

The Eighty-first Legislature, Regular Session, 2009, directed the Legislative Budget Board and the Higher Education Coordinating Board through Section 54 of the Special Provisions Relating Only to State Agencies of Higher Education in the 2010–11 General Appropriations Act to study the higher education special items listed under the Special Item Goal in preparation for the Eighty-second Legislative Session:

**Sec. 54 Special Item Study.** The Higher Education Coordinating Board and the Legislative Budget Board shall use the appropriations in this Act to study each item under the Special Item Support Goal in preparation for the 82nd Legislative Session. The study shall include but not be limited to determining:

- a.) if the special item is for “start up funding” and if so, for how long should it be continued,
- b.) does the institution get formula funding for the item and should the item be reduced by an equal amount and,
- c.) does the item still serve its original purpose and if so, how long should it continue.

It is the intent of the Legislature that items identified as “start up funding” only be funded for six years after the inception of the program.

Higher Education special items are loosely defined as items that are not supported through formula funding and support the special mission of the institution, such as the McDonald Observatory at the University of Texas at Austin. However, special items can also be used to support new academic programs or address geographic disparities and other inequities among institutions. Special items are categorized into four objectives for the general academic institutions, Texas State Technical Colleges, Lamar State Colleges and system offices (instructional support, research, public service, and institutional support) and five objectives at the health related institutions (residency training, research, health care, public service and institutional support).

In response to Section 54, Special Item Study, the Higher Education Coordinating Board and the Legislative Budget Board developed a questionnaire to survey the institutions concerning their special items. The surveys form the basis of this report.

In this report, the Higher Education Coordinating Board and the Legislative Budget Board provide the information in a format that will assist the Legislature in

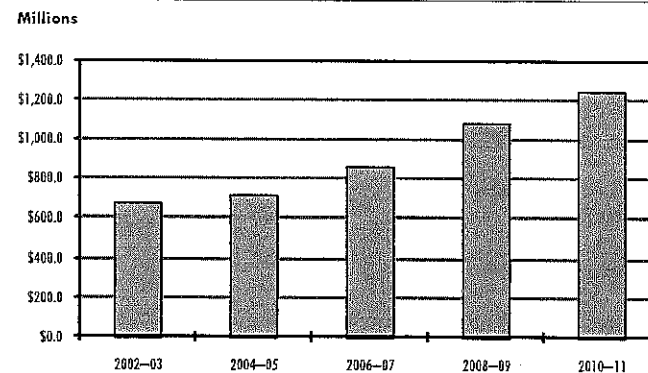
determining the disposition of special items pursuant to the questions presented in the rider and identifying other characteristics of the special items.

There are 323 special items listed under the Special Item Support Goal in the 2010–11 General Appropriations Act totaling \$1,242.6 million, including fifteen new items funded through the American Recovery and Reinvestment Act (ARRA). These items range from \$65.6 million for the Paul L. Foster School of Medicine at the Texas Tech University Health Sciences Center to \$45,764 for a coastal zone laboratory at Texas A&M University at Galveston. The median special item appropriation in 2010–11 is \$14.3 million.

Overall, special item funding has grown 54 percent over the past five biennia (**Figure 1**). Special Item funding has increased from 4.3 percent of higher education funding in the 2002–03 biennium to 5.5 percent in the 2010–11 biennium. As special item appropriations have increased over this time period, the health-related institutions’ share of the total has increased (**Figure 2**).

The number and funding level for each special item is specifically identified by the Legislature for each institution. The percentage of direct state support (defined as General Revenue, ARRA and certain General Revenue–Dedicated) provided through special items and the number of items vary widely between institutions (**Figure 3**) ranging from 66.4 percent at UNT System Office to 4.5 percent at the University of Texas at Arlington.

