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S.B. No. 9

A BILL TO BE ENTITLED

AN ACT

1
2 relating to financial support and incentives for the development of
3 national research universities and high-quality comprehensive
4 regional universities and a review of the institutional groupings
5 under the Texas Higher Education Coordinating Board's
6 accountability system.

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

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

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

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

22 SECTION 2. Subchapter C, Chapter 61, Education Code, is
23 amended by adding Section 61.0904 to read as follows:

24 Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least

1 once every 10 years, the board shall conduct a review of the
2 institutional groupings under the board's accountability system,
3 including a review of the criteria for and definitions assigned to
4 those groupings.

5 SECTION 3. Chapter 61, Education Code, is amended by adding
6 Subchapters FF, GG, and HH to read as follows:

7 SUBCHAPTER FF. TEXAS COMPETITIVE KNOWLEDGE FUNDING

8 Sec. 61.9771. DEFINITIONS. In this subchapter:

9 (1) "At-risk student" means a student of a research
10 university:

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

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

16 (C) who was 20 years of age or older on the date
17 the student initially enrolled in the university;

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

19 (E) who did not receive a high school diploma but
20 received a high school equivalency certificate within the last six
21 years.

22 (2) "Critical field" means:

23 (A) the field of engineering, computer science,
24 mathematics, physical science, allied health, nursing, or teacher
25 certification in a field of science or mathematics; and

26 (B) any other field of study identified as a
27 critical field by the board in "Closing the Gaps," the state's

1 master plan for higher education.

2 (3) "Eligible institution" means an institution of
3 higher education designated as a research university or emerging
4 research university under the board's accountability system.

5 Sec. 61.9772. PURPOSE. The purpose of this subchapter is to
6 provide funding to research universities and emerging research
7 universities for the recruitment and retention of highly qualified
8 faculty and the enhancement of research productivity at those
9 universities.

10 Sec. 61.9773. FUNDING. (a) For each state fiscal year,
11 the board shall distribute any funds appropriated by the
12 legislature for the purposes of this subchapter, and any other
13 funds made available for the purposes of this subchapter, to
14 eligible institutions as follows:

15 (1) 80 percent to be distributed among eligible
16 institutions based on the average amount of total research funds
17 expended by each institution annually during the three most recent
18 state fiscal years, according to the following rates:

19 (A) \$1 million for every \$10 million of the
20 average annual amount of those research funds expended by the
21 institution, if that average amount for the institution is \$50
22 million or more; and

23 (B) \$500,000 for every \$10 million of the average
24 annual amount of those research funds expended by the institution,
25 if that average amount for the institution is less than \$50 million;

26 (2) 10 percent to be distributed among eligible
27 institutions in proportion to the average number of degrees awarded

1 by each institution annually during the two most recent state
2 fiscal years, using the weights assigned to each degree under the
3 table prescribed by Subsection (b); and

4 (3) 10 percent to be distributed among eligible
5 institutions in proportion to the percentage increase, if any, in
6 the average number of degrees awarded by each institution annually
7 in the two most recent fiscal years from the average number of
8 degrees awarded by that institution annually in the two fiscal
9 years immediately preceding those fiscal years, using the weights
10 assigned to each degree under the table prescribed by Subsection
11 (b).

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

	<u>POINTS</u>
14 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
15 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
16 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
17 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

18 (c) For purposes of Subsection (a)(1), the amount of total
19 research funds expended by an eligible institution in a state
20 fiscal year is the amount of those funds as reported to the board by
21 the institution for that fiscal year, subject to any adjustment by
22 the board in accordance with the standards and accounting methods
23 the board prescribes for purposes of this section. If the funds
24 available for distribution for a state fiscal year under Subsection
25 (a)(1) are not sufficient to provide the amount specified by
26 Subsection (a)(1) for each eligible institution or exceed the
27

1 amount sufficient for that purpose, the available amount shall be
2 distributed in proportion to the total amount to which each
3 institution is otherwise entitled under Subsection (a)(1).

4 Sec. 61.9774. RULES. The board shall adopt rules for the
5 administration of this subchapter, including any rules the board
6 considers necessary regarding the submission to the board by
7 eligible institutions of any student data required for the board to
8 carry out its duties under this subchapter.

9 SUBCHAPTER GG. TEXAS CENTERS OF EXCELLENCE PERFORMANCE FUNDING

10 Sec. 61.9791. DEFINITIONS. In this subchapter:

11 (1) "At-risk student" has the meaning assigned by
12 Section 61.9771.

13 (2) "Critical field" has the meaning assigned by
14 Section 61.9771.

15 (3) "Eligible institution" means an institution of
16 higher education designated as a comprehensive university,
17 doctoral university, or master's university under the board's
18 accountability system.

19 Sec. 61.9792. PURPOSE. The purpose of this subchapter is to
20 provide funding to facilitate the creation of premier public
21 comprehensive universities focused on strong undergraduate
22 curricula and limited research centers of excellence.

