

AN ACT

1
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, to the abolition of the higher
5 education fund, to the institutional groupings under the Texas
6 Higher Education Coordinating Board's accountability system, to
7 the independent status of Lamar Institute of Technology, to
8 research conducted by public universities and other state entities,
9 and to the authorization of revenue bonds for certain institutions
10 of higher education.

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

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

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

24 (b) The Texas Higher Education Coordinating Board shall

1 adopt rules for the administration of this section.

2 SECTION 2. Subchapter B, Chapter 55, Education Code, is
3 amended by adding Sections 55.1771 and 55.17721 to read as follows:

4 Sec. 55.1771. TEXAS A&M UNIVERSITY AT GALVESTON. (a) In
5 addition to the other authority granted by this subchapter and
6 subject to the other provisions of this section, the board of
7 regents of The Texas A&M University System may acquire, purchase,
8 construct, improve, renovate, enlarge, or equip property,
9 buildings, structures, facilities, roads, or related
10 infrastructure for Texas A&M University at Galveston for an erosion
11 control breakwater, a dock, or any other related purpose reasonably
12 necessary to assist the institution to recover from any damage or
13 other impact caused by Hurricane Ike, to be financed by the issuance
14 of bonds in accordance with this subchapter, including bonds issued
15 in accordance with a systemwide revenue financing program and
16 secured as provided by that program, in an aggregate principal
17 amount not to exceed \$5 million.

18 (b) The board of regents may pledge irrevocably to the
19 payment of the bonds authorized by this section all or any part of
20 the revenue funds of an institution, branch, or entity of The Texas
21 A&M University System, including student tuition charges. The
22 amount of a pledge made under this subsection may not be reduced or
23 abrogated while the bonds for which the pledge is made, or bonds
24 issued to refund those bonds, are outstanding.

25 (c) If sufficient funds are not available to the board of
26 regents to meet its obligations under this section, the board may
27 transfer funds among institutions, branches, and entities of The

1 Texas A&M University System to ensure the most equitable and
2 efficient allocation of available resources for each institution,
3 branch, or entity to carry out its duties and purposes.

4 Sec. 55.17721. THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT
5 GALVESTON. (a) In addition to the other authority granted by this
6 subchapter and subject to the other provisions of this section, the
7 board of regents of The University of Texas System may acquire,
8 purchase, construct, improve, renovate, enlarge, or equip
9 property, buildings, structures, facilities, roads, or related
10 infrastructure for The University of Texas Medical Branch at
11 Galveston for any purpose reasonably necessary to assist the
12 institution to recover from any damage or other impact caused by
13 Hurricane Ike, to be financed by the issuance of bonds in accordance
14 with this subchapter, including bonds issued in accordance with a
15 systemwide revenue financing program and secured as provided by
16 that program, in an aggregate principal amount not to exceed \$150
17 million.

18 (b) The board may pledge irrevocably to the payment of the
19 bonds authorized by this section all or any part of the revenue
20 funds of an institution, branch, or entity of The University of
21 Texas System, including student tuition charges. The amount of a
22 pledge made under this subsection may not be reduced or abrogated
23 while the bonds for which the pledge is made, or bonds issued to
24 refund those bonds, are outstanding.

25 (c) If sufficient funds are not available to the board to
26 meet its obligations under this section, the board may transfer
27 funds among institutions, branches, and entities of The University

1 of Texas System to ensure the most equitable and efficient
2 allocation of available resources for each institution, branch, or
3 entity to carry out its duties and purposes.

4 (d) Any transfer of funds to the board pursuant to an
5 appropriation of state funds to the board or The University of Texas
6 Medical Branch at Galveston for the purpose of reimbursing the
7 board for all or part of the debt service on bonds issued under this
8 section is subject to the prior approval of the Legislative Budget
9 Board. In determining whether to approve a transfer of state funds
10 for that purpose, the Legislative Budget Board shall consider:

11 (1) whether the commissioners court of the county in
12 which the medical branch is located has entered into an agreement
13 with the board under which the county agrees to reimburse the board
14 for all or part of any otherwise unreimbursed costs incurred by the
15 medical branch to provide health care services to individuals who
16 are residents of the county and whose net family income is not more
17 than 100 percent of the federal poverty level; or

18 (2) whether the county in which the medical branch is
19 located or a hospital district that includes that county imposes an
20 ad valorem tax for health care purposes.

