

1-1 By: Zaffirini, et al. S.B. No. 9
1-2 (In the Senate - Filed March 2, 2009; March 13, 2009, read
1-3 first time and referred to Committee on Higher Education;
1-4 April 24, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 4, Nays 0; April 24, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 9 By: Zaffirini

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to financial support and incentives for the development of
1-11 national research universities and high-quality comprehensive
1-12 regional universities and a review of the institutional groupings
1-13 under the Texas Higher Education Coordinating Board's
1-14 accountability system.

1-15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-16 SECTION 1. Subchapter G, Chapter 51, Education Code, is
1-17 amended by adding Section 51.358 to read as follows:

1-18 Sec. 51.358. LONG-TERM STRATEGIC PLAN FOR RESEARCH
1-19 UNIVERSITY OR EMERGING RESEARCH UNIVERSITY. (a) The governing
1-20 board of each institution of higher education designated as a
1-21 research university or emerging research university under the Texas
1-22 Higher Education Coordinating Board's accountability system shall
1-23 submit to the coordinating board, in the form and manner prescribed
1-24 by the coordinating board, a detailed, long-term strategic plan
1-25 documenting the strategy by which the institution intends to
1-26 achieve recognition as a research university, or enhance the
1-27 university's reputation as a research university, as applicable.

1-28 (b) The Texas Higher Education Coordinating Board shall
1-29 adopt rules for the administration of this section.

1-30 SECTION 2. Subchapter C, Chapter 61, Education Code, is
1-31 amended by adding Section 61.0904 to read as follows:

1-32 Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least
1-33 once every 10 years, the board shall conduct a review of the
1-34 institutional groupings under the board's accountability system,
1-35 including a review of the criteria for and definitions assigned to
1-36 those groupings.

1-37 SECTION 3. Chapter 61, Education Code, is amended by adding
1-38 Subchapters FF, GG, and HH to read as follows:

1-39 SUBCHAPTER FF. TEXAS COMPETITIVE KNOWLEDGE FUNDING

1-40 Sec. 61.9771. DEFINITIONS. In this subchapter:

1-41 (1) "At-risk student" means a student of a research
1-42 university:

1-43 (A) whose score on the Scholastic Assessment Test
1-44 (SAT) or the American College Test (ACT) is less than the national
1-45 mean score of students' scores on that test;

1-46 (B) who has been awarded a grant under the
1-47 federal Pell Grant program;

1-48 (C) who was 20 years of age or older on the date
1-49 the student initially enrolled in the university;

1-50 (D) who is enrolled as a part-time student; or

1-51 (E) who did not receive a high school diploma but
1-52 received a high school equivalency certificate within the last six
1-53 years.

1-54 (2) "Critical field" means:

1-55 (A) the field of engineering, computer science,
1-56 mathematics, physical science, allied health, nursing, or teacher
1-57 certification in a field of science or mathematics; and

1-58 (B) any other field of study identified as a
1-59 critical field by the board in "Closing the Gaps," the state's
1-60 master plan for higher education.

1-61 (3) "Eligible institution" means an institution of
1-62 higher education designated as a research university or emerging
1-63 research university under the board's accountability system.

2-1 Sec. 61.9772. PURPOSE. The purpose of this subchapter is to
 2-2 provide funding to research universities and emerging research
 2-3 universities for the recruitment and retention of highly qualified
 2-4 faculty and the enhancement of research productivity at those
 2-5 universities.

2-6 Sec. 61.9773. FUNDING. (a) For each state fiscal year,
 2-7 the board shall distribute any funds appropriated by the
 2-8 legislature for the purposes of this subchapter, and any other
 2-9 funds made available for the purposes of this subchapter, to
 2-10 eligible institutions as follows:

2-11 (1) 80 percent to be distributed among eligible
 2-12 institutions based on the average amount of total research funds
 2-13 expended by each institution annually during the three most recent
 2-14 state fiscal years, according to the following rates:

2-15 (A) \$1 million for every \$10 million of the
 2-16 average annual amount of those research funds expended by the
 2-17 institution, if that average amount for the institution is \$50
 2-18 million or more; and

2-19 (B) \$500,000 for every \$10 million of the average
 2-20 annual amount of those research funds expended by the institution,
 2-21 if that average amount for the institution is less than \$50 million;

2-22 (2) 10 percent to be distributed among eligible
 2-23 institutions in proportion to the average number of degrees awarded
 2-24 by each institution annually during the two most recent state
 2-25 fiscal years, using the weights assigned to each degree under the
 2-26 table prescribed by Subsection (b); and

2-27 (3) 10 percent to be distributed among eligible
 2-28 institutions in proportion to the percentage increase, if any, in
 2-29 the average number of degrees awarded by each institution annually
 2-30 in the two most recent fiscal years from the average number of
 2-31 degrees awarded by that institution annually in the two fiscal
 2-32 years immediately preceding those fiscal years, using the weights
 2-33 assigned to each degree under the table prescribed by Subsection
 2-34 (b).