23 Sec. 61.9793. FUNDING. (a) For each state fiscal year,
24 the board shall distribute any funds appropriated by the
25 legislature for the purposes of this subchapter, and any other
26 funds made available for the purposes of this subchapter, to
27 eligible institutions as follows:

1 (1) 40 percent to be distributed among eligible
2 institutions in proportion to the number of points assigned to each
3 institution under the table prescribed by Subsection (c);

4 (2) 40 percent to be distributed among eligible
5 institutions in proportion to the percentage increase, if any, in
6 the average number of degrees awarded annually by each institution
7 in the two most recent fiscal years from the average number of
8 degrees awarded annually by that institution in the two fiscal
9 years immediately preceding those fiscal years, using the weights
10 assigned to each degree under the table prescribed by Subsection
11 (c); and

12 (3) 20 percent to be distributed among eligible
13 institutions in accordance with an equitable formula developed by
14 the board based on the number of students enrolled in each
15 institution who were recognized as National Merit Scholars or who
16 graduated with a grade point average in the top 10 percent of the
17 student's high school graduating class, to be used by each
18 institution to award scholarships to students described by this
19 subdivision.

20 (b) A number of points is assigned in accordance with
21 Subsection (c) on the basis of a degree awarded during the three
22 state fiscal years preceding the year for which the distribution of
23 funds under this section is made.

24 (c) A number of points is assigned for each degree awarded
25 by an eligible institution according to the following table:

	<u>POINTS</u>
<u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>

1 Noncritical Field/At-Risk Student 2.0

2 Critical Field/Not At-Risk Student 2.0

3 Critical Field/At-Risk Student 3.0

4 Sec. 61.9794. RULES. The board shall adopt rules for the
5 administration of this subchapter, including any rules the board
6 considers necessary regarding the submission to the board by
7 eligible institutions of any student data required for the board to
8 carry out its duties under this subchapter.

9 SUBCHAPTER HH. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

10 Sec. 61.9801. DEFINITIONS. In this subchapter:

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

14 (2) "Program" means the Texas Research Incentive
15 Program (TRIP) established under this subchapter.

16 Sec. 61.9802. PROGRAM ADMINISTRATION. The board shall
17 develop and administer the Texas Research Incentive Program (TRIP)
18 in accordance with this subchapter to provide matching funds to
19 assist eligible institutions in leveraging private gifts for the
20 enhancement of research productivity and faculty recruitment.

21 Sec. 61.9803. MATCHING GRANTS. (a) An eligible
22 institution that receives cash gifts or endowments from private
23 sources in a state fiscal year for the purpose of enhancing research
24 activities at the institution, including a gift or endowment for
25 endowed chairs, professorships, facilities, equipment, program
26 costs, or graduate stipends or fellowships, is entitled to receive,
27 out of funds appropriated for the purposes of the program for that

1 fiscal year, a matching grant in an amount determined according to
2 the following rates:

3 (1) 50 percent of the amount of the gifts and
4 endowments, if the total amount of gifts and endowments is \$100,000
5 or more but not more than \$999,999;

6 (2) 75 percent of the amount of the gifts and
7 endowments, if the total amount of gifts and endowments is \$1
8 million or more but not more than \$1,999,999; or

9 (3) 100 percent of the amount of the gifts and
10 endowments, if the total amount of gifts and endowments is \$2
11 million or more.

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

14 (1) an in-kind gift;

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

17 (3) a gift for undergraduate scholarships or grants;

18 or

19 (4) any portion of gifts or endowments received by the
20 institution from a single source in a state fiscal year in excess of
21 \$10 million.

22 (c) The board shall establish procedures for the
23 certification by the board of an eligible institution's receipt of
24 a qualifying gift or endowment. A gift or endowment must be
25 certified as of the date the gift or endowment was deposited by the
26 institution in a depository bank or invested by the institution as
27 authorized by law.

1 (d) If the funds appropriated for the program for a state
2 fiscal year are insufficient to provide matching grants in the
3 amounts specified by this section for all qualifying private gifts
4 and endowments received by eligible institutions during that fiscal
5 year, the board shall provide matching grants for those gifts and
6 endowments in order of their certification date, and shall provide
7 matching grants for any remaining unmatched gifts and endowments in
8 the following fiscal year using funds appropriated to the program
9 for that following year, to the extent funds are available.

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

14 Sec. 61.9804. RULES. The board shall adopt rules for the
15 administration of this subchapter.

16 SECTION 4. The Texas Higher Education Coordinating Board
17 shall adopt rules relating to the administration of Subchapters FF,
18 GG, and HH, Chapter 61, Education Code, as added by this Act, as
19 soon as practicable after the effective date of this Act.

20 SECTION 5. (a) Except as provided by Subsection (b) of
21 this section, this Act takes effect September 1, 2009.

22 (b) This Act does not make an appropriation. This Act takes
23 effect only if a specific appropriation for the implementation of
24 this Act is provided in a general appropriations act of the 81st
25 Legislature.