21 (e) For purposes of Subsection (d), the county of residence
22 of an individual is determined in the same manner as provided by
23 Chapter 61, Health and Safety Code.

24 SECTION 3. Section 61.0572(e), Education Code, is amended
25 to read as follows:

26 (e) Approval of the board is not required to acquire real
27 property that is financed by bonds issued under Section 55.17(e)(3)

1 or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174,
2 55.1742, 55.1743, 55.1744, 55.1751-55.17592, [~~or~~] 55.1768,
3 55.1771, or 55.17721, except that the board shall review all real
4 property to be financed by bonds issued under those sections to
5 determine whether the property meets the standards adopted by the
6 board for cost, efficiency, and space use. If the property does not
7 meet those standards, the board shall notify the governor, the
8 lieutenant governor, the speaker of the house of representatives,
9 and the Legislative Budget Board.

10 SECTION 4. Section 61.058(b), Education Code, is amended to
11 read as follows:

12 (b) This section does not apply to construction, repair, or
13 rehabilitation financed by bonds issued under Section 55.17(e)(3)
14 or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742,
15 55.1743, 55.1744, 55.1751-55.17592, [~~or~~] 55.1768, 55.1771, or
16 55.17721, except that the board shall review all construction,
17 repair, or rehabilitation to be financed by bonds issued under
18 those sections to determine whether the construction,
19 rehabilitation, or repair meets the standards adopted by board rule
20 for cost, efficiency, and space use. If the construction,
21 rehabilitation, or repair does not meet those standards, the board
22 shall notify the governor, the lieutenant governor, the speaker of
23 the house of representatives, and the Legislative Budget Board.

24 SECTION 5. Section 61.059, Education Code, is amended by
25 adding Subsection (o) to read as follows:

26 (o) In addition to the other funding recommendations
27 required by this section, biennially the board shall determine the

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

9 SECTION 6. Subchapter C, Chapter 61, Education Code, is
10 amended by adding Section 61.0596 to read as follows:

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

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

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

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

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

23 (e) Unless the board determines that a different number of
24 benchmarks is appropriate, the board shall establish three
25 benchmarks for each designated degree program. The board shall
26 identify one or more persons who have relevant expertise and do not
27 reside in this state to assist the board in establishing the

1 benchmarks and associated funding levels for each type of degree
2 program designated by an institution under this section.

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

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

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

21 SECTION 7. Subchapter C, Chapter 61, Education Code, is
22 amended by adding Section 61.0904 to read as follows:

23 Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least
24 once every 10 years, the board shall conduct a review of the
25 institutional groupings under the board's accountability system,
26 including a review of the criteria for and definitions assigned to
27 those groupings.

1 SECTION 8. The heading to Chapter 62, Education Code, is
2 amended to read as follows:

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

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

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

15 SECTION 10. Section 62.021, Education Code, is amended by
16 amending Subsection (a) and adding Subsections (a-1), (a-2), (e),
17 and (f) to read as follows:

18 (a) In each state fiscal year beginning with the state
19 fiscal year ending August 31, 2011 [~~2008~~], an eligible institution
20 is entitled to receive an amount allocated in accordance with this
21 section from the funds appropriated for that year by Section 17(a),
22 Article VII, Texas Constitution. The comptroller shall distribute
23 funds allocated under this subsection only on presentation of a
24 claim and issuance of a warrant in accordance with Section 403.071,
25 Government Code. An eligible institution may not present a claim to
26 be paid [~~The comptroller may not issue a warrant~~] from any funds
27 allocated under this subsection before the delivery of goods or

1 services described in Section 17, Article VII, Texas Constitution,
2 except for the payment of principal or interest on bonds or notes or
3 for a payment for a book or other published library material as
4 authorized by Section 2155.386, Government Code. The allocation of
5 funds under this subsection is made in accordance with an equitable
6 formula consisting of the following elements: space deficit,
7 facilities condition, institutional complexity, and a separate
8 allocation for the Texas State Technical College System. The
9 annual amounts allocated by the formula are as follows:

