



Issue #09-06

GOVERNMENT RELATIONS UPDATE – June 23, 2009

[For more information or to be removed from this distribution list, please contact Ray Martinez at 713-348-6237 or ray.martinez@rice.edu.]

**Rice Legislative Update:
Summary of the regular session of the 81st Texas Legislature**

With the gubernatorial veto period now concluded, the regular session of the 81st Texas Legislature is officially over, although Gov. Rick Perry has signaled his intention to call a special session later this summer to deal with some unfinished business. Below is a summary of the session and Rice University’s priorities.

1. **State budget:** As finally passed, the General Appropriations Act totals **\$182 billion** for the 2010-2011 biennium, an 8.7 percent increase over the previous biennium. Most of the spending increase came from federal stimulus funds, which lawmakers used to plug as many holes in the budget as possible. In fact, if federal stimulus funds are excluded, the percentage increase in state spending is less than 1 percent. In other words, total spending in the 2010-2011 appropriations act increases by \$14.5 billion over the next two years, but only \$747 million of that come from state general revenues. Without the federal funds, the state would have had to dig deep into its Rainy Day Fund to cover a gaping budget deficit. That in turn does not bode well for the 2012-2013 state budget.

Particular programs of interest for Rice include:

- **Tuition Equalization Grants (TEG)** was funded at the current level of \$105.9 million per year;
- **Advanced Research Program (ARP)** remained level at \$16.7 million;
- **Joint Admission Medical Program (JAMP)** was doubled to \$10.6 million.

2. **Private institutions now eligible to participate in the Advanced Research Program (ARP):** HB 58 by Rep. Dan Branch, R-Dallas, and Sen. Kip Averitt, R-Waco, allows private or independent institutions of higher education to be eligible to participate in the ARP, which is administered by the Texas Higher Education Coordinating Board (THECB). Although he reportedly had considered a veto because of a shortage of funding for ARP, Perry signed the bill into law this past weekend.

3. **Funding for the Baylor College of Medicine (BCM):**

BCM’s state funding allocations were increased about \$10 million for the 2010-2011 biennium. Specifically:

Medical Education:	\$40,207,503 (FY10)
	\$43,097,782 (FY11)
	+\$5.7M over last biennium

Graduate Medical Education Formula Funding:	\$7,637,935 (FY10)
	\$7,637,935 (FY11)
	+2.4M over last biennium

Permanent health fund for higher education (tobacco funds):	\$2.1M (FY 10) (Estimate) \$2.1M (FY 11) (Estimate)
Permanent endowment for BCM (tobacco funds):	\$1.6M (FY 10) (Estimate) \$1.6M (FY 11) (Estimate)
Minor funding from other programs (including Family Practice Residency Program, Alzheimer’s Research Consortium, Primary Care Residency Program and Joint Admission Medical Program):	\$1M (FY 10) (Estimate) \$1M (FY 11) (Estimate)

Also added to the 2010-2011 appropriations bill is language with the following instructions: “Any appropriations made by this act to Baylor College of Medicine are considered to be appropriations for any legal successor to Baylor.”

4. **Tuition exemption for inter-institutional programs:** SB 45 by Sen. Judith Zaffirini, D-Laredo, and Rep. Scott Hochberg, D-Houston, allows tuition exemption at public institutions of higher education for students enrolled in certain inter-institutional academic programs, such as that offered by the Gulf Coast Consortia. It was effective immediately after the governor signed it into law last month.
5. **TEXAS Grant merit criteria:** Two bills – SB 2084 by Sen. Steve Ogden, R-Bryan, and HB 4476 by Rep. Donna Howard, D-Austin – attempted to add merit criteria in some form to the TEXAS Grant program. Neither bill passed. However, the Texas Higher Education Coordinating Board (THECB) has not given up on this idea and intends to pursue it further. The THECB also plans greater “alignment” of the TEG program with the TEXAS Grant program, which will require diligent monitoring and advocacy by Rice and other affected higher education institutions during the interim period between legislative sessions.
6. **Cancer Prevention and Research Institute of Texas (CPRIT):** HB 1358 by Rep. Jim Keffer, R-Eastland, and Sen. Jane Nelson, R-Flower Mound, contains many provisions for implementation of the CPRIT. The bill, which Perry has now signed into law, contains the following provisions:
 - Creates a CPRIT “University Advisory Committee” to advise the institute's oversight committee and the research and prevention programs committees about the role of institutions of higher education in cancer research. Rice and BCM each get one seat on the University Advisory Committee.
 - Requires the CPRIT executive director, with the approval of a simple majority of the oversight committee, to appoint cancer research and prevention experts as members of scientific research and prevention programs committees.
 - Requires the oversight committee to create an ad hoc committee of experts to address childhood cancers and authorizes the institute's oversight committee, as necessary, to create ad hoc committees of experts to advise the oversight committee on other cancer-related issues.
 - Establishes that members of the research and prevention programs committees serve for terms determined by the executive director, rather than four-year terms, and that members of the university advisory committee or any ad hoc advisory committee serve without compensation except for actual and necessary expenses.
 - Establishes conflict of interest procedures for research and prevention programs committees, university advisory committee and ad hoc committee members, such as disclosure of the

member's financial interest in a matter before the committee, which would require recusal. The bill also establishes what constitutes a substantial financial interest.