2-35 (b) A number of points is assigned for each degree awarded
 2-36 by an eligible institution according to the following table:

	<u>POINTS</u>
2-37 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
2-38 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
2-39 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
2-40 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

2-41 (c) For purposes of Subsection (a)(1), the amount of total
 2-42 research funds expended by an eligible institution in a state
 2-43 fiscal year is the amount of those funds as reported to the board by
 2-44 the institution for that fiscal year, subject to any adjustment by
 2-45 the board in accordance with the standards and accounting methods
 2-46 the board prescribes for purposes of this section. If the funds
 2-47 available for distribution for a state fiscal year under Subsection
 2-48 (a)(1) are not sufficient to provide the amount specified by
 2-49 Subsection (a)(1) for each eligible institution or exceed the
 2-50 amount sufficient for that purpose, the available amount shall be
 2-51 distributed in proportion to the total amount to which each
 2-52 institution is otherwise entitled under Subsection (a)(1).

2-53 Sec. 61.9774. RULES. The board shall adopt rules for the
 2-54 administration of this subchapter, including any rules the board
 2-55 considers necessary regarding the submission to the board by
 2-56 eligible institutions of any student data required for the board to
 2-57 carry out its duties under this subchapter.

2-58 SUBCHAPTER GG. TEXAS CENTERS OF EXCELLENCE PERFORMANCE FUNDING

2-59 Sec. 61.9791. DEFINITIONS. In this subchapter:

2-60 (1) "At-risk student" has the meaning assigned by
 2-61 Section 61.9771.

2-62 (2) "Critical field" has the meaning assigned by
 2-63 Section 61.9771.

2-64 (3) "Eligible institution" means an institution of
 2-65 higher education designated as a comprehensive university,
 2-66 doctoral university, or master's university under the board's
 2-67 accountability system.

2-68 Sec. 61.9792. PURPOSE. The purpose of this subchapter is to
 2-69

3-1 provide funding to facilitate the creation of premier public
 3-2 comprehensive universities focused on strong undergraduate
 3-3 curricula and limited research centers of excellence.

3-4 Sec. 61.9793. FUNDING. (a) For each state fiscal year,
 3-5 the board shall distribute any funds appropriated by the
 3-6 legislature for the purposes of this subchapter, and any other
 3-7 funds made available for the purposes of this subchapter, to
 3-8 eligible institutions as follows:

3-9 (1) 40 percent to be distributed among eligible
 3-10 institutions in proportion to the number of points assigned to each
 3-11 institution under the table prescribed by Subsection (c);

3-12 (2) 40 percent to be distributed among eligible
 3-13 institutions in proportion to the percentage increase, if any, in
 3-14 the average number of degrees awarded annually by each institution
 3-15 in the two most recent fiscal years from the average number of
 3-16 degrees awarded annually by that institution in the two fiscal
 3-17 years immediately preceding those fiscal years, using the weights
 3-18 assigned to each degree under the table prescribed by Subsection
 3-19 (c); and

3-20 (3) 20 percent to be distributed among eligible
 3-21 institutions in accordance with an equitable formula developed by
 3-22 the board based on the number of students enrolled in each
 3-23 institution who were recognized as National Merit Scholars or who
 3-24 graduated with a grade point average in the top 10 percent of the
 3-25 student's high school graduating class, to be used by each
 3-26 institution to award scholarships to students described by this
 3-27 subdivision.

3-28 (b) A number of points is assigned in accordance with
 3-29 Subsection (c) on the basis of a degree awarded during the three
 3-30 state fiscal years preceding the year for which the distribution of
 3-31 funds under this section is made.