10 (1) \$3,559,433 [~~\$3,434,348~~] to Midwestern State
11 University;

12 (2) \$27,846,476 [~~\$26,137,233~~] to the University of
13 North Texas;

14 (3) \$8,771,265 [~~\$8,139,391~~] to the University of North
15 Texas Health Science Center at Fort Worth;

16 (4) \$12,311,123 [~~\$12,882,348~~] to The University of
17 Texas--Pan American;

18 (5) \$5,057,420 [~~\$4,186,790~~] to The University of Texas
19 at Brownsville;

20 (6) \$8,425,937 [~~\$7,025,771~~] to Stephen F. Austin State
21 University;

22 (7) to the following component institutions of the
23 Texas State University System:

24 (A) \$8,330,933 [~~\$11,210,508~~] to Lamar
25 University;

26 (B) \$2,332,463 to the Lamar Institute of
27 Technology;

- 1 (C) \$1,235,752 [~~\$1,115,048~~] to Lamar State
2 College--Orange;
- 3 (D) \$1,244,694 [~~(C) \$1,190,119~~] to Lamar State
4 College--Port Arthur;
- 5 (E) \$11,893,110 [~~(D) \$9,916,306~~] to Sam Houston
6 State University;
- 7 (F) \$21,863,258 [~~(E) \$19,799,276~~] to Texas
8 State University--San Marcos;
- 9 (G) \$1,625,061 [~~(F) \$2,043,772~~] to Sul Ross
10 State University; and
- 11 (H) \$445,380 [~~(G) \$379,831~~] to Sul Ross State
12 University-Rio Grande College;
- 13 (8) \$8,894,700 [~~\$11,156,463~~] to Texas Southern
14 University;
- 15 (9) to the following component institutions of the
16 Texas Tech University System:
- 17 (A) \$23,936,088 [~~\$26,829,477~~] to Texas Tech
18 University;
- 19 (B) \$16,973,569 [~~\$17,849,441~~] to Texas Tech
20 University Health Sciences Center; and
- 21 (C) \$3,743,027 [~~\$3,585,802~~] to Angelo State
22 University;
- 23 (10) \$10,169,695 [~~\$8,424,209~~] to Texas Woman's
24 University;
- 25 (11) to the following component institutions of the
26 University of Houston System:
- 27 (A) \$35,885,768 [~~\$35,276,140~~] to the University

1 of Houston;

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

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

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

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

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

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

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

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

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

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

22 (13) \$5,775,000 to the Texas State Technical College
23 System Administration and the following component campuses, but not
24 its extension centers or programs:

25 (A) Texas State Technical College-Harlingen;

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

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

1 and

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

3 (a-1) This subsection applies only to the state fiscal years
4 ending August 31, 2009, and August 31, 2010, and is intended as a
5 correction necessary to ensure an equitable distribution of the
6 funds appropriated by Section 17(a), Article VII, Texas
7 Constitution, for the five-year period ending August 31, 2010, in
8 accordance with the equitable formula prescribed by Section 17(d),
9 Article VII, Texas Constitution. In each state fiscal year to which
10 this subsection applies, an eligible institution is entitled to
11 receive an amount allocated in accordance with this subsection from
12 the funds appropriated for each of those years by Section 17(a),
13 Article VII, Texas Constitution. The comptroller shall distribute
14 funds allocated under this subsection only on presentation of a
15 claim and issuance of a warrant in accordance with Section 403.071,
16 Government Code. An eligible institution may not present a claim to
17 be paid from any funds allocated under this subsection before the
18 delivery of goods or services described in Section 17, Article VII,
19 Texas Constitution, except for the payment of principal or interest
20 on bonds or notes or for a payment for a book or other published
21 library material as authorized by Section 2155.386, Government
22 Code. The allocation of funds under this subsection is made in
23 accordance with an equitable formula consisting of the following
24 elements: space deficit, facilities condition, institutional
25 complexity, and a separate allocation for the Texas State Technical
26 College System. The annual amounts allocated by the formula are as
27 follows:

