Texas Public Higher Education

Research Funding Overview

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON ARTICLE III
LEGISLATIVE BUDGET BOARD STAFF
FEBRUARY 24, 2015
Background

- Sec. 62, Education Code, establishes the Texas Competitive Knowledge Fund, the Research Development Fund, and the Texas Research Incentive Program.

- The level of state support for these research programs is a funding decision for each Legislature.

- The Eighty-third Legislature, 2013, provided $267.9 million in General Revenue for the Texas Competitive Knowledge Fund, the Research Development Fund, along with the Texas Research Incentive Program in the 2014-15 biennium.

- House Bill 1 as Introduced provides $303.5 million in General Revenue for the 2016-17 biennium for the Texas Research University Fund, the Comprehensive Research Fund, and the Texas Research Incentive Program.
Texas Competitive Knowledge Fund

- Sec. 62.052, Education Code, specifies the purpose of the Texas Competitive Knowledge Fund is to provide funding to eligible research universities and emerging research universities to support faculty to ensure excellence in instruction and research.

- The fund was originally authorized by the Eightieth Legislature in the 2008-09 General Appropriations Act. Support was provided to certain institutions in the strategy, “Competitive Knowledge Fund.” The Eighty-third Legislature enacted Senate Bill 215 establishing the Texas Competitive Knowledge Fund and setting eligibility requirements for research universities and emerging research universities.

- The Texas Competitive Knowledge Fund has been funded with General Revenue appropriated directly to eligible institutions in their respective bill patterns.
Texas Competitive Knowledge Fund

- The Texas Competitive Knowledge Fund is currently allocated based on the three-year average of total research expenditures. In the 2014-15 biennium, the fund’s appropriations support $0.93 million per $10 million of total research expenditures.

- Education Code specifies the following eligibility requirements:
  - A research institution is eligible if an institution reaches total annual research expenditures in an average amount of not less than $450 million for three consecutive fiscal years.
  - An emerging research university is eligible if the institution reaches total annual research expenditures in an average annual amount of not less than $50 million for three consecutive fiscal years.

- Sec. 62.052, Education Code, specifies the first biennium in which an eligible institution receives an appropriation from the Competitive Knowledge Fund, the institution’s other General Revenue appropriations shall be reduced by $5 million, or the amount of the appropriation received from the fund.
## Appropriations History: Texas Competitive Knowledge Fund

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<tr>
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<tbody>
<tr>
<td>The University of Texas at Austin</td>
<td>$39,388,771</td>
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<td>Texas A&amp;M University</td>
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<td>University of Houston</td>
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<td>Texas Tech University</td>
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<td>The University of Texas at Dallas</td>
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<td>The University of Texas at San Antonio</td>
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<td>N/A</td>
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<td>$5,000,000</td>
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<td><strong>Total</strong></td>
<td><strong>$93,207,614</strong></td>
<td><strong>$118,319,639</strong></td>
<td><strong>$93,485,424</strong></td>
<td><strong>$159,242,726</strong></td>
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Research Development Fund

- Sec. 62.091, Education Code, specifies the purpose of the Research Development Fund is to provide funding to promote increased research capacity at eligible general academic teaching institutions.

- Statute specifies that all general academic institutions other than The University of Texas at Austin and Texas A&M University are eligible for appropriations from the Research Development Fund.

- The Seventy-ninth Legislature, 2005, initially provided $42.8 million in General Revenue for the Research Development Fund in the 2006-07 biennium.

- The Research Development Fund is funded with General Revenue appropriated directly to eligible institutions in their respective bill patterns.
The Research Development Fund is allocated based on the three-year average of restricted research expenditures. Each Legislature determines the funding level for the Research Development Fund. The appropriation is then allocated based on each eligible institution’s proportional share of total restricted research expenditures.