3-32 (c) A number of points is assigned for each degree awarded
 3-33 by an eligible institution according to the following table:

	<u>POINTS</u>
3-34 <u>Noncritical Field/Not At-Risk Student</u>	<u>1.0</u>
3-35 <u>Noncritical Field/At-Risk Student</u>	<u>2.0</u>
3-36 <u>Critical Field/Not At-Risk Student</u>	<u>2.0</u>
3-37 <u>Critical Field/At-Risk Student</u>	<u>3.0</u>

3-39 Sec. 61.9794. RULES. The board shall adopt rules for the
 3-40 administration of this subchapter, including any rules the board
 3-41 considers necessary regarding the submission to the board by
 3-42 eligible institutions of any student data required for the board to
 3-43 carry out its duties under this subchapter.

3-44 SUBCHAPTER HH. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

3-45 Sec. 61.9801. DEFINITIONS. In this subchapter:

3-46 (1) "Eligible institution" means an institution of
 3-47 higher education designated as an emerging research university
 3-48 under the board's accountability system.

3-49 (2) "Program" means the Texas Research Incentive
 3-50 Program (TRIP) established under this subchapter.

3-51 Sec. 61.9802. PROGRAM ADMINISTRATION. The board shall
 3-52 develop and administer the Texas Research Incentive Program (TRIP)
 3-53 in accordance with this subchapter to provide matching funds to
 3-54 assist eligible institutions in leveraging private gifts for the
 3-55 enhancement of research productivity and faculty recruitment.

3-56 Sec. 61.9803. MATCHING GRANTS. (a) An eligible
 3-57 institution that receives cash gifts or endowments from private
 3-58 sources in a state fiscal year for the purpose of enhancing research
 3-59 activities at the institution, including a gift or endowment for
 3-60 endowed chairs, professorships, facilities, equipment, program
 3-61 costs, or graduate stipends or fellowships, is entitled to receive,
 3-62 out of funds appropriated for the purposes of the program for that
 3-63 fiscal year, a matching grant in an amount determined according to
 3-64 the following rates:

3-65 (1) 50 percent of the amount of the gifts and
 3-66 endowments, if the total amount of gifts and endowments is \$100,000
 3-67 or more but not more than \$999,999;

3-68 (2) 75 percent of the amount of the gifts and
 3-69 endowments, if the total amount of gifts and endowments is \$1

4-1 million or more but not more than \$1,999,999; or
4-2 (3) 100 percent of the amount of the gifts and
4-3 endowments, if the total amount of gifts and endowments is \$2
4-4 million or more.

4-5 (b) An eligible institution is not entitled to matching
4-6 funds under the program for:

4-7 (1) an in-kind gift;

4-8 (2) a gift that has been pledged but has not been
4-9 received by the institution;

4-10 (3) a gift for undergraduate scholarships or grants;

4-11 or

4-12 (4) any portion of gifts or endowments received by the
4-13 institution from a single source in a state fiscal year in excess of
4-14 \$10 million.

4-15 (c) The board shall establish procedures for the
4-16 certification by the board of an eligible institution's receipt of
4-17 a qualifying gift or endowment. A gift or endowment must be
4-18 certified as of the date the gift or endowment was deposited by the
4-19 institution in a depository bank or invested by the institution as
4-20 authorized by law.

4-21 (d) If the funds appropriated for the program for a state
4-22 fiscal year are insufficient to provide matching grants in the
4-23 amounts specified by this section for all qualifying private gifts
4-24 and endowments received by eligible institutions during that fiscal
4-25 year, the board shall provide matching grants for those gifts and
4-26 endowments in order of their certification date, and shall provide
4-27 matching grants for any remaining unmatched gifts and endowments in
4-28 the following fiscal year using funds appropriated to the program
4-29 for that following year, to the extent funds are available.

4-30 (e) Matching grants received by an eligible institution
4-31 under this section may not be considered as a basis to reduce,
4-32 directly or indirectly, the amount of money otherwise appropriated
4-33 to the institution.

4-34 Sec. 61.9804. RULES. The board shall adopt rules for the
4-35 administration of this subchapter.

4-36 SECTION 4. The Texas Higher Education Coordinating Board
4-37 shall adopt rules relating to the administration of Subchapters FF,
4-38 GG, and HH, Chapter 61, Education Code, as added by this Act, as
4-39 soon as practicable after the effective date of this Act.

4-40 SECTION 5. (a) Except as provided by Subsection (b) of
4-41 this section, this Act takes effect September 1, 2009.

4-42 (b) This Act does not make an appropriation. This Act takes
4-43 effect only if a specific appropriation for the implementation of
4-44 this Act is provided in a general appropriations act of the 81st
4-45 Legislature.

4-46 * * * * *