
23 access to public information; and

24 (4) the information the data collection would
25 include, such as:

26 (A) a list of projects involving one or more of
27 the following areas:

28 (i) energy research, including methods of
29 creation, storage, distribution, and conservation of energy;

+

1 (ii) biomedical science research, including
2 research that involves stem cells or human cloning;

3 (iii) nanotechnology research, including
4 nanomedicine; and

5 (iv) other specialized technology research;

6 (B) for each project listed under Paragraph (A)
7 of this subdivision, a brief description of the project,
8 including the field of technology involved, the entity involved
9 with the project, and additional comments regarding the research
10 the Texas Higher Education Coordinating Board considers
11 appropriate; and

12 (C) other relevant information and available
13 resources in this state relating to specialized technology
14 research, including:

15 (i) expert faculty or research personnel;

16 (ii) available technology and patents
17 obtained;

18 (iii) the location of and policies for the
19 use of available research equipment;

20 (iv) public grants or contracts awarded;
21 and

22 (v) the process through which any stem
23 cells and stem cell lines utilized were derived.

24 (c) The study shall examine the current state of access to
25 public information about specialized technology research
26 projects and shall assess the best methods of facilitating
27 access to the information. In addition, the study shall
28 consider what information should be accessible by the general
29 public and what information, if any, should have restricted
30 access.

31 (d) The committee shall be composed of:

1 (1) representatives of the following institutions,
2 with one member named by each institution: The University of
3 Texas at Austin, Texas A&M University, Texas Tech University,
4 the University of Houston, the University of North Texas, The
5 University of Texas at Arlington, The University of Texas at
6 Dallas, The University of Texas at El Paso, and The University
7 of Texas at San Antonio; and

8 (2) a number of members appointed by the Texas Higher
9 Education Coordinating Board as the coordinating board considers
10 appropriate to represent the coordinating board, data collection
11 providers, and the technology industry.

12 (e) On the request of the committee, a general academic
13 institution of higher education, research facility of a general
14 academic institution of higher education, or other facility
15 operated by a state agency shall provide to the Texas Higher
16 Education Coordinating Board or advisory committee any
17 information necessary for the board or advisory committee to
18 perform its duties under this section.

19 SECTION __. COMMITTEE REPORT. Not later than December 1,
20 2010, the committee shall report the committee's findings and
21 recommendations to the lieutenant governor, the speaker of the
22 house of representatives, and the governor. The committee shall
23 include in its recommendations specific legislation that the
24 committee considers desirable to address the need for and
25 feasibility of establishing a data collection as determined by
26 the committee's findings.

27 SECTION __. ABOLITION OF COMMITTEE. The committee is
28 abolished and this Act expires January 16, 2011.

29 SECTION __. EFFECTIVE DATE. This Act takes effect
30 immediately if it receives a vote of two-thirds of all the
31 members elected to each house, as provided by Section 39,

1 Article III, Texas Constitution. If this Act does not receive
2 the vote necessary for immediate effect, this Act takes effect
3 September 1, 2009.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB51 by Branch (Relating to measures to enhance and maintain the quality of state universities, including funding and incentives to support emerging public research universities in developing and maintaining programs of the highest tier, to the abolition of the higher education fund, and to the institutional groupings under the Texas Higher Education Coordinating Board's accountability system.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB51, As Passed 2nd House: a negative impact of (\$276,013,806) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$138,039,302)
2011	(\$137,974,504)
2012	(\$137,974,504)
2013	(\$137,974,504)
2014	(\$137,974,504)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2010	(\$138,039,302)
2011	(\$137,974,504)
2012	(\$137,974,504)
2013	(\$137,974,504)
2014	(\$137,974,504)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	3.0
2011	3.0
2012	3.0
2013	3.0
2014	3.0

Fiscal Analysis

The fiscal note will be broken out by each section of the bill.

Section 1 of the bill would require each institution of higher education designated as a research university or emerging research university to submit to the Higher Education Coordinating Board, a detailed, long-term strategic plan documenting the strategy by which the institution intends to achieve recognition as a research university, or enhance the university's reputation as a research university as applicable.

Section 2 would require the Higher Education Coordinating Board, as part of other funding recommendations, to determine the amount the Board considers appropriate for funding for excellence in specific programs and fields at general academic teaching institutions.