<table>
<thead>
<tr>
<th></th>
<th>2008-09</th>
<th>2010-11</th>
<th>2012-13</th>
<th>2014-15</th>
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<td>Research</td>
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<td>$80,862,828</td>
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<td>Development</td>
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<td>Fund</td>
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Texas Research Incentive Program

- The purpose of the Texas Research Incentive Program (TRIP) is to provide matching funds to assist eligible institutions in leveraging private gifts for the enhancement of research productivity and faculty recruitment.

- Unlike the Texas Competitive Knowledge and Research Development Funds which are appropriated directly to eligible institutions within their respective bill patterns, TRIP is funded with a General Revenue appropriation that is trusteed to the Higher Education Coordinating Board (HECB).

- Institutions eligible to receive TRIP funding are those designated as emerging research universities by HECB’s accountability system. Institutions currently eligible are:

  - Texas Tech University
  - University of Houston
  - University of North Texas
  - Texas State University
  - The University of Texas at Arlington
  - The University of Texas at Dallas
  - The University of Texas at El Paso
  - The University of Texas at San Antonio
Texas Research Incentive Program

- Education Code specifies the eligible matching percentage based on the amount of the donation received by the institution:
  - If the total amount of gifts is $100,000 or more, but less than $999,999, 50 percent of the donation will be matched;
  - If the total amount of gifts and endowments is $1,000,000 or more, but less than $1,999,999, 75 percent of the donations will be matched; and
  - If the total amount of the gifts is $2,000,000 or more, 100 percent of the donations will be matched.

- If funds appropriated for the TRIP program are insufficient to provide matching gifts for all qualifying donations, HECB will provide matching grants for the remaining unmatched donations in the following year to the extent appropriated funds are available.
Texas Research Incentive Program

<table>
<thead>
<tr>
<th>Distribution of Texas Research Incentive Program Funds</th>
<th>2010-11</th>
<th>2012-13*</th>
<th>2014-15</th>
<th>2016-17 House Bill 1 as Introduced</th>
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<tr>
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<td>$47,600,000</td>
<td>$70,000,000</td>
<td>$35,625,000</td>
<td>$177,736,409</td>
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*Includes supplemental appropriations made in HB 1025.

- House Bill 1 provides an increase of $142.1 million for the Texas Research Incentive Program above 2014-15 funding levels. Increased funding for the program is the result of $35 million in additional General Revenue, as well as $107.1 million in General Revenue that previously would have been allocated through the Research Development Fund and the Texas Competitive Knowledge Fund.
Additional Research Support

- Norman Hackerman Advanced Research Program – consists of General Revenue that is trusteed to the Texas Higher Education Coordinating Board. It is a competitive grant program that is open to public and private institutions of higher education for the purpose of the encouraging and providing support for basic research conducted by faculty members and students. House Bill 1 maintains 2014-15 levels of $1 million.

- National Research University Fund – are estimated appropriations composed of Other Funds. In order to receive appropriations from the fund, an institution must be designated an emerging research university and meet certain eligibility criteria. Currently, the University of Houston and Texas Tech University are the only institutions receiving appropriations from the National Research University Fund. House Bill 1 provides $61.1 million in a separate bill pattern.
Texas Research University Fund – House Bill 1 as Introduced provides $111.5 million in General Revenue to the state’s research universities, Texas A&M University and The University of Texas at Austin. Funding is allocated based on a three-year average of total research expenditures at a rate of $0.9 million per $10 million.

Texas Research Incentive Program – House Bill 1 as Introduced provides $177.7 million to the state’s eight emerging research universities. For the emerging research universities, research funding is trusteed at the Coordinating Board and subject to an allocation methodology based on matching donations.

Comprehensive Research Fund – House Bill 1 as Introduced provides $14.3 million for General Academic Institutions not designated research or emerging research universities based on a three-year average of restricted research expenditures. Appropriations are provided directly to eligible institutions in their bill pattern.
Contact the LBB
Legislative Budget Board
www.lbb.state.tx.us
512.463.1200