

**National Research University
Fund Eligibility**

September 1, 2015 – August 31, 2016

**A Report to the Comptroller
and the Texas Legislature**

Revised July 2017

Correction:

The text was corrected on pages iii, 2, and 14.

Original text:

... the institution would be eligible for fund distribution in FY 2019, ...

Corrected text:

... the institution would be eligible for fund distribution in FY 2018, ...

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Agency Mission

The mission of the Texas Higher Education Coordinating Board is to provide leadership and coordination for the Texas higher education system and to promote access, affordability, quality, success, and cost efficiency through 60x30TX, resulting in a globally competitive workforce that positions Texas as an international leader.

Agency Vision

The THECB will be recognized as an international leader in developing and implementing innovative higher education policy to accomplish our mission.

Agency Philosophy

The THECB will promote access to and success in quality higher education across the state with the conviction that access and success without quality is mediocrity and that quality without access and success is unacceptable.

The Coordinating Board's core values are:

Accountability: We hold ourselves responsible for our actions and welcome every opportunity to educate stakeholders about our policies, decisions, and aspirations.

Efficiency: We accomplish our work using resources in the most effective manner.

Collaboration: We develop partnerships that result in student success and a highly qualified, globally competent workforce.

Excellence: We strive for excellence in all our endeavors.

The Texas Higher Education Coordinating Board does not discriminate on the basis of race, color, national origin, gender, religion, age or disability in employment or the provision of services.

Executive Summary

In 2009, the 81st Texas Legislature, Regular Session, passed House Bill (HB) 51, codified as Texas Education Code (TEC) Subchapter G. National Research University Fund (NRUF). In 2011, the 82nd Texas Legislature, Regular Session, House Bill (HB) 1000 amended NRUF, TEC 62.146(b). The amendment requires the Texas Higher Education Coordinating Board (THECB) to annually verify and certify information about the criteria used for determining the eligibility of higher education institutions to receive monetary distributions from the National Research University Fund (NRUF). Reports on institutional eligibility are due to the Comptroller and Legislature as soon as practicable in each state fiscal year.

The Coordinating Board adopted rules, Texas Administration Code Title 19, Part 1, Subchapter C, rules 15.40 to 15.44. The rules specify the NRUF eligibility criteria as authorized by TEC 62.145.

This report provides an update to the Comptroller and the Legislature on the progress institutions are making on all criteria. The report also identifies institutions that meet or will meet the minimum requirements to become eligible to receive distributions from the NRUF. The information is summarized below:

- Eight universities are designated as emerging research universities in the THECB's Accountability System: Texas State University, Texas Tech 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, University of Houston, and University of North Texas.
- Texas Tech University and University of Houston data are not included in the report, as both institutions met eligibility in Fiscal Year (FY) 2012 and began receiving distributions from NRUF. Each institution received \$16.3 million for the 2012-13 biennium, \$17.9 million for the 2014-15 biennium, and \$16.9 million for the 2016-17 biennium.
- The University of Texas at Dallas and The University of Texas at El Paso reported restricted research expenditures above the threshold of \$45 million for both FY 2015 and 2016, which is a mandatory requirement to receive distributions from NRUF. None of the remaining emerging research institution reported restricted research expenditures at or above the threshold in either fiscal year.
- The University of Texas at Dallas reported fulfilling four of six optional criteria for FY 2016. If the institution again fulfills those criteria in FY 2017, for a second consecutive year, the institution would be eligible for fund distribution in FY 2018, pending the requirement to undergo an audit conducted by the State Auditor's Office in FY 2018.

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I. Introduction

In 2009, the 81st Texas Legislature, Regular Session, passed HB 51, codified as Texas Education Code (TEC) Subchapter G. National Research University Fund (NRUF), Sections 62.141 to 62.149 (Appendix A). In 2011, the 82nd Texas Legislature, Regular Session, passed HB 1000, which amended TEC 62.146(b). The amendment requires the THECB annually to verify and certify information about criteria used for determining the eligibility of higher education institutions to receive monetary distributions from NRUF. Reports on institutional eligibility are due to the Comptroller and Legislature as soon as practicable in each state fiscal year.

At its October 2011 meeting, the THECB adopted rules, Texas Administration Code Title 19, Part 1, Subchapter C, rules 15.40 to 15.44 (Appendix B) that specify the NRUF eligibility criteria as authorized by TEC 62.145. At its April 2016 meeting, the THECB amended Section 15.43 of Board rules to clarify: (a) the academic achievement of a freshman class, (b) faculty distinctions are counted for each of two years measured, and (c) faculty awards of distinction are counted only in the year the award was given.

This report provides an update to the Comptroller and the Legislature on the progress institutions are making on all criteria. This report also identifies institutions that meet or will meet the minimum number of criteria to become eligible for monetary distributions from the NRUF. The report includes data from Fiscal Years (FY) 2015 and 2016. Eligibility criteria require data for the two fiscal years preceding the state fiscal year for which the appropriation is made: FY 2017. The next report, due in FY 2018, will include data from FY 2016 and 2017.

The NRUF statute created two categories of eligibility criteria: mandatory and optional. The mandatory criteria include designation as an "emerging research university" in the Coordinating Board's Accountability System and at least \$45 million in restricted research expenditures in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made. The optional category allows institutions flexibility in meeting the criteria: an institution must meet four of the six statutory established criteria.

Eight universities are designated as emerging research universities in the Coordinating Board's accountability system: Texas State University (TxStU), Texas Tech University (TTU), The University of Texas at Arlington (UT-A), The University of Texas at Dallas (UT-Dallas), The University of Texas at El Paso (UT-EL Paso), The University of Texas at San Antonio (UT-San Antonio), University of Houston (UH), and University of North Texas (UNT).

In the FY 2012 NRUF Report, the THECB reported that Texas Tech University and University of Houston met eligibility. Both institutions received distributions from NRUF after the mandatory audit, in accordance with TEC 62.146(c), was conducted and completed by the state auditor.

Based on the data from the remaining six emerging research institutions, none meets the necessary eligibility requirements to receive distributions from NRUF. Two of the universities, The University of Texas at Dallas and The University of Texas at El Paso, reported restricted research expenditures at or above the statutory threshold of \$45 million for both FY 2015 and 2016, a mandatory requirement to receive distributions from NRUF. Institutional performance varied on the six measures specified in the optional category. The University of Texas at Dallas

reported four of six optional criteria fulfilled for Fiscal Year 2016. If the institution again fulfills those criteria in FY 2017, for a second consecutive year, the institution would be eligible for fund distribution in FY 2018, pending the requirement to undergo an audit conducted by the State Auditor's Office in FY 2018.

Section II of the report provides an overview of the eligibility criteria and shows the universities that meet the criteria. Sections III and IV present specific data related to mandatory and optional eligibility criteria, respectively.

II. Overview of Eligibility

Table 1 presents the eligibility criteria each institution met during the reporting period. An emerging research university must meet the threshold for restricted research expenditures and four of the six optional criteria identified in Texas Administrative Code rules 15.43(b)(3)(A) to 15.43(b)(3)(F) (Appendix B). The following pages provide the definition of each criterion and the status of each university towards achieving that criterion.

Table 1. Mandatory and Optional Criteria, Fulfilled in Fiscal Years 2015 and 2016

Mandatory Criteria	TxStU	UT-Arlington	UT-Dallas	UT-EI Paso	UT-San Antonio	UNT
(A) Emerging Research University	✓	✓	✓	✓	✓	✓
(B) Restricted Research Expenditures	-	-	✓	✓	-	-

Optional Criteria	TxStU	UT-Arlington	UT-Dallas	UT-EI Paso	UT-San Antonio	UNT
(1) Endowment Funds	-	-	*	-	-	-
(2) Number of Doctor of Philosophy (Ph.D.) Degrees Awarded	-	✓	-	-	-	✓
(3) Freshman Class of High Academic Achievement	-	✓	✓	-	✓	✓
(4) Institutional Recognition of Research Capabilities and Scholarly Attainment	✓	✓	✓	✓	✓	✓
(5) High-Quality Faculty	-	-	✓	-	-	-
(6) High-Quality Graduate Education	-	-	-	-	-	-

** The University of Texas at Dallas reported four of six optional criteria fulfilled for Fiscal Year 2016. This includes an endowment fund in excess of \$400 million. If the institution again fulfills those criteria in Fiscal Year (FY) 2017, for a second consecutive year, the institutions would be eligible for fund distribution in FY 2018, pending the requirement to undergo an audit conducted by the State Auditor's Office in FY 2018.*

III. Mandatory Eligibility Criteria

(A) Emerging Research University

Coordinating Board Rule 15.43(b)(1): The institution is designated as an emerging research university under the coordinating board's accountability system.

