

**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**

<b>Estimated Two-year Net Impact to General Revenue Related Funds</b> 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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
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:**

<b>Fiscal Year</b>	<b>Probable (Cost) from General Revenue Fund 1</b>
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

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