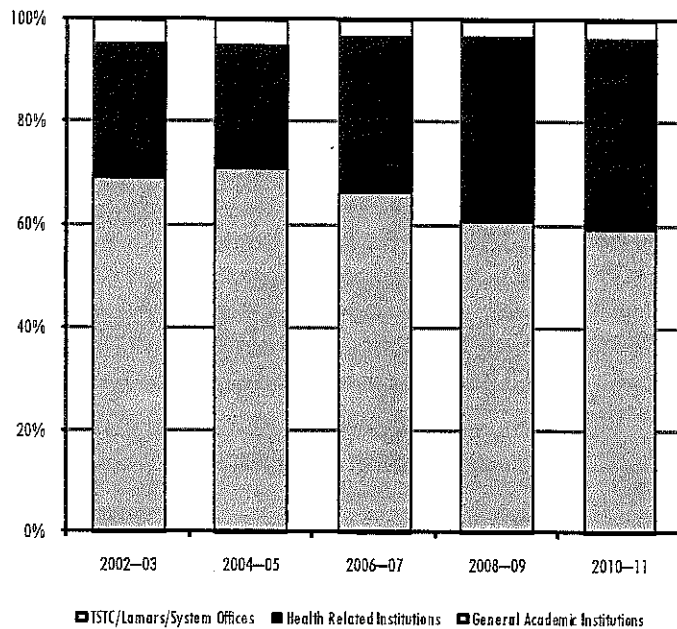
**FIGURE 1  
SPECIAL ITEM FUNDING**



# SUMMARY OF HIGHER EDUCATION SPECIAL ITEMS (CONTINUED)

Draft

**FIGURE 2**  
2010-11 SPECIAL ITEM FUNDING



**FIGURE 3**

INSTITUTION	NUMBER OF SPECIAL ITEMS	AMOUNT OF SPECIAL ITEMS	PERCENTAGE OF DIRECT STATE SUPPORT THAT IS SPECIAL ITEMS
University of North Texas System Administration	4	\$22,928,165	66.4%
Sul Ross State University Rio Grande	3	5,697,618	50.1
Texas A&M University-Kingsville	8	33,440,848	38.4
Texas Tech University Health Science Center	15	123,148,570	38.2
Texas A&M University-Texarkana	5	13,857,498	36.3
The University of Texas of the Permian Basin	6	19,119,708	34.1
Sul Ross State University	9	10,010,344	32.8
Texas A&M International University	6	23,387,116	32.8
University of Houston System Administration	1	1,681,234	29.6
Texas A&M University System Health Science Center	6	64,219,895	29.4
The University of Texas Southwestern Medical Center at Dallas	10	85,356,793	28.1
Texas A&M University-Corpus Christi	9	27,754,052	28.0
Angelo State University	7	14,820,366	27.9
Tarleton State University	6	25,273,882	27.5
Sam Houston State University	9	29,384,721	26.3
The University of Texas at Tyler	3	15,770,944	26.0
Texas State Technical College-Marshall	1	2,188,918	23.4
Lamar State College-Orange	1	3,042,100	22.2
West Texas A&M University	8	13,150,491	21.6
The University of Texas at Brownsville	3	11,599,346	21.3
Prairie View A&M University	8	23,853,112	21.1

# SUMMARY OF HIGHER EDUCATION SPECIAL ITEMS (CONTINUED)

# Draft

FIGURE 3 (CONTINUED)

INSTITUTION	NUMBER OF SPECIAL ITEMS	AMOUNT OF SPECIAL ITEMS	PERCENTAGE OF DIRECT STATE SUPPORT THAT IS SPECIAL ITEMS
The University of Texas Health Science Center at San Antonio	8	\$65,049,350	20.9%
Texas A&M System Administration	2	2,328,125	19.4
Lamar State College—Port Arthur	3	3,665,584	19.2
University of Houston—Victoria	4	6,122,552	18.0
Texas A&M University at Galveston	3	5,938,612	17.9
Stephen F. Austin University	6	15,924,700	17.7
The University of Texas at San Antonio	10	35,045,984	17.1
Texas Tech University	11	48,022,356	17.1
The University of Texas—Pan American	11	20,393,704	16.0
Texas Southern University	9	18,610,328	15.4
The University of Texas Health Science Center at Tyler	4	11,067,868	14.8
University of Houston	11	49,127,500	14.8
The University of Texas at Austin	14	81,627,326	14.5
The University of Texas Health Science Center at Houston	9	45,424,524	14.4
Midwestern State University	3	5,598,688	14.2
Texas Woman's University	5	15,056,248	13.8
The University of Texas at El Paso	12	20,998,698	13.4
Texas A&M University	7	67,310,648	12.8
Texas State Technical College—West Texas	1	3,019,645	12.3
Lamar Institute of Technology	2	2,379,268	12.1
The University of Texas at Dallas	7	18,946,914	11.6
Lamar University	8	9,733,820	11.1
Texas A&M University—Commerce	4	8,109,187	11.1

FIGURE 3 (CONTINUED)