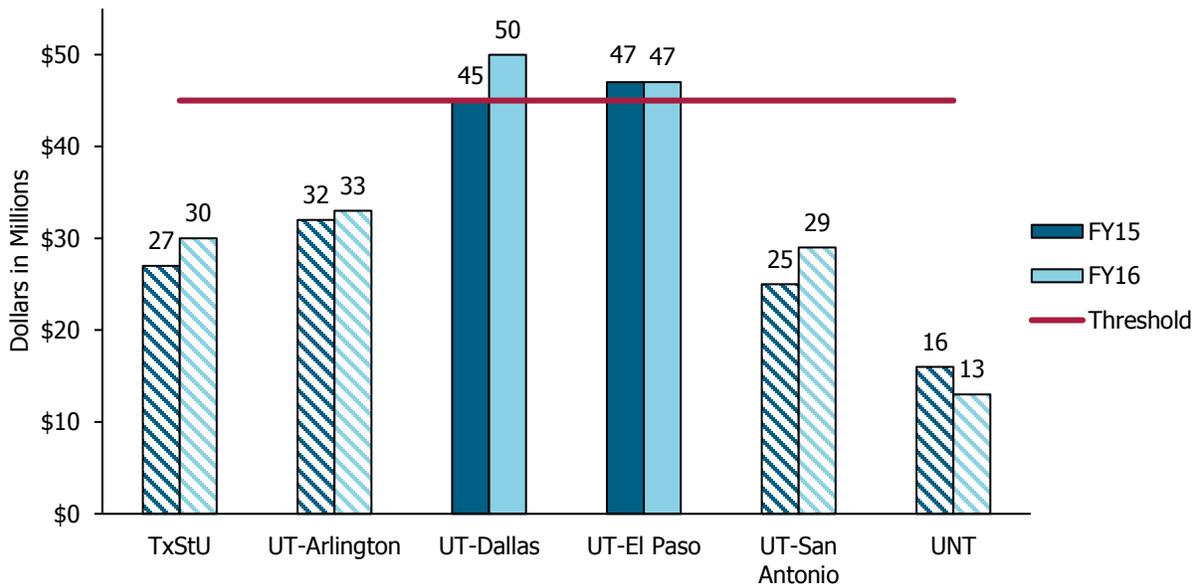
Eight public universities are classified as “emerging research universities” under the Coordinating Board’s Accountability System¹:

- Texas State University
- Texas Tech 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
- University of Houston
- University of North Texas

(B) Restricted Research Expenditures

15.43(b)(2): In each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds.

Figure 1. Restricted Research Expenditures



Source: Institutional data reported to the Coordinating Board (See Appendix E).

Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

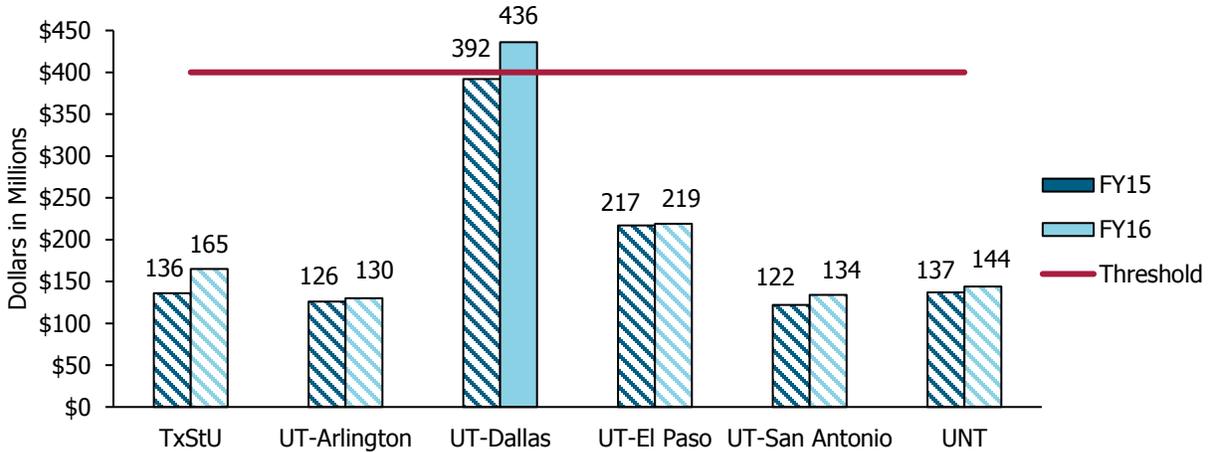
¹ As of June 2012, Texas Tech University and University of Houston met eligibility criteria and began receiving distributions from NRUF following the mandatory audit conducted by the state auditor; thus, this report does not include Texas Tech University and University of Houston data.

IV. Optional Eligibility Criteria

(1) Endowment Funds

15.43(b)(3)(A): The value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made.

Figure 2. Endowment Funds



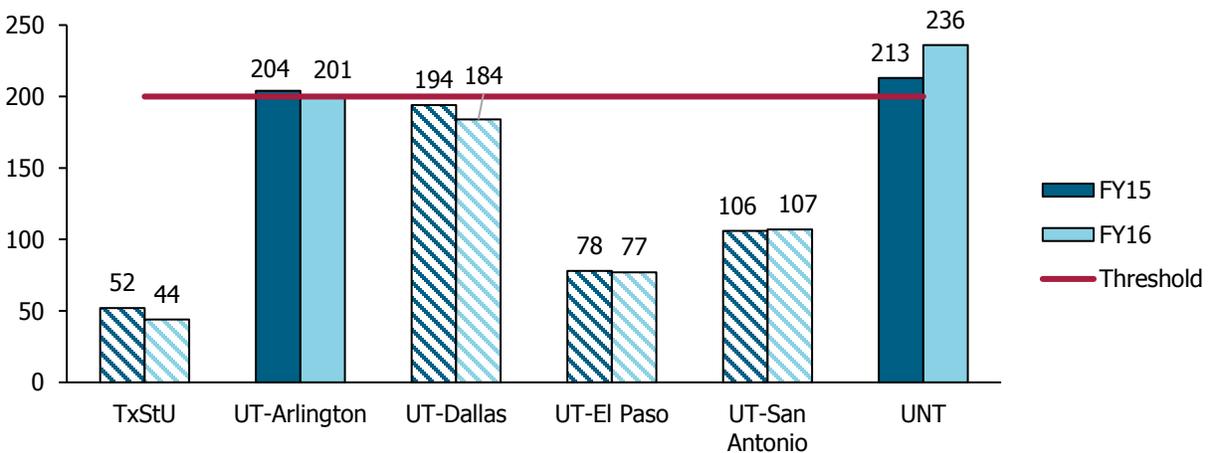
Source: Institutional data reported to the Coordinating Board (See Appendix E).

Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

(2) Doctor of Philosophy (Ph.D.) Degrees Awarded

15.43(b)(3)(B): The institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made.

Figure 3. Number of Doctor of Philosophy (Ph.D.) Degrees Awarded



Source: Institutional data reported to the Coordinating Board (See Appendix E).

Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

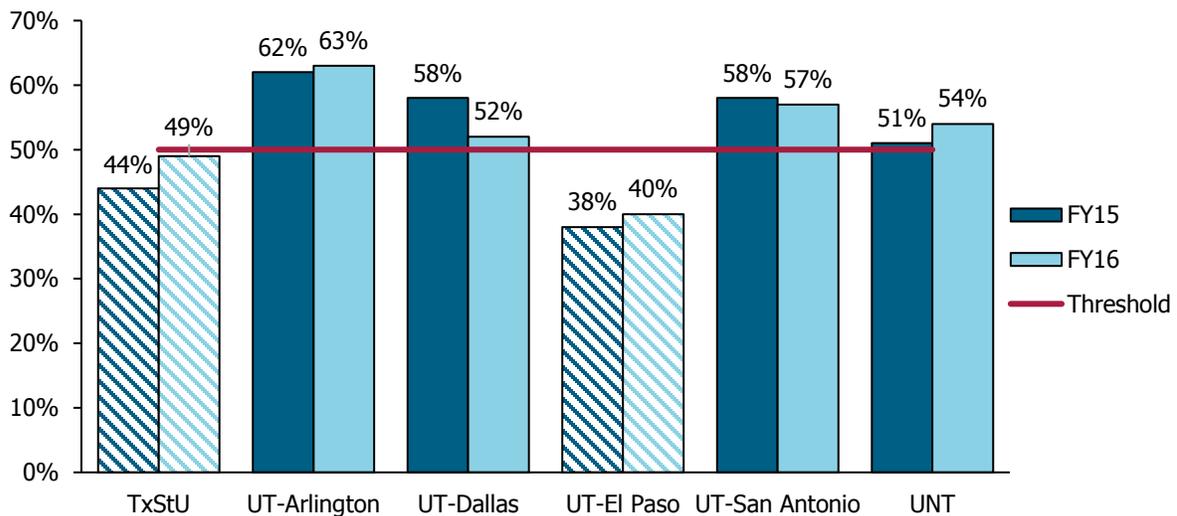
(3) Freshman Class of High Academic Achievement

15.43(b)(3)(C): In each of the two academic years preceding the state fiscal year for which the appropriation is made, the entering freshman class of the institution demonstrated high academic achievement as reflected in the following criteria:

a. Percent of Freshman Class in Top 25 Percent of Their High School Class

(i) At least 50 percent of the first-time entering freshman class students at the institution are in the top 25 percent of their high school class; or (ii) and (iii).

Figure 4. Percent of Freshman Class in Top 25 Percent of High School Class²



Source: Institutional data reported to the Coordinating Board (See Appendix E).

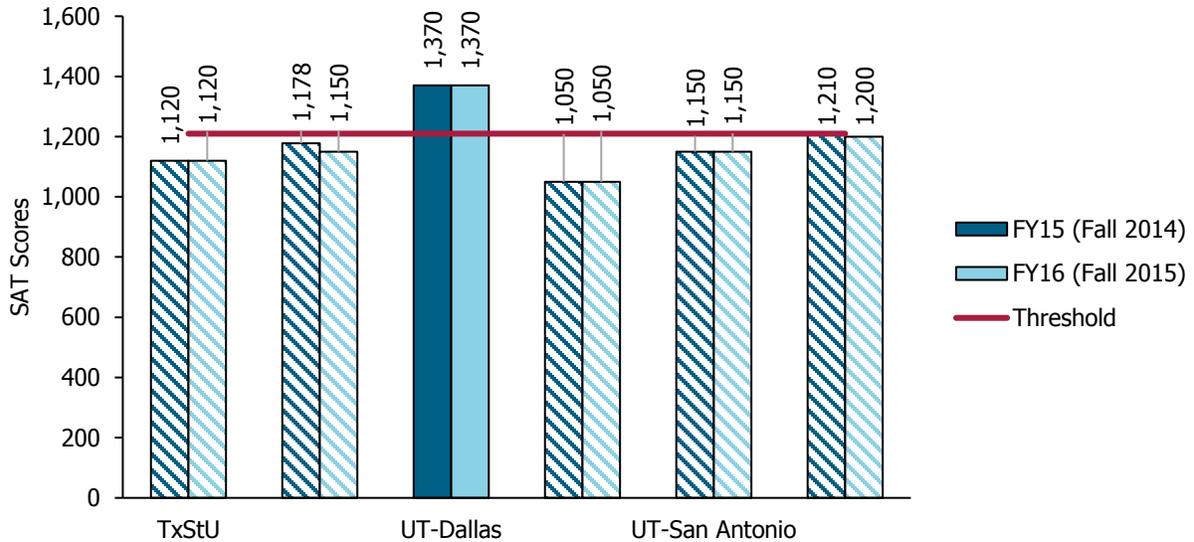
Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

² Accountability system calculation method of Percent of Freshman Class in Top 25 Percent of Higher School Class changed for Fiscal Year 2016. Previous method calculated all Top 10/25 over all enrollees. Current method calculates Texas Top 10/25 over Texas enrollees.

b. SAT or ACT Scores

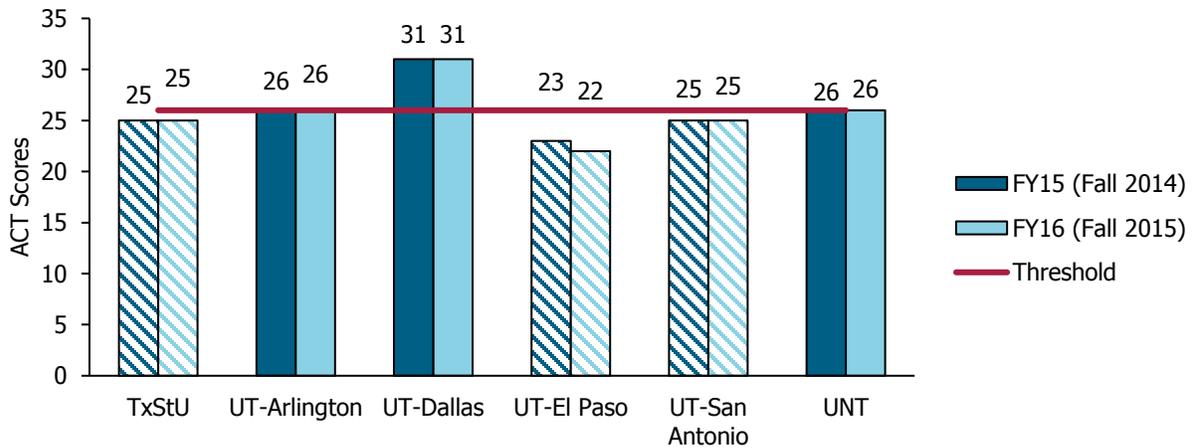
(ii) The average SAT score of first-time entering freshman class students at or above the 75th percentile of SAT scores was equal to or greater than 1210 (consisting of the Critical Reading and Mathematics Sections) **or** the average ACT score of first-time entering freshman class students at or above the 75th percentile of ACT scores was equal to or greater than 26; and (iii).

Figure 5. SAT Scores



Source: The Integrated Postsecondary Education Data System (IPEDS) (See Appendix E).
 Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

Figure 6. ACT Scores



Source: The Integrated Postsecondary Education Data System (IPEDS) (See Appendix E).
 Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

c. Institutional Commitment to Improving the Participation and Success of Underrepresented Students

(iii) The composition of the institution's first time entering freshman class demonstrates progress toward reflecting the population of the state or the institution's region with respect to underrepresented students and shows a commitment to improving the academic performance of underrepresented students. One way in which this could be accomplished is by active participation in one of the Federal TRIO Programs, such as having one or more McNair Scholars in a particular cohort.

Table 2. Institutional Progress towards Closing the Gaps, Fiscal Year 2016

Institution	Closing the Gaps: Participation	Closing the Gaps: Success
Texas State University	Yes	Yes
The University of Texas at Arlington	Yes	Yes
The University of Texas at Dallas	Yes	Yes
The University of Texas at El Paso	Yes	Yes
The University of Texas at San Antonio	Yes	Yes
University of North Texas	Yes	Yes

Source: Institutional data reported to the Coordinating Board (See Appendix E).