Section 3 would establish an Excellence Awards program for institutions other than research universities or emerging research universities to encourage the development of designated degree programs to the highest national standards. The Texas Higher Education Coordinating Board (THECB) would be authorized to release Excellence Award funding only when certain benchmarks are met.

Section 4 would require the Higher Education Coordinating Board review the institutional groupings under the Board's accountability system at least once every ten years.

Section 5 and Section 6 would amend Chapter 62 of the Education Code relating to the Research Development Fund.

Section 7, Subchapter C, Research University Development Fund. Under this section the Higher Education Coordinating Board would distribute funds to eligible research and emerging research universities based on the average amount of total research funds expended by each institution annually during the three most recent fiscal years according to rates specified in the bill.

Section 7, Subchapter D, Performance Incentive Funding, provides a mechanism for performance incentive funding for general academic teaching institutions. The funding would be allocated on a 50/50 split under guidelines established in the bill. Using a table of weights with combinations of noncritical/critical fields and not at-risk/at-risk students, general academic institutions qualify for incentive funds in proportion to the increase in the average number of degrees awarded annually in the two most recent fiscal years compared to the two immediately preceding years. Noncritical field/Not at-risk Student is weighted at 1.0; Critical field/at-risk Student is weighted at 3.0. Statutory critical fields include engineering, computer science, math, physical science, allied health, nursing, and teach certification in science or math.

Section 7 Subchapter F, Texas Research Incentive Program. Under provisions of this section, the Higher Education Coordinating Board would develop and administer the Texas Research Incentive Program to provide matching funds to assist eligible institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment.

Section 8, Subchapter G, National Research University Fund. Contingent upon voter approval of a Texas Constitutional amendment proposed by the 81st Texas Legislature, the bill would create a new source of funding to enhance research capacity at certain public general academic institutions using the investment earnings of an existing but rededicated fund corpus (i.e., the Permanent Higher Education Fund, which would become the corpus for the National Research University Fund, or NRUF). Annual NRUF allocations to eligible institutions would be based solely on the earnings of the NRUF corpus over time.

Section 9 amends Section 62.094 of the Education Code as it relates to the Research Development Fund.

The bill would also provide two separate reallocations of the Higher Education Fund (HEF) for fiscal years 2009 through 2014, and would not change the total amounts appropriated to the HEF in any of the fiscal years this bill would affect. However, individual institutions of higher education would be affected based on the dollar outcome generated by the updated HEF formula.

The first reallocation would apply to fiscal years 2009 and 2010. To maintain an equitable distribution

basis for the HEF, this reallocation would correct certain errors in the existing HEF allocation. This reallocation would also provide additional HEF funds to those institutions that were under-allocated previously by reducing the allocation of previously over-allocated institutions.

The second reallocation would apply to the second half of the HEF's decennial period (fiscal years 2011 - 2014), and is based on a corrected allocation using updated data elements.

The bill would specify the University of North Texas at Dallas is entitled to participate in the HEF reallocation as soon as the UNT component operates as a general academic teaching institution.

Starting in fiscal year 2011, this bill would also provide separate HEF allocations to the Lamar Institute of Technology, and would direct the Comptroller to adjust the HEF allocations accordingly.

Under provisions of the bill, a select committee would be created to study the feasibility of collecting data and maintaining a searchable electronic database to track specialized technology research projects conducted by public universities, public university research facilities, and other state institutions. The committee would include representatives from the institutions specified in the bill and from the Higher Education Coordinating Board. The committee would report their findings and recommendations to the lieutenant governor, the speaker of the house of representatives and the governor by December 1, 2010. The committee would be abolished on January 16, 2011. Provisions of the bill would be implemented within existing resources.

Methodology

The fiscal impact for the bill is broken down by the new initiatives and administrative costs for the Higher Education Coordinating Board.

Research University Development Fund

Based upon total research expenditures of the two research universities and seven emerging research universities between fiscal year 2006 and 2008, the Higher Education Coordinating Board estimates that matching grants of \$117 million per year would be made to the institutions. The 80th Legislature appropriated \$46,603,810 in fiscal year 2008 and \$46,603,805 in fiscal year 2009 to a similar program, the Texas Competitive Knowledge Fund, to the University of Texas at Austin, Texas A&M University, University of Houston, and Texas Tech University. For purposes of this fiscal note, these amounts have been taken into consideration and the costs associated with this section of the legislation have been reduced accordingly.