- Defines “indirect costs” and clarifies the 5 percent limit by specifying that the 5 percent limit on the annual expenditure of money for facility construction purposes also applies to facility purchases, remodeling or renovation if they benefit cancer prevention and research.
- Requires the oversight committee to issue rules about the procedure for awarding grants. The rules must include the requirement that a research and prevention programs committee review grant applications and make recommendations to the executive director, rather than the oversight committee. The bill also requires a prioritized list that ranks the grant applications in the order the committee determines applications should be funded. The executive director must submit to the oversight committee a list of grant applications that is substantially based on the review, with priority given to proposals that meet certain requirements.
- Requires the oversight committee to follow the funding recommendations and prioritization of the executive director unless two-thirds of the members vote to disregard that recommendation.
- Requires the oversight committee to require as a condition of a grant that the recipient submit to regular inspection and progress reviews of the grant project by institute staff.
- Makes a grant applicant's name and address, the amount of funding applied for, the type of cancer to be addressed under the proposal and any other information designated by the institute, with the consent of the grant applicant, public information subject to disclosure under the state’s open records laws.

CPRIT announces key appointments: Dr. Phillip A. Sharp, was named chair of CPRIT’s Scientific Review Council which oversees the selection of the agency’s research grants. Dr. Sharp, a Nobel Laureate and an expert in molecular biology and biochemistry research, is a professor at the David H. Koch Institute for Integrative Cancer Research at the Massachusetts Institute of Technology. Dr. Alfred G. Gilman, another Nobel Laureate, will lead the research grant process as chief scientific officer of CPRIT. Dr. Gilman previously served as provost and dean at the University of Texas Southwestern Medical Center. William “Bill” Gimson, former Chief Operating Officer of the Centers for Disease Control and Prevention, was appointed executive director of CPRIT.

CPRIT Funding Approved: The Texas Legislature appropriated \$450 million dollars for the next two years to fund grants for cancer research, prevention and treatment. CPRIT will receive \$150 million in year one of the biennium (2010) and \$300 million in year two (2011). Texas voters in 2008 authorized \$3 billion in public bonds over ten years for CPRIT funding.

Other items of interest:

1. **HB 2425 (Summer Engineering Recruitment Program):** Rep. Geanie Morrison, R-Victoria, and Sen. Kip Averitt, R-Waco, led an effort to amend the state law creating the Engineering Recruitment Program administered by the THECB to allow private and independent institutions of higher education with engineering programs to compete for \$1 million in funds for summer programs to recruit high school students into engineering. The bill was signed into law by Perry on June 21.
2. **HB 1893 (Concealed Carry on College Campuses):** Rep. Joe Driver, R-Garland, pushed for legislation that would have required public and private institutions of higher education to allow individuals who possess a lawful permit to carry concealed handguns on campus. The bill died in the House of Representatives but is likely to be re-introduced in the 2011 legislative session.

3. **HB 3709 (Restrictions on TMC's Eminent Domain Authority):** Rep. Garnett Coleman, D-Houston, led an effort that would have restricted the Texas Medical Center's (TMC) current power of eminent domain. In its original version, the measure also contained language which would have significantly impacted the ability of Rice University to acquire and hold residential property in and around the campus. The bill did not pass.
4. **HB 1831 (Creation of the University of Houston Hurricane Center for Innovative Technology):** Rep. Bill Callegari, R-Katy and a UH alumnus, attached an amendment to a disaster preparedness bill allowing UH to create a new center focused on post-hurricane disaster recovery and wind mitigation technology. HB 1831 was signed into law by the governor.
5. **Special Session:** Gov. Perry has announced his intent to call the legislature back to Austin for a special session sometime this summer, although no specific dates have been announced. The call is expected to be limited to two items: the sunset safety net bill pertaining to continuation of specific state agencies, such as the Texas Department of Insurance, and authorization for \$2 billion in highway bonds. The governor has stated that he wants a short special session and speculation currently exists that the session will occur sometime in July.