(4) Institutional Recognition of Research Capabilities and Scholarly Attainment

15.43(b)(3)(D): The institution is designated as a member of the Association of Research Libraries, has a Phi Beta Kappa chapter, or is a member of Phi Kappa Phi.

Table 3. Institutional Recognition of Research Capabilities and Scholarly Attainment, Fiscal Year 2016

Institution	Association of Research Libraries	Phi Beta Kappa	Phi Kappa Phi
Texas State University	No	No	Yes
The University of Texas at Arlington	No	No	Yes
The University of Texas at Dallas	No	No	Yes
The University of Texas at El Paso	No	No	Yes
The University of Texas at San Antonio	No	No	Yes
University of North Texas	No	No	Yes

Source: Institutional data reported to the Coordinating Board (See Appendix E).

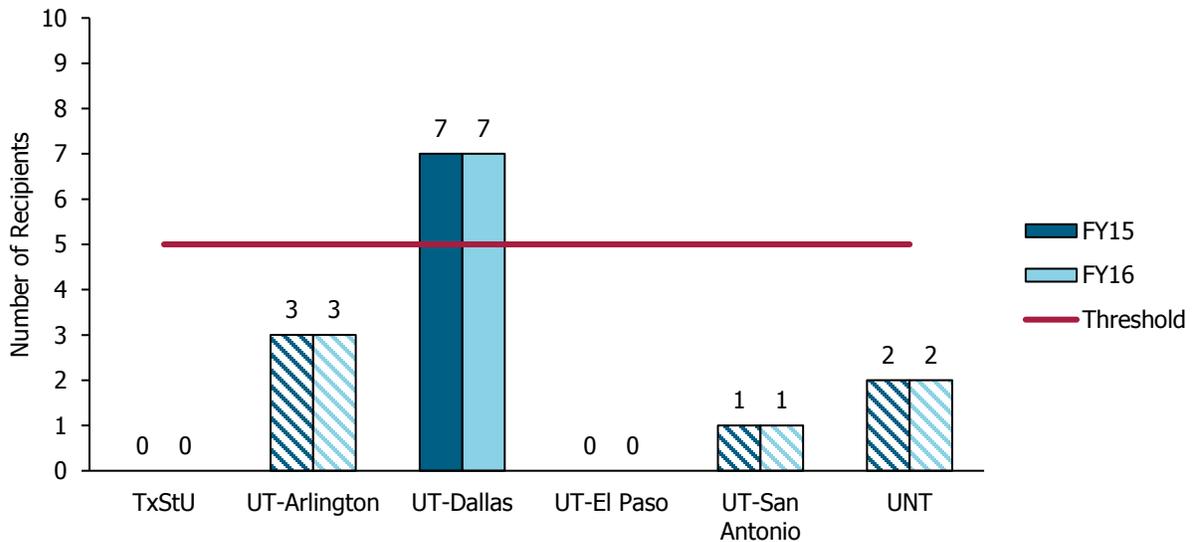
(5) High-Quality Faculty

15.43(b)(3)(E): In each of the two academic years preceding the state fiscal year for which the appropriation is made, the faculty of the institution was of high quality as reflected in the following:

a. National Academy Members or Nobel Prize Recipients

(i) The cumulative number of tenured/tenure-track faculty who have achieved national or international distinction through recognition as a member of one of the National Academies (including National Academy of Science, National Academy of Engineering, Academy of Arts and Sciences, and Institute of Medicine) or are Nobel Prize recipients is equal to or greater than 5; or (ii).

Figure 7. National Academy Members and Nobel Prize Recipients³



Source: Institutional data reported to the Coordinating Board (See Appendix E).

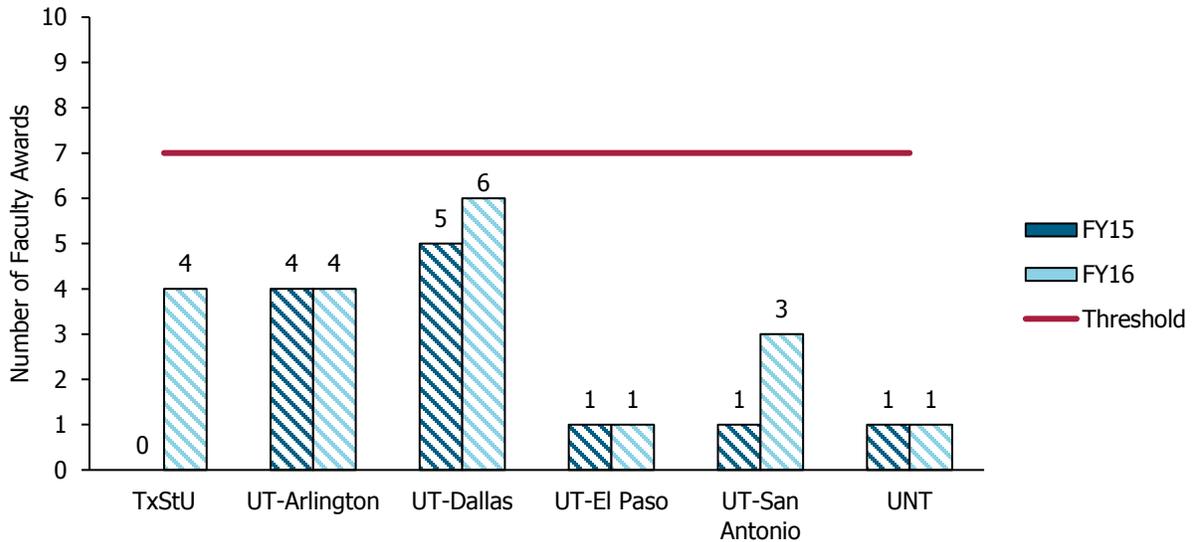
Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

³ See Appendix C for list of awardees.

b. Other Faculty Awards

(ii) The annual number of tenured/tenure-track faculty who have been awarded national or international distinction during a specific state fiscal year in any of the following categories⁴ is equal to or greater than 7.

Figure 8. Other Faculty Awards⁵



Source: Institutional data reported to the Coordinating Board (See Appendix E).

c. Comprehensive Review of Faculty in Five Doctoral Programs

(iii) In lieu of meeting either clause (i) or (ii) of this subparagraph, an institution may request that a comprehensive review of the faculty in five of the institution's Doctoral degree programs be conducted by external consultants selected by Coordinating Board staff in consultation with the institution and said review must demonstrate that the faculty are comparable to and competitive with faculty in similar programs at public institutions in the Association of American Universities. Costs for the review shall be borne by the institution. This review is only available if the institution has already met or, as determined by Coordinating Board staff, is on track to meet three of the other eligibility criteria listed in subparagraphs (A) - (D) of this paragraph.

Note: Regarding measure 15.43(b)(3)(E)(iii), no institution requested a comprehensive review of faculty in five doctoral programs during the reporting period.

⁴ See Appendix B for list of categories.

⁵ See Appendix D for list of awardees.