Performance Incentive Funding

Based on an incentive funding model provided by the Higher Education Coordinating Board, \$100 million per year would be distributed to the institutions. Of this amount \$50 million would be awarded based the increase in the average number of degrees awarded annually by each institution in the two most recent fiscal years (2007 and 2008) compared to the preceding fiscal years (2005 and 2006) and \$50 million would be awarded in proportion to the average number of degrees awarded in the three most recent fiscal years (2006, 2007 and 2008). The criteria for the allocation for public universities includes bachelor, masters, doctoral and professional degrees. Degrees issued to students considered at risk as well as degrees in critical fields are given extra weight.

In fiscal year 2009, the Higher Education Coordinating Board was appropriated \$100 million in incentive funding with 80%, or \$80 million, going to general academic teaching institutions based on degrees awarded with increased weights for critical fields and at-risk students and 20%, or \$20 million, going to top ten percent scholarships. For purposes of this fiscal note, it is assumed this allocation would continue in the same amounts and same percentages for fiscal year 2010 and subsequent years thereby reducing the costs by \$80 million per year. It should be noted that the number of top ten percent scholarships would increase in the 2010-11 biennium as new cohorts of students become eligible for the program and renewal students receive funding. The estimated amount to cover these students is \$54 million for the biennium.

Texas Research Incentive Program

Based on information provided by the Higher Education Coordinating Board, the fiscal year 2008 total of private gifts reported by emerging research universities that would qualify for a match under the legislation would be approximately \$47.3 million per year. For purposes of this fiscal note it is assumed the state would match this amount in fiscal years 2010-2014.

National Research University Fund

Since the funding for the National Research University Fund would be tied the investment earnings of an existing fund, there would not be a fiscal impact to the State.

Administrative Costs

Administrative costs for the Higher Education Coordinating Board for salary and benefits for three new program directors is estimated at \$267,608 per year in fiscal year 2010, and \$232,810 in fiscal year 2011 and subsequent years. Staff travel cost is estimated at \$10,000 annually to allow staff and two consultants to monitor the implementation/use of funds distributed through the new programs. Four site visits per year would be conducted at a \$2,500 cost for each. Other operating expenses at \$5,000 annually would be used to upgrade computer technology software, perhaps with GIS software, to allow greater monitoring and evaluation, and real time updates on new building process/renovation.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 783 University of Houston System Administration, 768 Texas Tech University System Administration

LBB Staff: JOB, KK, RT, GO, SSh

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 25, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB51 by Branch (relating to measures to enhance and maintain the quality of state universities, including funding and incentives to support emerging public research universities in developing and maintaining programs of the highest tier, to the abolition of the higher education fund, and to the institutional groupings under the Texas Higher Education Coordinating Board's accountability system.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB51, Committee Report 2nd House, Substituted: a negative impact of (\$276,013,806) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$138,039,302)
2011	(\$137,974,504)
2012	(\$137,974,504)
2013	(\$137,974,504)
2014	(\$137,974,504)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2010	(\$138,039,302)
2011	(\$137,974,504)
2012	(\$137,974,504)
2013	(\$137,974,504)
2014	(\$137,974,504)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	3.0
2011	3.0
2012	3.0
2013	3.0
2014	3.0

Fiscal Analysis

The fiscal note will be broken out by each section of the bill.

Section 1 of the bill would require each institution of higher education designated as a research university or emerging research university to submit to the Higher Education Coordinating Board, a detailed, long-term strategic plan documenting the strategy by which the institution intends to achieve recognition as a research university, or enhance the university's reputation as a research university as applicable.

Section 2 would require the Higher Education Coordinating Board, as part of other funding recommendations, to determine the amount the Board considers appropriate for funding for excellence in specific programs and fields at general academic teaching institutions.

Section 3 would establish an Excellence Awards program for institutions other than research universities or emerging research universities to encourage the development of designated degree programs to the highest national standards. The Texas Higher Education Coordinating Board (THECB) would be authorized to release Excellence Award funding only when certain benchmarks are met.

Section 4 would require the Higher Education Coordinating Board review the institutional groupings under the Board's accountability system at least once every ten years.