INSTITUTION	NUMBER OF SPECIAL ITEMS	AMOUNT OF SPECIAL ITEMS	PERCENTAGE OF DIRECT STATE SUPPORT THAT IS SPECIAL ITEMS
University of North Texas Health Science Center at Forth Worth	4	\$12,650,295	10.4%
University of Houston—Downtown	2	6,035,134	10.1
University of Houston—Clear Lake	3	5,968,354	9.5
Texas State Technical College—Harlingen	1	2,498,408	6.5
Texas State University—San Marcos	9	11,428,352	6.3
The University of Texas Medical Branch at Galveston	5	33,724,482	6.0
The University of Texas M.D. Anderson Cancer Center	3	18,812,907	5.5
Texas State Technical College—Waco	1	2,753,080	5.3
University of North Texas	6	11,102,351	5.2
The University of Texas at Arlington	7	8,457,238	4.5
	<b>323</b>	<b>\$1,242,617,951</b>	

## INSTITUTIONAL ENHANCEMENT

Institutional Enhancement totals \$400 million for the biennium or 32.7 percent of total special item funding. The strategy was created for all institutions in the 2000–01 General Appropriations Act, when the Seventy-sixth Legislature consolidated and reduced the number of special items by rolling several into one strategy. For the General Academic Institutions the Eighty-first Legislature decided to convert as much non-formula funding from the Excellence strategy in the Operations Support goal and the Institutional Enhancement strategy into formula funding. As a result of this funding methodology swap, Texas A&M University is the only institution without an Institutional Enhancement strategy, because all of the funding was converted to formula.

# SUMMARY OF HIGHER EDUCATION SPECIAL ITEMS (CONTINUED)

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## REVENUE—CONTINGENT APPROPRIATIONS

Several institutions receive special item appropriations that are contingent on the Comptroller of Public Accounts certifying that the activities supported by the appropriations will generate additional revenue to the state. Seventeen of these appropriations, identified by Section 48 of Article III Special Provisions, support three networks of Small Business Development Centers (SBDC) around the state. A fourth SBDC network in that provision is supported by an appropriation made to a community college, and is not listed here. Seven institutions receive revenue-contingent appropriations for other business incubators and centers. (Figure 4)

**FIGURE 4**  
**REVENUE CONTINGENT SPECIAL ITEMS**

SECTION 48 SMALL BUSINESS DEVELOPMENT CENTERS	AMOUNT
The University of Texas—Pan American	\$489,954
The University of Texas—Permian Basin	279,914
The University of Texas at Brownsville	500,000
The University of Texas—San Antonio	7,582,276
Tarleton State University	220,000
Texas A&M International University	330,000
West Texas A&M University	374,218
University of Houston	6,141,394
University of Houston—Victoria	430,100
Midwestern State University	271,478
Texas Tech University	2,455,412
Angelo State University	268,540
Lamar University	239,836
Lamar State College—Port Arthur	420,000
Sam Houston State University	434,476
Texas State University—San Marcos	377,214
Sul Ross State University	267,732
Sul Ross Rio Grande	335,676
<b>TOTAL</b>	<b>\$21,418,220</b>

**FIGURE 4 (CONTINUED)**  
**REVENUE CONTINGENT SPECIAL ITEMS**

OTHER BUSINESS INCUBATORS AND CENTERS	AMOUNT
The University of Texas at Austin: Bureau of Economic Geology	\$3,000,000
The University of Texas—Pan American: Center for Manufacturing	416,084
The University of Texas at San Antonio:	
Texas State Data Center	300,000
South-West Texas Border Network SBDC	2,426,338
Texas A&M University—Kingsville:	
Wildlife Research Institute	62,080
Institute for Ranch Management	510,000
West Texas A&M University: Rural Agri-Business	1,500,000
University of North Texas Health Science Center: Economic Development & Technology Commercialization	3,100,000
Texas A&M University—Corpus Christi: Coastal Bend Economic Development and Business Innovation Center	1,000,000
<b>TOTAL</b>	<b>\$11,314,502</b>
<b>GRAND TOTAL</b>	<b>\$33,732,722</b>

## TEXAS COMPETITIVE KNOWLEDGE FUND

The Eightieth Legislature created a special item called the Texas Competitive Knowledge Fund to support faculty for the purpose of instructional excellence and research at four institutions. (Figure 5) Funding amounts are based on a three-year average of total research expenditures as reported in the Accountability System at the Higher Education Coordinating Board. The Eighty-first Legislature increased the original appropriation to \$126.2 million from its original appropriation of \$93.2 to maintain funding levels at \$1 million for every \$10 million in research expenditures.