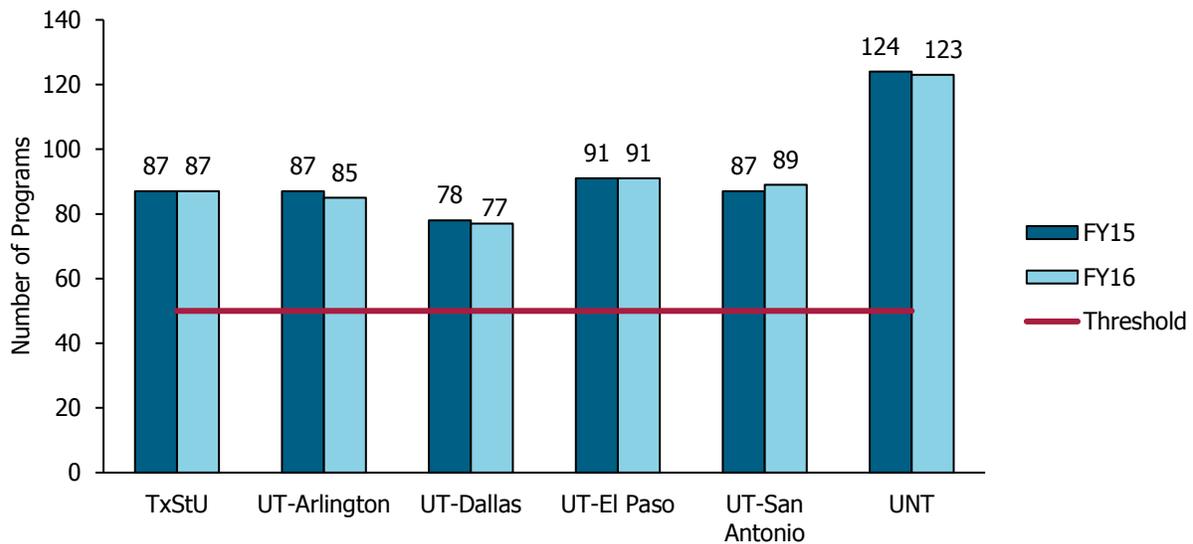
(6) High-Quality Graduate Education

15.43(b)(3)(F): In each of the two academic years preceding the state fiscal year for which the appropriation is made, the institution has demonstrated a commitment to high-quality graduate education as reflected in the following:

a. Graduate Programs

(i) The number of graduate-level programs at the institution is equal to or greater than 50; and (ii) and (iii)

Figure 9. Number of Graduate-Level Programs



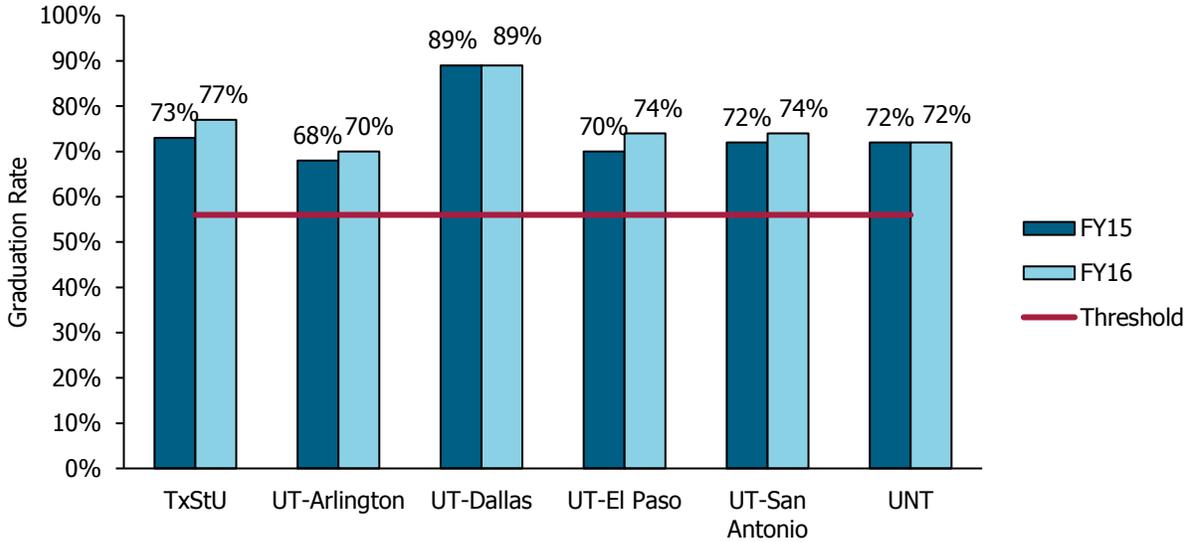
Source: Coordinating Board program inventory (See Appendix E).

Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

b. Master's and Doctoral Graduation Rates

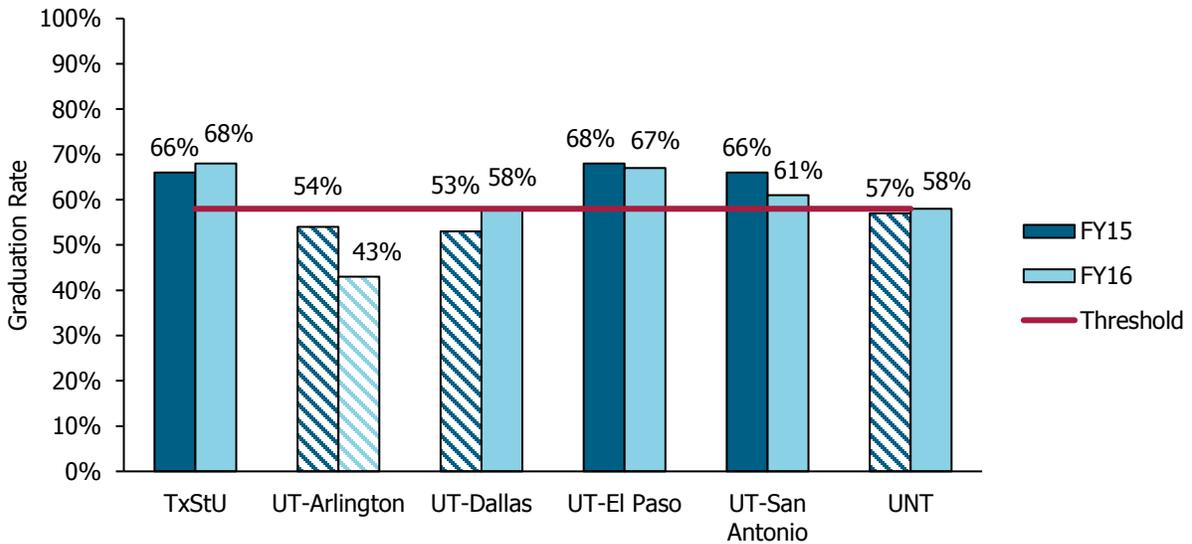
(ii) The Master's Graduation Rate at the institution is 56 percent or higher and the Doctoral Graduation Rate is 58 percent or higher; and (iii)

Figure 10. Master's Graduation Rates



Source: Institutional data reported to the Coordinating Board (See Appendix E).
 Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

Figure 11. Doctoral Graduation Rates



Source: Institutional data reported to the Coordinating Board (See Appendix E).
 Note: A solid bar indicates that the institution has met the required threshold for the measure for that fiscal year.

c. Comprehensive Review of Five Doctoral Programs

(iii) The institution must demonstrate that the overall commitment to five Doctoral degree programs, including the financial support for Doctoral degree students, is competitive with that of comparable high-quality programs at public institutions in the Association of American Universities. The five Doctoral degree programs selected for this review must be those selected in subparagraph (E)(iii) of this paragraph or, if subparagraph (E)(iii) of this paragraph is not chosen by the institution, then any five Doctoral degree programs at the institution. Costs for the review shall be borne by the institution.

Note: Regarding measure 15.43(b)(3)(F)(iii), no institution requested a comprehensive review of five doctoral programs during the reporting period.

V. Conclusions

The information contained in this status report on NRUF eligibility is summarized below.

- In Fiscal Year (FY) 2016, eight universities were designated as emerging research universities in the Coordinating Board's Accountability System: Texas State University, Texas Tech 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, University of Houston, and University of North Texas.
- Texas Tech University and University of Houston data are not included in the report, as both institutions met eligibility in FY 2012 and began receiving distributions from NRUF. Each institution received \$16.3 million for the 2012-13 biennium, \$17.9 million for the 2014-15 biennium and \$16.9 million for the 2016-17 biennium.
- Two of the remaining emerging research institutions, The University of Texas at Dallas and The University of Texas at El Paso reported restricted research expenditures above the statutory threshold of \$45 million for both FY 2015 and 2016, a mandatory requirement to receive distributions from NRUF. None of the other emerging research institutions reported restricted research expenditures at or above the threshold in either fiscal year.
- The University of Texas at Dallas reported fulfilling four of six optional criteria for FY 2016. If the institution again fulfills those criteria in FY 2017, for a second consecutive year, the institution would be eligible for fund distribution in FY 2018, pending the requirement to undergo an audit conducted by the State Auditor's Office in FY 2018.