Section 5 and Section 6 would amend Chapter 62 of the Education Code relating to the Research Development Fund

Section 7, Subchapter C, Research University Development Fund. Under this section the Higher Education Coordinating Board would distribute funds to eligible research and emerging research universities based on the average amount of total research funds expended by each institution annually during the three most recent fiscal years according to rates specified in the bill.

Section 7, Subchapter D, Performance Incentive Funding, provides a mechanism for performance incentive funding for general academic teaching institutions. The funding would be allocated on a 50/50 split under guidelines established in the bill. Using a table of weights with combinations of noncritical/critical fields and not at-risk/at-risk students, general academic institutions qualify for incentive funds in proportion to the increase in the average number of degrees awarded annually in the two most recent fiscal years compared to the two immediately preceding years. Noncritical field/Not at-risk Student is weighted at 1.0; Critical field/at-risk Student is weighted at 3.0. Statutory critical fields include engineering, computer science, math, physical science, allied health, nursing, and teach certification in science or math.

Section 7 Subchapter F, Texas Research Incentive Program. Under provisions of this section, the Higher Education Coordinating Board would develop and administer the Texas Research Incentive Program to provide matching funds to assist eligible institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment.

Section 8, Subchapter G, National Research University Fund. Contingent upon voter approval of a Texas Constitutional amendment proposed by the 81st Texas Legislature, the bill would create a new source of funding to enhance research capacity at certain public general academic institutions using the investment earnings of an existing but rededicated fund corpus (i.e., the Permanent Higher Education Fund, which would become the corpus for the National Research University Fund, or NRUF). Annual NRUF allocations to eligible institutions would be based solely on the earnings of the NRUF corpus over time.

Section 9 amends Section 62.094 of the Education Code as it relates to the Research Development Fund.

Methodology

The fiscal impact for the bill is broken down by the new initiatives and administrative costs for the Higher Education Coordinating Board.

Research University Development Fund

Based upon total research expenditures of the two research universities and seven emerging research universities between fiscal year 2006 and 2008, the Higher Education Coordinating Board estimates that matching grants of \$117 million per year would be made to the institutions. The 80th Legislature appropriated \$46,603,810 in fiscal year 2008 and \$46,603,805 in fiscal year 2009 to a similar program, the Texas Competitive Knowledge Fund, to the University of Texas at Austin, Texas A&M University, University of Houston, and Texas Tech University. For purposes of this fiscal note, these amounts have been taken into consideration and the costs associated with this section of the legislation have been reduced accordingly.

Performance Incentive Funding

Based on an incentive funding model provided by the Higher Education Coordinating Board, \$100 million per year would be distributed to the institutions. Of this amount \$50 million would be awarded based the increase in the average number of degrees awarded annually by each institution in the two most recent fiscal years (2007 and 2008) compared to the preceding fiscal years (2005 and 2006) and \$50 million would be awarded in proportion to the average number of degrees awarded in the three most recent fiscal years (2006, 2007 and 2008). The criteria for the allocation for public universities includes bachelor, masters, doctoral and professional degrees. Degrees issued to students considered at risk as well as degrees in critical fields are given extra weight.

In fiscal year 2009, the Higher Education Coordinating Board was appropriated \$100 million in incentive funding with 80% or \$80 million going to general academic teaching institutions based on degrees awarded with increased weights for critical fields and at-risk students and 20% or \$20 million going to top ten percent scholarships. For purposes of this fiscal note, it is assumed this allocation would continue in the same amounts and same percentages for fiscal year 2010 and subsequent years thereby reducing the costs by \$80 million per year. It should be noted that the number of top ten percent scholarships would increase in the 2010-11 biennium as new cohorts of students become eligible for the program and renewal students receive funding. The estimated amount to cover these students is \$54 million for the biennium.

Texas Research Incentive Program

Based on information provided by the Higher Education Coordinating Board, the fiscal year 2008 total of private gifts reported by emerging research universities that would qualify for a match under the legislation would be approximately \$47.3 million per year. For purposes of this fiscal note it is assumed the state would match this amount in fiscal years 2010-2014.

National Research University Fund

Since the funding for the National Research University Fund would be tied the investment earnings of an existing fund, there would not be a fiscal impact to the State.