- 1 (1) \$3,810,377 to Midwestern State University;
2 (2) \$27,122,687 to the University of North Texas;
3 (3) \$7,994,676 to the University of North Texas Health
4 Science Center at Fort Worth;
5 (4) \$13,176,800 to The University of Texas--Pan
6 American;
7 (5) \$4,284,677 to The University of Texas at
8 Brownsville;
9 (6) \$6,907,643 to Stephen F. Austin State University;
10 (7) to the following component institutions of the
11 Texas State University System:
12 (A) \$8,028,333 to Lamar University;
13 (B) \$1,825,332 to the Lamar Institute of
14 Technology;
15 (C) \$1,140,745 to Lamar State College--Orange;
16 (D) \$1,217,124 to Lamar State College--Port
17 Arthur;
18 (E) \$10,184,001 to Sam Houston State University;
19 (F) \$20,258,248 to Texas State University--San
20 Marcos;
21 (G) \$2,090,896 to Sul Ross State University; and
22 (H) \$388,203 to Sul Ross State University-Rio
23 Grande College;
24 (8) \$11,283,387 to Texas Southern University;
25 (9) to the following component institutions of the
26 Texas Tech University System:
27 (A) \$27,446,656 to Texas Tech University;

1 (B) \$14,854,762 to Texas Tech University Health
2 Sciences Center; and
3 (C) \$3,667,497 to Angelo State University;
4 (10) \$8,615,167 to Texas Woman's University;
5 (11) to the following component institutions of the
6 University of Houston System:
7 (A) \$36,091,538 to the University of Houston;
8 (B) \$2,335,692 to the University of
9 Houston--Victoria;
10 (C) \$5,355,874 to the University of
11 Houston--Clear Lake; and
12 (D) \$9,548,995 to the University of
13 Houston--Downtown;
14 (12) to the following component institutions of The
15 Texas A&M University System:
16 (A) \$8,471,116 to Texas A&M University--Corpus
17 Christi;
18 (B) \$3,202,241 to Texas A&M International
19 University;
20 (C) \$5,167,540 to Texas A&M
21 University--Kingsville;
22 (D) \$4,886,159 to West Texas A&M University;
23 (E) \$5,684,047 to Texas A&M
24 University--Commerce; and
25 (F) \$1,684,587 to Texas A&M
26 University--Texarkana; and
27 (13) \$5,775,000 to the Texas State Technical College

1 System Administration and the following component campuses, but not
2 its extension centers or programs:

- 3 (A) Texas State Technical College-Harlingen;
4 (B) Texas State Technical College--Marshall;
5 (C) Texas State Technical College--West Texas;
6 and
7 (D) Texas State Technical College--Waco.

8 (a-2) This subsection and Subsection (a-1) expire September
9 1, 2010.

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

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

26 SECTION 11. Section 62.024, Education Code, is amended to
27 read as follows:

1 Sec. 62.024. AMOUNT OF ALLOCATION INCREASED. In accordance
2 with Section 17(a), Article VII, Texas Constitution, for each state
3 fiscal year beginning with the state fiscal year ending August 31,
4 2008, the amount of the annual constitutional appropriation under
5 that subsection is increased to \$262.5 million. [~~Before the state
6 fiscal year ending August 31, 2008, the amount of the annual
7 constitutional appropriation under that subsection is \$175
8 million.~~]

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

11 SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

12 Sec. 62.051. DEFINITIONS. In this subchapter:

13 (1) "Eligible institution" means an institution of
14 higher education designated as a research university or emerging
15 research university under the coordinating board's accountability
16 system.

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

19 Sec. 62.052. PURPOSE. The purpose of this subchapter is to
20 provide funding to research universities and emerging research
21 universities for the recruitment and retention of highly qualified
22 faculty and the enhancement of research productivity at those
23 universities.

24 Sec. 62.053. FUNDING. (a) For each state fiscal year, the
25 coordinating board shall distribute any funds appropriated by the
26 legislature for the purposes of this subchapter, and any other
27 funds made available for the purposes of this subchapter, to

1 eligible institutions based on the average amount of total research
2 funds expended by each institution annually during the three most
3 recent state fiscal years, according to the following rates:

4 (1) at least \$1 million for every \$10 million of the
5 average annual amount of those research funds expended by the
6 institution, if that average amount for the institution is \$50
7 million or more; and

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

12 (b) For purposes of Subsection (a), the amount of total
13 research funds expended by an eligible institution in a state
14 fiscal year is the amount of those funds as reported to the
15 coordinating board by the institution for that fiscal year, subject
16 to any adjustment by the coordinating board in accordance with the
17 standards and accounting methods the coordinating board prescribes
18 for purposes of this section. If the funds available for
19 distribution for a state fiscal year under Subsection (a) are not
20 sufficient to provide the amount specified by Subsection (a) for
21 each eligible institution or exceed the amount sufficient for that
22 purpose, the available amount shall be distributed in proportion to
23 the total amount to which each institution is otherwise entitled
24 under Subsection (a).