TEC 62.146(b) requires the Coordinating Board to verify and certify information about criteria used for determining the eligibility of higher education institutions to receive monetary distributions from the National Research University Fund (NRUF) each state fiscal year. The next report will include data from FY 2016 and 2017. The Coordinating Board will submit that report in early 2018.

Appendix A

Texas Education Code

TITLE 3. HIGHER EDUCATION
SUBTITLE B. STATE COORDINATION OF HIGHER EDUCATION
CHAPTER 62, SUBCHAPTER G. NATIONAL RESEARCH UNIVERSITY FUND

Sec. 62.141. PURPOSE. The purpose of this subchapter is to allocate appropriations from the national research university fund to provide a dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43TU51U43T), Sec. 13, eff. September 1, 2009.

Sec. 62.142. DEFINITIONS. In this subchapter:

(1) "Eligible institution" means a general academic teaching institution that is eligible to receive distributions of money under this subchapter.

(2) "Endowment funds" means funds treated as endowment funds under the coordinating board's accountability system.

(3) "Fund" means the national research university fund.

(4) "General academic teaching institution" has the meaning assigned by Section 61.003.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a) The national research university fund is a fund outside the state treasury in the custody of the comptroller.

(b) The comptroller shall administer and invest the fund in accordance with Section 43T2043T, Article VII, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Sec. 62.144. FUNDING. (a) The fund consists of any amounts appropriated or transferred to the credit of the fund under the Texas Constitution or otherwise appropriated or transferred to the credit of the fund under this section or another law.

(b) The comptroller shall deposit to the credit of the fund all interest, dividends, and other income earned from investment of the fund.

(c) The comptroller may accept gifts or grants from any public or private source for the fund.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) A general academic teaching institution becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

(1) the institution is designated as an emerging research university under the coordinating board's accountability system;

(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and

(3) the institution satisfies at least four of the following criteria:

(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;

(C) the entering freshman class of the institution for each of those two academic years demonstrated high academic achievement, as determined according to standards prescribed by the coordinating board by rule, giving consideration to the future educational needs of the state as articulated in the coordinating board's "Closing the Gaps" report;

(D) the institution is designated as a member of the Association of Research Libraries or has a Phi Beta Kappa chapter or has received an equivalent recognition of research capabilities and scholarly attainment as determined according to standards prescribed by the coordinating board by rule;

(E) the faculty of the institution for each of those two academic years was of high quality, as determined according to coordinating board standards based on the professional achievement and recognition of the institution's faculty, including the election of faculty members to national academies; and

(F) for each of those two academic years, the institution has demonstrated a commitment to high-quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to the number of graduate-level programs at the institution, the institution's admission standards for graduate programs, and the level of institutional support for graduate students.

(b) A general academic teaching institution that becomes eligible to receive a distribution of money under this subchapter remains eligible to receive a distribution in each subsequent state fiscal year.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1131 (H.B. 43T100043T), Sec. 1, eff. June 17, 2011.

Sec. 62.146. ACCOUNTING STANDARDS; VERIFICATION OF INFORMATION. (a) The coordinating board by rule shall prescribe standard methods of accounting and standard

methods of reporting information for the purpose of determining:

- (1) the eligibility of institutions under Section 43T62.14543T; and
- (2) the amount of restricted research funds expended by an eligible institution in a state fiscal year.

(b) As soon as practicable in each state fiscal year, based on information submitted by the institutions to the coordinating board as required by the coordinating board, the coordinating board shall certify to the comptroller and the legislature verified information relating to the criteria established by Section 43T62.14543T to be used to determine which institutions are eligible for distributions of money from the fund.

(c) Information submitted to the coordinating board by institutions for purposes of establishing eligibility under this subchapter and the coordinating board's certification or verification of that information under this section are subject to a mandatory audit by the state auditor in accordance with Chapter 321, Government Code. The coordinating board may also request one or more audits by the state auditor as necessary or appropriate at any time after an eligible institution begins receiving distributions under this subchapter. Each audit must be based on an examination of all or a representative sample of the restricted research funds awarded to the institution and the institution's expenditures of those funds, and must include, among other elements:

- (1) verification of the amount of restricted research funds expended by the institution in the appropriate state fiscal year or years; and
- (2) verification of compliance by the institution and the coordinating board with the standard methods of accounting and standard methods of reporting prescribed by the coordinating board under Subsection (a), including verification of:
 - (A) the institution's compliance with the coordinating board's standards and accounting methods for reporting expenditures of restricted research funds; and
 - (B) whether the institution's expenditures meet the coordinating board's definition of restricted research expenditures.

(d) From money appropriated from the fund, the comptroller shall reimburse the state auditor for the expenses of any audits conducted under Subsection (c).

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1131 (H.B. 43T100043T), Sec. 2, eff. June 17, 2011.

Sec. 62.147. INELIGIBILITY OF INSTITUTIONS RECEIVING PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University of Texas at Austin and Texas A&M University are ineligible to receive money under this subchapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Sec. 62.148. DISTRIBUTION OF APPROPRIATED FUNDS TO ELIGIBLE INSTITUTIONS. (a) In each state fiscal year, the comptroller shall distribute to eligible institutions in accordance with this section money appropriated from the fund for that fiscal year.

(b) The total amount appropriated from the fund for any state fiscal year may not exceed

an amount equal to 4.5 percent of the average net market value of the investment assets of the fund for the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the comptroller.

(b-1) Expired.

(c) Subject to Subsection (e), of the total amount appropriated from the fund for distribution in a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of:

(1) one-seventh of the total amount appropriated; and

(2) an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount.

(d) The comptroller shall retain within the fund any portion of the total amount appropriated from the fund for distribution that remains after all distributions are made for a state fiscal year as prescribed by Subsection (c). The appropriation of that retained amount lapses at the end of that state fiscal year.

(e) If the number of institutions that are eligible for distributions in a state fiscal year is more than four, each eligible institution is entitled to an equal share of the total amount appropriated from the fund for distribution in that fiscal year.

(f) For purposes of this section, the total amount appropriated from the fund for distribution in a state fiscal year does not include any portion of the amount appropriated that is used to reimburse the costs of an audit conducted under Section 43T62.14643T(c).

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1131 (H.B. 43T100043T), Sec. 3, eff. June 17, 2011.

Sec. 62.149. USE OF ALLOCATED AMOUNTS. (a) An eligible institution may use money received under this subchapter only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.

(b) For purposes of Subsection (a), the use of money shall be limited to the following permitted activities:

(1) providing faculty support and paying faculty salaries;

(2) purchasing equipment or library materials;

(3) paying graduate stipends; and

(4) supporting research performed at the institution, including undergraduate research.

(c) Money received in a fiscal year by an institution under this subchapter that is not used in that fiscal year by the institution may be held and used by the institution in subsequent fiscal years for the purposes prescribed by this section.

Added by Acts 2009, 81st Leg., R.S., Ch. 287 (H.B. 43T5143T), Sec. 13, eff. September 1, 2009.

Appendix B

Coordinating Board Rules

Chapter 15. National Research Universities Subchapter C. National Research University Fund

- 15.40 Purpose
- 15.41 Authority
- 15.42 Definitions
- 15.43 Eligibility
- 15.44 Accounting and Reporting

15.40. Purpose

This subchapter establishes rules for eligible institutions to receive funds under the National Research University Fund, which is established to support emerging research universities to achieve national prominence as major research universities.

15.41. Authority

Authority for this subchapter is provided by Texas Education Code, Section 62.145 - 62.146, which directs the Coordinating Board to adopt standards for the purposes of determining an institution's eligibility for funding from the National Research University Fund (NRUF) and authorizes the Board to adopt rules for the standard methods of accounting and standard methods of reporting information for the purpose of determining eligibility of institutions to receive funds under the NRUF.

15.42. Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise.