Administrative Costs

Administrative costs for the Higher Education Coordinating Board for salary and benefits for three new program directors is estimated at \$267,608 per year in fiscal year 2010, and \$232,810 in fiscal year 2011 and subsequent years. Staff travel cost is estimated at \$10,000 annually to allow staff and two consultants to monitor the implementation/use of funds distributed through the new programs. Four site visits per year would be conducted at a \$2,500 cost for each. Other operating expenses at \$5,000 annually would be used to upgrade computer technology software, perhaps with GIS software, to allow greater monitoring and evaluation, and real time updates on new building process/renovation.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board, 710 Texas A&M University System

Administrative and General Offices, 720 The University of Texas System
Administration, 758 Texas State University System, 769 University of North Texas
System Administration, 783 University of Houston System Administration, 768 Texas
Tech University System Administration

LBB Staff: JOB, KK, RT, GO, SSh

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 5, 2009

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB51 by Branch (Relating to funding and incentives to support emerging public research universities in developing and maintaining programs of the highest tier.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB51, As Engrossed: a negative impact of (\$189,912,434) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$94,973,616)
2011	(\$94,938,818)
2012	(\$94,938,818)
2013	(\$94,938,818)
2014	(\$94,938,818)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2010	(\$94,973,616)
2011	(\$94,938,818)
2012	(\$94,938,818)
2013	(\$94,938,818)
2014	(\$94,938,818)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	3.0
2011	3.0
2012	3.0
2013	3.0
2014	3.0

Fiscal Analysis

The bill would create three initiatives to support emerging research universities. Currently the seven institutions considered "emerging research universities" are University of Houston, Texas Tech University, University of North Texas, University of Texas at Arlington, University of Texas at Dallas, University of Texas at El Paso, and the University of Texas at San Antonio.

The bill would create the Research University Development Fund. The purpose of the fund is to provide funding to eligible institutions for the enhancement of research productivity to enable those institutions to achieve national prominence as major research universities. Under provisions of the bill, the Higher Education Coordinating Board will distribute any funds appropriated by the legislature among eligible institutions in proportion to the total amount of restricted research funds expended by each institution in the two most recent state fiscal years. Under provisions of the bill, the legislature may not appropriate money for this initiative unless an equal amount of money is appropriated for the Texas Research Incentive Program.

The second initiative establishes the Texas Research Incentive Program whereby gifts received by the emerging research universities would be matched with state appropriations if certain conditions are met. The state would match a certain percentage of the total amount of the gift received. Under provisions of the bill, the legislature may not appropriate money for this initiative unless an equal amount of money is appropriated for the Research University Development Fund.

The third initiative creates the National Research University Fund. Contingent upon voter approval of a Texas Constitutional amendment proposed by the 81st Texas Legislature, the bill would create a new source of funding to enhance research capacity at certain emerging research universities using the investment earnings of an existing but rededicated fund corpus (i.e., the Permanent Higher Education Fund, which would become the corpus for the National Research University Fund). Annual National Research University Fund allocations to eligible institutions would be based solely on the earnings of the National Research University Fund corpus over time.

Methodology

The fiscal impact for the bill would be broken down by the three initiatives, beginning with the Texas Research Incentive Program, and administrative costs for the Higher Education Coordinating Board.

Texas Research Incentive Program

Based on information provided by the Higher Education Coordinating Board, the fiscal year 2008 total of private gifts reported by emerging research universities that would qualify for a match under the legislation would be approximately \$47.3 million per year. For purposes of this fiscal note it is assumed the state would match this amount in fiscal years 2010-2014.

Research University Development Fund

It is assumed for purposes of this fiscal note that the amount appropriated for the Texas Research Incentive Program, estimated at \$47.3 million for each fiscal year, will also be appropriated to the Research University Development Program. Currently, the emerging institutions, along with other institutions, are appropriated funding through a similarly named fund, the Research Development Fund. Allocation of this funding is based on restricted research expenditures in the three most recent fiscal years. Since the statutory provisions dealing with the Research Development Fund were not amended by the proposed legislation it is assumed for purposes this fiscal note that these are two separate funds.

National Research University Fund

Since the funding for the National Research University Fund would be tied the investment earnings of an existing fund, there would not be a fiscal impact to the State.