25 Sec. 62.054. RULES. The coordinating board shall adopt
26 rules for the administration of this subchapter, including any
27 rules the coordinating board considers necessary regarding the

1 submission to the coordinating board by eligible institutions of
2 any student data required for the coordinating board to carry out
3 its duties under this subchapter.

4 SUBCHAPTER D. PERFORMANCE INCENTIVE FUNDING

5 Sec. 62.071. DEFINITIONS. In this subchapter:

6 (1) "At-risk student" means an undergraduate student
7 of an eligible institution:

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

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

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

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

16 (E) who did not receive a high school diploma but
17 received a high school equivalency certificate within the last six
18 years.

19 (2) "Critical field" means:

20 (A) the field of engineering, computer science,
21 mathematics, physical science, allied health, nursing, or teacher
22 certification in a field of science or mathematics; and

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

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

1 (4) "General academic teaching institution" and
2 "public state college" have the meanings assigned by Section
3 61.003.

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

9 (1) 50 percent to be distributed among eligible
10 institutions in proportion to the increase, if any, in the average
11 number of degrees awarded annually by each institution in the two
12 most recent fiscal years from the average number of degrees awarded
13 annually by that institution in the two fiscal years immediately
14 preceding those fiscal years, using the weights assigned to each
15 degree under the table prescribed by Subsection (b); and

16 (2) the remaining 50 percent to be distributed among
17 eligible institutions in proportion to the average number of
18 degrees awarded annually by each institution in the three most
19 recent fiscal years, using the weights assigned to each degree
20 under the table prescribed by Subsection (b).

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

	<u>POINTS</u>
24 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
25 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
26 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
27 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

1 Sec. 62.073. RULES. The coordinating board shall adopt
2 rules for the administration of this subchapter, including any
3 rules the coordinating board considers necessary regarding the
4 submission to the coordinating board by eligible institutions of
5 any student data required for the coordinating board to carry out
6 its duties under this subchapter.

7 SUBCHAPTER F. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

8 Sec. 62.121. DEFINITIONS. In this subchapter:

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

12 (2) "Gift" includes cash, cash equivalents,
13 marketable securities, closely held securities, money market
14 holdings, partnership interests, personal property, real property,
15 minerals, and life insurance proceeds.

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

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

20 Sec. 62.122. PROGRAM ADMINISTRATION. The coordinating
21 board shall develop and administer the Texas Research Incentive
22 Program (TRIP) in accordance with this subchapter to provide
23 matching funds to assist eligible institutions in leveraging
24 private gifts for the enhancement of research productivity and
25 faculty recruitment.

26 Sec. 62.123. MATCHING GRANTS. (a) An eligible institution
27 that receives gifts or endowments from private sources in a state

1 fiscal year for the purpose of enhancing research activities at the
2 institution, including a gift or endowment for endowed chairs,
3 professorships, facilities, equipment, program costs, or graduate
4 stipends or fellowships, is entitled to receive, out of funds
5 appropriated for the purposes of the program for that fiscal year, a
6 matching grant in an amount determined according to the following
7 rates:

8 (1) 50 percent of the amount of the gifts and
9 endowments, if the total amount of gifts and endowments is \$100,000
10 or more but not more than \$999,999;

11 (2) 75 percent of the amount of the gifts and
12 endowments, if the total amount of gifts and endowments is \$1
13 million or more but not more than \$1,999,999; or

14 (3) 100 percent of the amount of the gifts and
15 endowments, if the total amount of gifts and endowments is \$2
16 million or more.