- (1) Coordinating Board or Board--The Texas Higher Education Coordinating Board.
- (2) Doctoral degree--An academic degree beyond the level of a master's degree that typically represents the highest level of formal study or research in a given field, e.g., a Doctor of Philosophy, Doctor of Education, Doctor of Musical Arts, Doctor of Engineering, Doctor of Public Health, Doctor of Nursing Practice.
- (3) Eligible institution--A general academic teaching institution that is eligible and meets the Coordinating Board's standards to receive distributions of money under the NRUF.
- (4) Emerging research university--A public institution of higher education designated as an emerging research university under the Board's accountability system.

- (5) Endowment funds--Funds treated as total endowment funds under the Board's accountability system.
- (6) Fund--The National Research University Fund (NRUF).
- (7) General academic teaching institution--As defined in Texas Education Code, §61.003.
- (8) Graduate-level program--Degree programs leading to master's, professional, and/or doctoral degree.
- (9) Master's degree--An academic degree that requires the successful completion of a program of study of at least 30 semester credit hours or the equivalent at the post-baccalaureate, graduate, or professional level.
- (10) Master's Graduation Rate--The Master's Graduation Rate is the percent of students in an entering fall and spring cohort for a specific degree program who graduate within five years.
- (11) Doctoral Graduation Rate--The Doctoral Graduation Rate is the percent of students in an entering fall cohort for a specific degree program who graduate within 10 years. Doctoral graduation rates do not include students who received a master's degree.
- (12) Restricted funds (restricted awards)--As defined in §13.122 of this title (relating to Definitions).
- (13) Restricted research expenditures--As defined in §13.122 of this title and further developed in §§13.123 - 13.127 of this title (relating to Research Development Fund).

15.43. Eligibility

(a) The eligibility criteria for a general academic teaching institution to receive distributions from the Fund include: having an entering freshman class of high academic achievement; receiving recognition of research capabilities and scholarly attainment of the institution; having a high-quality faculty; and demonstrating commitment to high-quality graduate education.

(b) A general academic teaching institution is eligible to receive an initial distribution from the Fund appropriated for each state fiscal year if:

- (1) institution is designated as an emerging research university under the coordinating board's accountability system;
- (2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and
- (3) the institution satisfies at least four of the following six criteria:

(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;

(C) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the entering freshman class of the institution demonstrated high academic achievement as reflected in the following criteria;

(i) At least 50 percent of the first-time entering freshman class students at the institution are in the top 25 percent of their high school class; or

(ii) The average SAT score of first-time entering freshman class students at or above the 75th percentile of SAT scores was equal to or greater than 1210 (consisting of the Critical Reading and Mathematics Sections) or the average ACT score of first-time entering freshman class students at or above the 75th percentile of ACT scores was equal to or greater than 26; and

(iii) The composition of the institution's first-time entering freshman class demonstrates progress toward reflecting the population of the state or the institution's region with respect to underrepresented students and shows a commitment to improving the academic performance of underrepresented students. One way in which this could be accomplished is by active participation in one of the Federal TRIO Programs, such as having one or more McNair Scholars in a particular cohort.

(D) the institution is designated as a member of the Association of Research Libraries, has a Phi Beta Kappa chapter, or is a member of Phi Kappa Phi;

(E) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the faculty of the institution was of high quality as reflected in the following:

(i) The cumulative number of national or international distinctions tenured/tenure-track faculty achieved through recognition as a member of one of the National Academies (including National Academy of Science, National Academy of Engineering, Academy of Arts and Sciences, and Institute of Medicine) or are Nobel Prize recipients is equal to or greater than 5 for each year; or

(ii) The annual number of awards of national and international

distinction received by tenured/tenure-track faculty during a given academic year in any of the following categories is equal to or greater than 7 for each year.

- (I) American Academy of Nursing Member
- (II) American Council of Learned Societies (ACLS) Fellows
- (III) American Law Institute
- (IV) Beckman Young Investigators
- (V) Burroughs Wellcome Fund Career Awards
- (VI) Cottrell Scholars
- (VII) Getty Scholars in Residence
- (VIII) Guggenheim Fellows
- (IX) Howard Hughes Medical Institute Investigators
- (X) Lasker Medical Research Awards
- (XI) MacArthur Foundation Fellows
- (XII) Andrew W. Mellon Foundation Distinguished Achievement Awards
- (XIII) National Endowment for the Humanities (NEH) Fellows
- (XIV) National Humanities Center Fellows
- (XV) National Institutes of Health (NIH) MERIT
- (XVI) National Medal of Science and National Medal of Technology winners
- (XVII) NSF CAREER Award winners (excluding those who are also PECASE winners)
- (XVIII) Newberry Library Long-term Fellows
- (XIX) Pew Scholars in Biomedicine
- (XX) Pulitzer Prize Winners
- (XXI) Winners of the Presidential Early Career Awards for Scientists and Engineers (PECASE)
- (XXII) Robert Wood Johnson Policy Fellows
- (XXIII) Searle Scholars
- (XXIV) Sloan Research Fellows
- (XXV) Woodrow Wilson Fellows

(iii) In lieu of meeting either clause (i) or (ii) of this subparagraph, an institution may request that a comprehensive review of the faculty in five of the institution's Doctoral degree programs be conducted by external consultants selected by Coordinating Board staff in consultation with the institution and said review must demonstrate that the faculty are comparable to and competitive with faculty in similar programs at public institutions in the Association of American Universities. Costs for the review shall be borne by the institution. This review is only available if the institution has already met or, as determined by Coordinating Board staff, is on track to meet three of

the other eligibility criteria listed in subparagraphs (A) - (D) of this paragraph;

(F) in each of the two academic years preceding the state fiscal year for which the appropriation is made, the institution has demonstrated a commitment to high-quality graduate education as reflected in the following:

(i) The number of Graduate-level programs at the institution is equal to or greater than 50;

(ii) The Master's Graduation Rate at the institution is 56 percent or higher and the Doctoral Graduation Rate is 58 percent or higher; and

(iii) The institution must demonstrate that the overall commitment to five Doctoral degree programs, including the financial support for Doctoral degree students, is competitive with that of comparable high-quality programs at public institutions in the Association of American Universities. The five Doctoral degree programs selected for this review must be those selected in subparagraph (E)(iii) of this paragraph or, if subparagraph (E)(iii) of this paragraph is not chosen by the institution, then any five Doctoral degree programs at the institution. Costs for the review shall be borne by the institution.

15.44. Accounting and Reporting

(a) Emerging research universities shall report data pertaining to this subchapter according to the procedures outlined in the Coordinating Board's reporting manuals.

(b) As soon as practicable in each state fiscal year, the Coordinating Board shall certify to the comptroller and the legislature verified information relating to the criteria established by Texas Education Code §62.145, which are addressed in this subchapter, to be used to determine which institutions are eligible for distributions of money from the Fund.

(c) Information submitted by institutions for the purpose of establishing eligibility is subject to a mandatory audit by the state auditor in accordance with Government Code, Chapter 321. The Coordinating Board reserves the right to request additional audits by the state auditor as deemed necessary and appropriate at any time after an eligible institution begins receiving distributions.