**FIGURE 5**

COMPETITIVE KNOWLEDGE FUND	AMOUNT OF SPECIAL ITEM
University of Texas at Austin	\$55,068,904
Texas A&M University	56,136,560
University of Houston	9,070,420
Texas Tech University	5,931,730
<b>TOTAL</b>	<b>\$126,207,614</b>

# SUMMARY OF HIGHER EDUCATION SPECIAL ITEMS (CONTINUED)

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Though the Eighty-first Legislature did not make new appropriations to them for the 2010–11 biennium, riders in the bill patterns of three additional institutions, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at Arlington, indicate that upon attaining a three-year average of \$50,000,000 in research expenditures, \$5,000,000 in General Revenue of the funds appropriated to the institution will be considered an appropriation for the Texas Competitive Knowledge Fund.

## START-UP FUNDING

There are twenty-one special items reported as “start up” funding by the institutions (Figure 6). Three of these items are for new institutions (UNT Dallas, A&M San Antonio, A&M Central Texas), two support the expansion of the University of Texas at Tyler and Texas A&M University–Texarkana into four year institutions, and two support the opening of a new Texas Tech Health Sciences Center’s Paul L. Foster

School of Medicine in El Paso, and the expansion of the Texas A&M College of Medicine.

Thirteen of the special items that were reported as “start up” funding by the institutions are over six years old. The largest items in this group are the new Paul L. Foster School of Medicine at the Texas Tech University Health Sciences Center, the expansion of the Texas A&M College of Medicine and the emerging universities in Dallas, San Antonio and Killeen.

Community Colleges, while not included under Sec. 54, of the Special Provisions Relating Only to State Appropriations of Higher Education, have eight special items totaling \$13.9 million in 2010–11.

Detailed information as reported by each institution follows.

**FIGURE 6**  
**SPECIAL ITEMS REPORTED AS “START UP” FUNDING**

INSTITUTION	SPECIAL ITEM	INITIAL YEAR	INITIAL FUNDING	2010–11 FUNDING	ARRA FUNDING
The University of Texas at El Paso	Institute for Manufacturing and Materials Management	1986	\$100,000	\$166,054	No
The University of Texas at Tyler	4-Year Start Up Operations	2000	530,000	2,206,970	No
Texas A&M University–Commerce	Bachelor of Science Degree in Construction Engineering	2010	1,000,000	1,000,000	Yes
Texas A&M University–Commerce	Bachelor of Science Degree in Industrial Engineering	2002	375,351	853,432	No
Texas A&M University–Texarkana	Downward Expansion	2010	6,000,000	6,000,000	Yes
Texas A&M University–Texarkana	Lower-Division Transition Funding	1996	178,000	196,090	No
Texas A&M University–Texarkana	Academic Programs—Academic programs and program development	2000	490,000	1,906,344	No
Texas A&M University–Kingsville	System Center—San Antonio	2001	1,600,000	16,277,304	No
Texas A&M University–Kingsville	Ph.D. in Engineering	2000	275,000	216,613	No
University of North Texas System Administration	College of Law	2010	5,000,000	5,000,000	Yes
Angelo State University	College of Nursing & Allied Health Center for Rural Health, Wellness & Rehabilitation	2010	2,000,000	2,000,000	Yes
Texas Woman’s University	Center for Research on Women’s Health	1998	675,000	334,010	No
Lamar Institute of Technology	Workforce Literacy	1996	40,050	108,184	No
Lamar State College–Port Arthur	Centennial Scholarships	2010	500,000	500,000	Yes

# SUMMARY OF HIGHER EDUCATION SPECIAL ITEMS (CONTINUED)

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FIGURE 6 (CONTINUED)  
SPECIAL ITEMS REPORTED AS "START UP" FUNDING

INSTITUTION	SPECIAL ITEM	INITIAL YEAR	INITIAL FUNDING	2010-11 FUNDING	ARRA FUNDING
Tarleton State University	Central Texas Center	2000	\$25,000	\$16,068,000	No
The University of Texas Health Science Center at Houston	Improving Public Health in Texas Communities	2010	9,500,000	9,500,000	Yes
University of North Texas System Administration	University of North Texas System Center at Dallas (UNT Dallas Campus)	1999	4,200,000	16,578,755	No
Texas A&M University System Health Science Center	Irma Rangel College of Pharmacy	2008	2,637,845	6,275,689	No
Texas A&M University System Health Science Center	College Station, Temple, Round Rock--Medical	2000	2,000,000	45,000,000	No
Texas Tech University Health Sciences Center	Physician Assistant Program	2008	1,016,500	1,016,500	No
Texas Tech University Health Sciences Center	Paul L. Foster School of Medicine	2002	1,500,000	65,600,000	No
<b>TOTAL</b>				<b>\$196,803,945</b>	