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

19 (1) a gift that has been pledged but has not been
20 received by the institution;

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

23 (3) any portion of gifts or endowments received by the
24 institution from a single source in a state fiscal year in excess of
25 \$10 million.

26 (c) The coordinating board shall establish procedures for
27 the certification by the coordinating board of an eligible

1 institution's receipt of a qualifying gift or endowment. A cash
2 gift or endowment must be certified as of the date the gift or
3 endowment was deposited by the institution in a depository bank or
4 invested by the institution as authorized by law. A non-cash gift
5 must be certified as of the date the gift is converted to cash, and
6 is considered to have been received on that date for purposes of
7 this subchapter.

8 (d) If the funds appropriated for the program for a state
9 fiscal year are insufficient to provide matching grants in the
10 amounts specified by this section for all qualifying private gifts
11 and endowments received by eligible institutions during that fiscal
12 year, the coordinating board shall provide matching grants for
13 those gifts and endowments in order of their certification date,
14 and shall provide matching grants for any remaining unmatched gifts
15 and endowments in the following fiscal year using funds
16 appropriated to the program for that following year, to the extent
17 funds are available.

18 (e) Matching grants received by an eligible institution
19 under this section may not be considered as a basis to reduce,
20 directly or indirectly, the amount of money otherwise appropriated
21 to the institution.

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

24 SECTION 13. Chapter 62, Education Code, is amended by
25 adding Subchapter G to read as follows:

26 SUBCHAPTER G. NATIONAL RESEARCH UNIVERSITY FUND

27 Sec. 62.141. PURPOSE. The purpose of this subchapter is to

1 allocate appropriations from the national research university fund
2 to provide a dedicated, independent, and equitable source of
3 funding to enable emerging research universities in this state to
4 achieve national prominence as major research universities.

5 Sec. 62.142. DEFINITIONS. In this subchapter:

6 (1) "Eligible institution" means a general academic
7 teaching institution that is eligible to receive distributions of
8 money under this subchapter.

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

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

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

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

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

20 Sec. 62.144. FUNDING. (a) The fund consists of any amounts
21 appropriated or transferred to the credit of the fund under the
22 Texas Constitution or otherwise appropriated or transferred to the
23 credit of the fund under this section or another law.

24 (b) The comptroller shall deposit to the credit of the fund
25 all interest, dividends, and other income earned from investment of
26 the fund.

27 (c) The comptroller may accept gifts or grants from any

1 public or private source for the fund.

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

6 (1) the institution is designated as an emerging
7 research university under the coordinating board's accountability
8 system;

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

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

14 (A) the value of the institution's endowment
15 funds is at least \$400 million;

16 (B) the institution awarded at least 200 doctor
17 of philosophy degrees during each of the two academic years
18 preceding the state fiscal biennium;

19 (C) the entering freshman class of the
20 institution for each of those two academic years demonstrated high
21 academic achievement, as determined according to standards
22 prescribed by the coordinating board by rule, giving consideration
23 to the future educational needs of the state as articulated in the
24 coordinating board's "Closing the Gaps" report;

25 (D) the institution is designated as a member of
26 the Association of Research Libraries or has a Phi Beta Kappa
27 chapter or has received an equivalent recognition of research

1 capabilities and scholarly attainment as determined according to
2 standards prescribed by the coordinating board by rule;

3 (E) the faculty of the institution for each of
4 those two academic years was of high quality, as determined
5 according to coordinating board standards based on the professional
6 achievement and recognition of the institution's faculty,
7 including the election of faculty members to national academies;
8 and

9 (F) the institution has demonstrated a
10 commitment to high-quality graduate education, as determined
11 according to standards prescribed by the coordinating board by
12 rule, including the number of graduate-level programs at the
13 institution, the institution's admission standards for graduate
14 programs, and the level of institutional support for graduate
15 students.

16 (b) A general academic teaching institution that becomes
17 eligible to receive a distribution of money under this subchapter
18 remains eligible to receive a distribution in each subsequent state
19 fiscal year.

20 Sec. 62.146. ACCOUNTING STANDARDS; VERIFICATION OF
21 INFORMATION. (a) The coordinating board by rule shall prescribe
22 standard methods of accounting and standard methods of reporting
23 information for the purpose of determining the eligibility of
24 institutions under Section 62.145.

