

- SUBJECT:** Excellence funding for health-related institutions of higher education
- COMMITTEE:** Higher Education — committee substitute recommended
- VOTE:** 9 ayes — Branch, Patrick, Alonzo, Clardy, Darby, Howard, Martinez, Murphy, Raney
0 nays
- WITNESSES:** For — (*Registered, but did not testify:* Darren Whitehurst, Texas Medical Association)
Against — None
On — Kenneth Shine, UT System; (*Registered, but did not testify:* Susan Brown, Texas Higher Education Coordinating Board)
- DIGEST:** HB 2753 would create a fund to reward progress made by eligible health-related institutions as measured by certain excellence metrics. The eligible institutions would be The Texas A&M University System Health Sciences Center; The University of Texas Medical Branch at Galveston, The University of Texas Southwestern Medical Center, The University of Texas Health Science Center at San Antonio, The University of Texas Health Science Center at Houston, The University of North Texas Health Science Center at Fort Worth, and Texas Tech University Health Sciences Center.
- Excellence points.** In each fiscal year an eligible institution would be entitled to receive a percentage of the money in the fund. This award would be in proportion to the institution's share of the total progress made by all eligible institutions for excellence. Progress would be measured on a point system. Points would be awarded for accomplishment in six metrics. For each fiscal year, a total of 25 points would be awarded to eligible institutions for each of the six metrics. Each institution would receive points, or fractional points, in proportion to the institution's share of the total progress made in each metric by all institutions combined.
- Metrics.** HB 2753 would establish six excellence metrics:

1. Sponsored research — the dollar amount of an institution’s federal and private, not state, research expenditures;
2. Faculty quality — the number of awards to faculty, such as Nobel Prizes and memberships in national academies;
3. Doctoral degrees — the number of doctoral degrees awarded;
4. Philanthropy — the dollar amount of cash gifts to the institution;
5. Commercialization — the number of licensing agreements executed; and
6. Patents — the number of patents awarded.

The metrics would be measured on a three-year rolling average.

Annual eligibility and contribution. Each of the health-related institutions eligible for an annual distribution from the fund would be required to have a medical school and make a one-time, initial transfer to the fund from non-formula appropriations of at least \$2.5 million. The Legislature, when making appropriations from the fund would ensure that eligible institutions received at least the value of its initial transfer.

Effective date. This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2013.

**SUPPORTERS
SAY:**

CSHB 2753 would apply the success of the incentive model proven by other higher education funds and apply it to the state’s health-related institutions with medical schools. General academic institutions have long been recognized for excellence through awards from the Competitive Knowledge Fund, the National Research University Fund, and the Texas Research Incentive Program. An excellence fund for health-related institutions would recognize and reward the initiative and efforts of these institutions to attract private and federal research dollars, recruit outstanding faculty, train the next generation of scientific investigators, and develop and commercialize new therapies and treatments.

The bill would use easily measurable and commonly accepted methods of quantifying improvement. Further, they would allow eligible institutions to fairly and transparently compete for excellence rewards.

Eventually, new medical schools would be allowed to participate in the fund. Once they were able to produce \$2.5 million of non-appropriation dollars to afford the fund’s buy-in, they would have demonstrated

sufficient, size, stature, and ability to compete with other schools for excellence points. Only institutions with medical schools would be invited to the fund because it is easier for them to generate non-formula funding through fees to patients. Those health-related institutions that do not have medical schools have mission-specific funding from the Legislature and their systems. There is no concern that the bill would allow institutions to compete in more incentive funds than intended because the categorizations used by the Texas Higher Education Coordinating Board are consistent enough to determine proper eligibility.

OPPONENTS
SAY:

More health-related institutions should be allowed to participate. For instance, The University of Texas Health Science Center at Tyler, while not having a full medical school, should be added to the list because it treats patients and performs a large amount of high-quality research.

The bill could create the ability for some schools to participate in more than one incentive fund. It should have more stringent criteria discerning stand-alone, health-related institutions from those that have been or may be merged with general academic institutions.

NOTES:

According to the fiscal note, CSHB 2753 would have a negative impact of \$6.2 million in general revenue related funds in fiscal 2014-15, due to state appropriations into the Excellence Fund.