Appendix C

Detailed List of National Academy Members and Nobel Prize Recipients

Table 4. Detailed List of National Academy Members and Nobel Prize Recipients

Institution	Faculty Awards	FY15	FY16
Texas State University			
N/A		-	-
The University of Texas at Arlington			
Nai Yuen Chen	National Academy of Engineering, 1990	✓	✓
David Nygren	National Academy of Science, 2000	✓	✓
Kenneth Reifsnider	National Academy of Engineering, 2004	✓	✓
The University of Texas at Dallas			
Ray Baughman	National Academy of Engineering, 2008	✓	✓
Brian Berry	National Academy of Science, 1975	✓	✓
Brian Berry	Academy of Arts and Sciences, 1976	✓	✓
James J. Coleman	National Academy of Engineering, 2012	✓	✓
David Daniel	National Academy of Engineering, 2000	✓	-
Russell Hulse	Nobel Prize, 1993	✓	✓
Larry J. Hornbeck	National Academy of Engineering, 2009	-	✓
Kaushik Rajashekara	National Academy of Engineering, 2012	✓	✓
The University of Texas at El Paso			
N/A		-	-
The University of Texas at San Antonio			
Joseph Salamone	National Academy of Engineering, 2011	✓	-
Rena Bizios	National Academy of Medicine (Institute of Medicine), 2015	-	✓
University of North Texas			
Richard Dixon	National Academy of Science, 2007	✓	✓
James Williams	National Academy of Engineering, 1987	✓	✓

Appendix D

Detailed List of Other Faculty Awards

Table 5. Detailed List of Other Faculty Awards Fiscal Year 2015

Institution	Faculty Awards
Texas State University	
N/A	
The University of Texas at Arlington	
Joy Don Baker	American Academy of Nursing Member
Ashley Griffith	NSF CAREER Award
Majie Fan	NSF CAREER Award
Robin Macalusco	NSF CAREER Award
The University of Texas at Dallas	
Bilal Akin	NSF CAREER Award
Fatemeh Hassanipour	NSF CAREER Award
Zhiqiang Lin	NSF CAREER Award
Denise Park	National Institutes of Health (NIH) Merit
Michael Kesden	Sloan Research Fellows
The University of Texas at El Paso	
Hsueh-fen Sabrina Kao	American Academy of Nursing Member
The University of Texas at San Antonio	
Oleg V. Larionov	NSF CAREER Award
University of North Texas	
Yan Wan	NSF CAREER Award

Table 6. Detailed List of Other Faculty Awards Fiscal Year 2016

Institution	Faculty Awards
Texas State University	
Jessica Lynn Bishop	NSF CAREER Award
Todd Hudnall	NSF CAREER Award
Todd Hudnall	Cottrell Scholar
Hong-Gu Kang	NSF CAREER Award
The University of Texas at Arlington	
Junzhou Huang	NSF CAREER Award
Yi Hong	NSF CAREER Award
Ankur Jain	NSF CAREER Award
Yuze (Alice) Sun	NSF CAREER Award
The University of Texas at Dallas	
Carlos Busso	NSF CAREER Award
Alvaro Cardenas	NSF CAREER Award
Yang Liu	NSF CAREER Award
Arif Malik	NSF CAREER Award
Ryan McMahan	NSF CAREER Award
Fabiano Rodrigues	NSF CAREER Award
The University of Texas at El Paso	
Elias Provencio-Vasquez	American Academy of Nursing Member
The University of Texas at San Antonio	
Michael Cepek	American Council of Learned (ACLS) Fellows
Catherine Clinton	Guggenheim Fellows
Ram Krishnan	NSF CAREER Award
University of North Texas	
Alexandra Ponette-González	NSF CAREER Award

Appendix E

Sources and Methodologies for Quantitative Measures

The appendix lists data sources and methodologies of data compilation for each section of the Texas Administrative Code (TAC) for the National Research University Fund (NRUF) eligibility criteria.

Emerging Research Universities

TAC Rule: 15.43(b)(1)

Source: <http://www.txhigheredaccountability.org/AcctPublic/Resources/PeerGroup>

Methodology: *University Peer Group Categories.*

Restricted Research Expenditures

TAC Rule: 15.43(b)(2)

Source: Institutional data reported to the Coordinating Board, posted at <http://www.thecb.state.tx.us/restrictedresearchexpenditures>

Methodology: Texas Administration Code rules 13.120 to 13.127, Restricted Research Expenditures, and *Standard and Accounting Methods (SAMs)* for Reporting Restricted Research Expenditures at <http://www.thecb.state.tx.us/SAMs>

Endowment Funds

TAC Rule: 15.43(b)(3)(A)

Source: Institutional data reported to the Coordinating Board through the Accountability System. These data are not posted publicly.

Methodology: The total endowment is calculated as the sum of true and quasi endowments.

Number of Doctor of Philosophy (Ph.D.) Degrees Awarded

TAC Rule: 15.43(b)(3)(B)

Source: Institutional data reported to the Coordinating Board through the CBM reporting system. These data are not posted publicly.

Methodology: The Graduation Report CBM009 Item #8, Doctor's Degree-Research/Scholarship. Data in the accountability system measure under measure C01UH include other doctoral degrees such as EDD, DNP, or DMA, which are not counted here.

Percent of Freshman Class in Top 25 Percent of Their High School Class

TAC Rule: 15.43(b)(3)(C)(i)

Source: Accountability system measure C09UH for Public Universities. <http://www.txhigheredaccountability.org>

Methodology: Percentage of first-time undergraduates entering the summer/fall class who ranked in the top 10 percent and the top 11-25 percent of their Texas public high school classes. Source: CBM001, CBM00B.

SAT and ACT Scores

TAC Rule: 15.43(b)(3)(C)(ii)
Source: The Integrated Postsecondary Education Data System (IPEDS).
<https://nces.ed.gov/ipeds/>
Methodology: Institutions report data if scores are required for admission and at least 60 percent of enrolled students submitted scores for a given test.

Institutional Progress towards Closing the Gaps

TAC Rule: 15.43(b)(3)(C)(iii)
Source: Institution reports submitted to the Coordinating Board.
Methodology: Criteria, such as active participation in one of the federal TRIO Programs or of having one or more McNair Scholars in a particular cohort, show progress toward achieving the goals of the Board's *Closing the Gaps* through a commitment to improving the academic performance of underrepresented students.

Institutional Recognition of Research Capabilities and Scholarly Attainment

TAC Rule: 15.43(b)(3)(D)
Source: Membership data posted by associations.
Methodology: Institution is designated as a member of the Association of Research Libraries, has a Phi Beta Kappa chapter, or is a member of Phi Kappa Phi.

National Academy Members or Nobel Prize Recipients

TAC Rule: 15.43(b)(3)(E)(i)
Source: Institutional data reported to the Coordinating Board through the Accountability System. These data are not posted publicly.
Methodology: Faculty awards from National Academy of Science, National Academy of Engineering, Academy of Arts and Sciences, Institute of Medicine, and Nobel Committees.

Other Faculty Awards

TAC Rule: 15.43(b)(3)(E)(ii)
Source: Institutional data reported to the Coordinating Board through the Accountability System. These data are not posted publicly.
Methodology: The number of tenured/tenure-track faculty who have been awarded national or international distinction. See TAC Title 19, Chapter 15, Rule 15.43 for list of awards. Awards are counted only in years of awards made.

Comprehensive Review of Faculty in Five Doctoral Programs

TAC Rule: 15.43(b)(3)(E)(iii)
Source: No institution requested a comprehensive review during the reporting period.
Methodology: An institution wishing to undergo a review must notify the Coordinating Board at least one year in advance of the next scheduled report to the Legislature in order to ensure sufficient time to identify out-of-state consultants, organize and schedule site visits, and draft reports on each doctoral program.

Number of Graduate-Level Programs

TAC Rule: 15.43(b)(3)(F)(i)

Source: Coordinating Board's program inventory for each institution at <http://www.thecb.state.tx.us/apps/programinventory/InvSearch.cfm>

Methodology: Number of graduate-level degree programs by Classification of Instructional Programs (CIP) code at the master's and doctoral degree level.

Master's and Doctoral Graduation Rates

TAC Rule: 15.43(b)(3)(F)(ii)

Source: Accountability system measure C13UH for Public Universities. <http://www.txhigheredaccountability.org>

Methodology: The Master's Graduation Rate is the percent of students in entering fall cohort for a specific degree program who graduated within five years. The Doctoral Graduation Rate is the percent of students in an entering fall cohort for a specific degree program who graduated within 10 years. The master's cohort do not include students who received a master's level certificate or were classified as a doctorate student within the next 5 years and did not earn a master's degree.

Comprehensive Review of Five Doctoral Programs

TAC Rule: 15.43(b)(3)(F)(iii)

Source: No institution requested a comprehensive review during the reporting period.

Methodology: An institution wishing to undergo a review must notify the Coordinating Board at least one year in advance of the next scheduled report to the Legislature in order to ensure sufficient time to identify out-of-state consultants, organize and schedule site visits, and draft reports on each doctoral program.



This document is available on the Texas Higher Education Coordinating Board website:
<http://www.thecb.state.tx.us>

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