25 (b) As soon as practicable in each even-numbered year, based
26 on information submitted by the institutions to the coordinating
27 board as required by the coordinating board, the coordinating board

1 shall certify to the legislature verified information relating to
2 the criteria established by Section 62.145 to be used to determine
3 which institutions are initially eligible for distributions of
4 money from the fund. Information submitted to the coordinating
5 board by institutions for purposes of this subchapter and the
6 coordinating board's certification of that information under this
7 subsection are subject to audit by the state auditor in accordance
8 with Chapter 321, Government Code.

9 Sec. 62.147. INELIGIBILITY OF INSTITUTIONS RECEIVING
10 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University
11 of Texas at Austin and Texas A&M University are ineligible to
12 receive money under this subchapter.

13 Sec. 62.148. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE
14 INSTITUTIONS. In each state fiscal year, the comptroller shall
15 distribute to eligible institutions the total amount appropriated
16 from the fund for that fiscal year. The amount shall be allocated
17 to the eligible institutions based on an equitable formula adopted
18 by the legislature to carry out the purposes of the fund as
19 established by Section 20, Article VII, Texas Constitution. In
20 adopting the allocation formula, the legislature may consider the
21 recommendations of the coordinating board, including
22 recommendations on the appropriate elements and relative weights of
23 elements of the formula.

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

1 (b) For purposes of Subsection (a), the use of money shall
2 be limited to the following permitted activities:

3 (1) providing faculty support and paying faculty
4 salaries;

5 (2) purchasing equipment or library materials;

6 (3) paying graduate stipends; and

7 (4) supporting research performed at the institution,
8 including undergraduate research.

9 (c) Money received in a fiscal year by an institution under
10 this subchapter that is not used in that fiscal year by the
11 institution may be held and used by the institution in subsequent
12 fiscal years for the purposes prescribed by this section.

13 SECTION 14. Section 62.094, Education Code, is amended to
14 read as follows:

15 Sec. 62.094. FUNDING. (a) The research development fund
16 consists of the [~~amount deposited to the credit of the fund under~~
17 ~~Section 62.025 in each state fiscal year, the amount appropriated~~
18 ~~or transferred to the credit of the fund by the legislature under~~
19 ~~Subsection (b), and any other]~~ amounts appropriated or transferred
20 to the credit of the fund under this section or other law.

21 (b) [~~In each state fiscal year, the legislature may~~
22 ~~appropriate or provide for the transfer to the credit of the~~
23 ~~research development fund of an amount not less than the amount~~
24 ~~deposited to the credit of the fund under Section 62.025 in that~~
25 ~~fiscal year.~~

26 [~~(c)~~] The comptroller shall deposit all interest,
27 dividends, and other income earned from investment of the research

1 development fund to the credit of the fund.

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

4 SECTION 15. Section 96.703(a), Education Code, is amended
5 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 16. Sections 62.025 and 62.026, Education Code, are
12 repealed.

13 SECTION 17. Section 96.703(c), Education Code, is repealed.

14 SECTION 18. INTERIM STUDY REGARDING TECHNOLOGY RESEARCH
15 DATA COLLECTION. (a) A select interim committee is created to
16 study the feasibility of collecting data and maintaining a
17 searchable electronic database, search engine, or other collection
18 of data (data collection) relating to specialized technology
19 research projects that are developed or conducted at public
20 universities in this state, research facilities of public
21 universities in this state, or other facilities operated by a state
22 agency, in order to facilitate coordination among the universities
23 and facilities on the projects and improve access to and awareness
24 of the specialized research and technologies developed at those
25 institutions and facilities.

