



LEGISLATIVE BUDGET BOARD

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

	2008-09	2010-11	2012-13	2014-15
The University of Texas at Austin	\$39,388,771	\$51,627,098	\$36,783,564	\$53,404,206
Texas A&M University	\$40,527,466	\$52,628,025	\$39,806,470	\$58,701,988
University of Houston	\$8,199,621	\$8,503,519	\$6,123,958	\$12,446,482
Texas Tech University	\$5,091,756	\$5,560,997	\$6,041,190	\$12,446,482
The University of Texas at Dallas	N/A	N/A	\$4,730,242	\$8,252,942
The University of Texas at Arlington	N/A	N/A	N/A	\$6,234,706
The University of Texas at El Paso	N/A	N/A	N/A	\$6,437,760
The University of Texas at San Antonio	N/A	N/A	N/A	\$5,000,000
Total	\$93,207,614	\$118,319,639	\$93,485,424	\$159,242,726

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.

Research Development Fund

- 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.
- The Eighty-third Legislature, 2013, provided \$73.1 million in General Revenue for 32 eligible institutions in the 2014-15 biennium. Each institution's Research Development Fund appropriation can be found in Sec. 54 of Special Provisions Relating Only to State Agencies of Higher Education in the 2014-15 General Appropriations Act.

	2008-09	2010-11	2012-13	2014-15
Research Development Fund	\$80,862,828	\$80,862,828	\$65,296,738	\$73,079,780

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 trusteeed 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

The University of Texas at Arlington

University of Houston

The University of Texas at Dallas

University of North Texas

The University of Texas at El Paso

Texas State University

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

	2010-11	2012-13*	2014-15	2016-17 House Bill 1 as Introduced
Distribution of Texas Research Incentive Program Funds	\$47,600,000	\$70,000,000	\$35,625,000	\$177,736,409
*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 trusteeed 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.

2016-17 House Bill 1 as Introduced

- 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 trusteeed 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.



LEGISLATIVE BUDGET BOARD

Contact the LBB

Legislative Budget Board

www.lbb.state.tx.us

512.463.1200