Administrative Costs

Administrative costs for the Higher Education Coordinating Board for salary and benefits for three new program directors is estimated at \$267,608 per year in fiscal year 2010, and \$232,810 in fiscal year 2011 and subsequent years. Staff travel cost is estimated at \$10,000 annually to allow staff and two consultants to monitor the implementation/use of funds distributed through the new programs. Four site visits per year would be conducted at a \$2,500 cost for each. Other operating expenses at

\$5,000 annually would be used to upgrade computer technology software, perhaps with GIS software, to allow greater monitoring and evaluation, and real time updates on new building process/renovation.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 769 University of North Texas System Administration, 781 Higher Education Coordinating Board, 783 University of Houston System Administration, 768 Texas Tech University System Administration

LBB Staff: JOB, KK, RT, GO, SSh

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB51 by Branch (relating to funding and incentives to support emerging public research universities in developing and maintaining programs of the highest tier.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB51, Committee Report 1st House, Substituted: a negative impact of (\$495,241,426) through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$247,643,112)
2011	(\$247,598,314)
2012	(\$247,598,314)
2013	(\$247,598,314)
2014	(\$247,598,314)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2010	(\$247,643,112)
2011	(\$247,598,314)
2012	(\$247,598,314)
2013	(\$247,598,314)
2014	(\$247,598,314)

Fiscal Year	Change in Number of State Employees from FY 2009
2010	3.0
2011	3.0
2012	3.0
2013	3.0
2014	3.0

Fiscal Analysis

The bill would create three initiatives to support emerging research universities. Currently the seven institutions considered "emerging research universities" are University of Houston, Texas Tech University, University of North Texas, University of Texas at Arlington, University of Texas at

Dallas, University of Texas at El Paso, and the University of Texas at San Antonio.

The bill would create the Research University Development Fund. The purpose of the fund is to provide funding to eligible institutions for the enhancement of research productivity to enable those institutions to achieve national prominence as major research universities. Under provisions of the bill, the Higher Education Coordinating Board will distribute any funds appropriated by the legislature among eligible institutions in proportion to the total amount of restricted research funds expended by each institution in the two most recent state fiscal years. The second initiative establishes the Texas Research Incentive Program whereby gifts received by the emerging research universities would be matched with state appropriations if certain conditions are met. The state would match a certain percentage of the total amount of the gift received. The third initiative establishes a National Research University Benchmark Fund. The purpose of the fund is to provide funding to incentivize the enhancement of emerging research universities by rewarding those universities that meet critical benchmarks toward achieving national prominence as major research universities.

Methodology

The fiscal impact for the bill would be broken down by the three initiatives and administrative costs for the Higher Education Coordinating Board.

Research University Development Fund

In order to provide a possible impact on the institutions, the Higher Education Coordinating Board has estimated \$100 million for each fiscal year would be allocated to the fund. Currently, the emerging institutions, along with other institutions, are appropriated funding through a similarly named fund, the Research Development Fund. Allocation of this funding is based on restricted research expenditures in the three most recent fiscal years. Since the statutory provisions dealing with the Research Development Fund were not amended by the proposed legislation it is assumed for purposes of this fiscal note that these are two separate funds.

Texas Research Incentive Program

Based on information provided by the Higher Education Coordinating Board, the fiscal year 2008 total of private gifts reported by emerging research universities that would qualify for a match under the legislation would be approximately \$47.3 million per year. For purposes of this fiscal note it is assumed the state would match this amount in fiscal years 2010-2014.

National Research University Benchmark Fund

The Higher Education Coordinating Board developed a methodology assigning points based upon the criteria mentioned in the bill. Based on this criteria three institutions would receive funding totaling \$100 million per year.

Administrative Costs

Administrative costs for the Higher Education Coordinating for Salary and benefits for three new program directors is estimated at \$267,608 per year in fiscal year 2010 and \$232,810 in fiscal year 2011 and subsequent years. Staff travel cost is estimated at \$10,000 annually to allow staff and two consultants to monitor the implementation/use of funds distributed through the new grant program. Four site visits per year would be conducted at \$2,500 cost for each. Other operating expenses at \$5,000 annually would be used to upgrade computer technology software, perhaps with GIS software, to allow greater monitoring and evaluation, and real time updates on new building process/renovation.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 710 Texas A&M University System Administrative and General Offices, 720 The

University of Texas System Administration, 758 Texas State University System, 769
University of North Texas System Administration, 781 Higher Education Coordinating
Board, 783 University of Houston System Administration, 768 Texas Tech University
System Administration

LBB Staff: JOB, KK, RT, GO, SSh

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 11, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB51 by Branch (Relating to funding and other measures to support emerging public research universities in developing and maintaining programs of the highest tier.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB51, As Introduced: a negative impact of (\$445,725,216) through the biennium ending August 31, 2011.
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General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	(\$216,777,608)
2011	(\$228,947,608)
2012	(\$280,850,000)
2013	(\$333,020,000)
2014	(\$384,140,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>General Revenue Fund</i> 1
2010	(\$216,777,608)
2011	(\$228,947,608)
2012	(\$280,850,000)
2013	(\$333,020,000)
2014	(\$384,140,000)

Fiscal Analysis

The bill would create a research university development program for emerging research universities. Under provisions of the bill, the Higher Education Coordinating Board could award matching grants to emerging research universities in six categories: (1) merit-based scholarships or other financial aid; (2) graduate student fellowships; (3) faculty professorships and chairs; (4) research support; (5) efforts to recruit and retain at-risk students; (6) and efforts to recruit and train students in critical need fields. Matching funds could also be awarded to increase research capacity. The Higher Education Coordinating Board would only award the matching grants if the university obtained private or community funding to support the activity.

Methodology

The fiscal impact for the bill would be broken down by activities that are eligible for matching grants

and administrative costs for the Higher Education Coordinating Board.

For purposes of this fiscal note it is assumed that three emerging research institutions would be eligible for the matching funding beginning in fiscal year 2010 and one emerging research institution would be added in each of the following years.

Merit Based Scholarships

The Higher Education Coordinating Board indicates that grants of \$10,000 would be provided to undergraduate students, awarded as merit-based scholarships. Students would be eligible to receive funding beginning in their sophomore year. In fiscal year 2010, 30 students per institution would receive funding (90 total students supported) for a total cost of \$900,000. Awards would increase as more emerging institutions become eligible for the funding.

Graduate Student Scholarships

Graduate research would be supported through funded graduate student fellowships of \$20,000 per student. Beginning in fiscal year 2010 it is estimated that 30 graduate students (total of 90 graduate students for the three institutions) would receive scholarships totaling \$1,800,000.

Faculty Professorships and Chairs

Faculty support would be provided to the institutions and would provide \$50,000 stipends for 20 faculty members at each of the institutions (60 total faculty) at a total cost of \$3,000,000 for fiscal year 2010.

Research Support

Grants would allow for institutions to establish new laboratories and purchase equipment. Matching funding of \$4 million would be provided for each of the five laboratories at the eligible institutions. Support for this effort would be biennial rather than annual, to allow institutions to use funding across the biennium. The estimated costs for research support in fiscal year 2010 would be \$60 million with additional costs in fiscal year 2011 on of \$20 million per year as the number of eligible institutions is increased.

Efforts to Recruit and Train At Risk Students

Grants for support of this effort would include additional staffing beginning in fiscal year 2010 of three staff per each of the eligible institutions (nine total staff). Costs for each additional staff is estimated to be \$40,000. Total costs for fiscal year 2010 funding is estimated to be \$360,000.

Efforts to Recruit and Train Students in Critical Fields

Grants for support of this effort would include additional staffing beginning in fiscal year 2010 of three staff per each of the eligible institutions (nine total staff). Costs for each additional staff is estimated to be \$50,000. Total costs for fiscal year 2010 funding is estimated to be \$450,000.

Research Capacity

Institutions would be eligible to request matching funds to increase research capacity. Grants would be provided to institutions that provide evidence of available support to increase research efforts. For purposes of this fiscal note it is assumed that beginning in fiscal year 2010, three institutions could raise \$50 million in research funds resulting in a total costs for fiscal year 2010 of \$150 million.

Administrative Costs

Administrative costs for the Higher Education Coordinating for Salary and benefits for three new program directors is estimated at \$267,608 per year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies:

710 Texas A&M University System Administrative and General Offices, 720 The University of Texas System Administration, 758 Texas State University System, 768 Texas Tech University System Administration, 769 University of North Texas System

Administration, 781 Higher Education Coordinating Board, 783 University of Houston
System Administration

LBB Staff: JOB, KK, RT, GO

