

BILL ANALYSIS

Senate Research Center
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Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Only two public universities in Texas are considered among the top tier of research institutions nationally—The University of Texas at Austin and Texas A&M University. California, on the other hand, exemplifies what can happen when a state prioritizes higher education and sets out a goal to build numerous top-quality research universities aimed at generating jobs, spurring technology growth, and advancing the cause of higher education. Currently, California has eight Tier One universities, resulting in a huge boon to the state's research base and commercial development. It is not a coincidence that companies such as Google and Qualcomm have developed on the west coast.

Texas cannot be competitive—neither in the U.S. nor globally—with only two public Tier One universities. Recently, the Select Commission on Higher Education and Global Competitiveness released a report examining how to make Texas competitive once again. This report found that Texas is not globally competitive and will face a downward spiral in both quality of life and economic competitiveness if it fails to educate more of its growing population to higher levels of attainment, knowledge, and skills. It also established the goals of increasing educational capital, generating more external research funding, and commercializing ideas and intellectual property. These goals lie in truly prioritizing higher education, and increasing the number of Tier One public institutions must be part of that priority.

As proposed, S.B. 1564 amends the Education Code to create the framework for Tier One Challenge Funding to enhance the number of top tier research schools in Texas.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Higher Education Coordinating Board in SECTION 1 (Section 61.9778, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 61, Education Code, by adding Subchapter FF, as follows:

SUBCHAPTER FF. TIER ONE CHALLENGE FUNDING

Sec. 61.9771. DEFINITIONS. Defines "emerging research university" and "research university."

Sec. 61.9772. PURPOSE. Provides that the purpose of this subchapter is to provide funding for the enhancement of research universities and for the development of emerging research universities.

Sec. 61.9773. ELIGIBILITY FOR FUNDING. (a) Requires a research university or emerging research university, except as provided by Subsection (b), to be eligible to participate in the funding under this subchapter, to:

- (1) submit to the Texas Higher Education Coordinating Board (THECB), in the form and manner prescribed by THECB, 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;

(2) receive THECB approval of the university's plan under Subdivision (1); and

(3) meet any other criteria THECB considers appropriate, including consideration of the amount of and any increase in externally generated research funds received by the university, including federal money, private gifts and donations, private endowment earnings, and funds from any local or regional source; and the number of doctoral programs offered by the university and any increase in that number.

(b) Provides that The University of Texas at Austin, Texas A&M University, and Prairie View A&M University are not eligible to receive funding under this subchapter.

Sec. 61.9774. ALLOCATION OF FUNDING. (a) Requires THECB, for each state fiscal year, to allocate any funds appropriated for the purposes of this subchapter, and any other funds made available for the purposes of this subchapter, to research universities and emerging research universities that are eligible to participate in the funding based on an equitable formula developed by THECB to further the purposes of this subchapter.

(b) Requires THECB to review the equitable formula at the end of each state fiscal biennium and authorizes THECB to adjust the formula as THECB considers appropriate.

Sec. 61.9775. USE OF ALLOCATED AMOUNTS. Authorizes an institution of higher education to use money received under this subchapter only for purposes approved by THECB to implement the strategic plan submitted to THECB under Section 61.9773.

Sec. 61.9776. ACCEPTANCE OF GIFTS OR GRANTS. Authorizes THECB to accept gifts or grants from any public or private source for the purposes of this subchapter.

Sec. 61.9777. ANNUAL PROGRESS REPORT. (a) Requires THECB to require each institution of higher education receiving funds under this subchapter in a state fiscal year to report to THECB not later than October 1 immediately following that state fiscal year the institution's progress toward implementing the institution's strategic plan submitted under Section 61.9773.

(b) Requires THECB, not later than the following January 1, to prepare and submit to the presiding officer of each house of the legislature a written report based on the information received by THECB under Subsection (a).

Sec. 61.9778. RULES. Requires THECB to adopt rules for the administration of this subchapter.

SECTION 2. Requires THECB to adopt rules relating to the administration of Subchapter FF, Chapter 61, Education Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 3. Effective date: upon passage or September 1, 2009.