26 (b) The study must consider:

27 (1) appropriate entities to administer the data

1 collection, including nonprofit organizations, public universities
2 in this state, or state agencies;

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

5 (3) compliance with state and federal laws regarding
6 access to public information; and

7 (4) the information the data collection would include,
8 such as:

9 (A) a list of projects involving one or more of
10 the following areas:

11 (i) energy research, including methods of
12 creation, storage, distribution, and conservation of energy;

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

15 (iii) nanotechnology research, including
16 nanomedicine; and

17 (iv) other specialized technology
18 research;

19 (B) for each project listed under Paragraph (A)
20 of this subdivision, a brief description of the project, including
21 the field of technology involved, the entity involved with the
22 project, and additional comments regarding the research the Texas
23 Higher Education Coordinating Board considers appropriate; and

24 (C) other relevant information and available
25 resources in this state relating to specialized technology
26 research, including:

27 (i) expert faculty or research personnel;

1 (ii) available technology and patents
2 obtained;

3 (iii) the location of and policies for the
4 use of available research equipment;

5 (iv) public grants or contracts awarded;
6 and

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

9 (c) The study shall examine the current state of access to
10 public information about specialized technology research projects
11 and shall assess the best methods of facilitating access to the
12 information. In addition, the study shall consider what
13 information should be accessible by the general public and what
14 information, if any, should have restricted access.

15 (d) The committee shall be composed of:

16 (1) representatives of the following institutions,
17 with one member named by each institution: The University of Texas
18 at Austin, Texas A&M University, Texas Tech University, the
19 University of Houston, the University of North Texas, The
20 University of Texas at Arlington, The University of Texas at
21 Dallas, The University of Texas at El Paso, and The University of
22 Texas at San Antonio; and

23 (2) a number of members appointed by the Texas Higher
24 Education Coordinating Board as the coordinating board considers
25 appropriate to represent the coordinating board, data collection
26 providers, and the technology industry.

27 (e) On the request of the committee, a general academic

1 institution of higher education, research facility of a general
2 academic institution of higher education, or other facility
3 operated by a state agency shall provide to the Texas Higher
4 Education Coordinating Board or advisory committee any information
5 necessary for the board or advisory committee to perform its duties
6 under this section.

7 (f) Not later than December 1, 2010, the committee shall
8 report the committee's findings and recommendations to the
9 lieutenant governor, the speaker of the house of representatives,
10 and the governor. The committee shall include in its
11 recommendations specific legislation that the committee considers
12 desirable to address the need for and feasibility of establishing a
13 data collection as determined by the committee's findings.

14 (g) The committee is abolished and this section expires
15 January 16, 2011.

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

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

- 26 (1) governor;
- 27 (2) lieutenant governor;

- 1 (3) speaker of the house of representatives;
- 2 (4) chair of the Senate Committee on Finance;
- 3 (5) chair of the Senate Committee on Higher Education;
- 4 (6) chair of the House Committee on Appropriations;
- 5 and
- 6 (7) chair of the House Committee on Higher Education.

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

11 SECTION 20. The Texas Higher Education Coordinating Board
12 shall adopt rules relating to the administration of Subchapters C,
13 D, F, and G, Chapter 62, Education Code, as added by this Act, as
14 soon as practicable after the effective date of this Act.

15 SECTION 21. (a) Except as provided by Subsections (b),
16 (c), (d), and (e) of this section, this Act takes effect September
17 1, 2009.

18 (b) Money may not be appropriated to or distributed from the
19 research university development fund under Subchapter C, Chapter
20 62, Education Code, as added by this Act, or the national research
21 university fund under Subchapter G, Chapter 62, Education Code, as
22 added by this Act, before the state fiscal biennium that begins
23 September 1, 2011.

24 (c) The funding for Section 13 of this Act is contingent on
25 the approval by the voters of the constitutional amendment proposed
26 by the 81st Legislature, Regular Session, 2009, establishing the
27 national research university fund to enable emerging research

1 universities in this state to achieve national prominence as major
2 research universities and transferring the balance of the higher
3 education fund to the national research university fund. If that
4 constitutional amendment is not approved by the voters, Sections 14
5 and 16 of this Act do not take effect.

6 (d) This Act does not make an appropriation. This Act takes
7 effect only if a specific appropriation for the implementation of
8 this Act is provided in a general appropriations act of the 81st
9 Legislature.

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

President of the Senate

Speaker of the House

I certify that H.B. No. 51 was passed by the House on April 24, 2009, by the following vote: Yeas 137, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 51 on May 29, 2009, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 51 on May 31, 2009, by the following vote: Yeas 141, Nays 4, 1 present, not voting.

Chief Clerk of the House

H.B. No. 51

I certify that H.B. No. 51 was passed by the Senate, with amendments, on May 26, 2009, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 51 on May 31, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor