

By: Ogden

S.B. No. 666

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the establishment of the matching excellence fund to
3 promote research and develop excellence at certain institutions of
4 higher education and to the abolition of the Texas excellence fund
5 and the university research fund.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Chapter 51, Education Code, is amended by adding
8 Subchapter I to read as follows:

9 SUBCHAPTER I. MATCHING EXCELLENCE FUND

10 Sec. 51.451. PURPOSE. The matching excellence fund is
11 established to provide funding to promote increased research
12 capacity and to develop institutional excellence at general
13 academic teaching institutions.

14 Sec. 51.452. DEFINITIONS. In this subchapter:

15 (1) "Coordinating board" means the Texas Higher
16 Education Coordinating Board.

17 (2) "General academic teaching institution" has the
18 meaning assigned by Section 61.003.

19 Sec. 51.453. ADMINISTRATION. (a) The matching excellence
20 fund is a special fund in the state treasury outside the general
21 revenue fund.

22 (b) The coordinating board administers the matching
23 excellence fund and shall adopt rules for the administration of the
24 fund and this subchapter.

1 Sec. 51.454. SOURCE OF FUND. (a) The legislature may
2 appropriate or provide for the transfer of any available money to
3 the credit of the matching excellence fund.

4 (b) The coordinating board may solicit and accept gifts or
5 grants from any public or private source for the matching
6 excellence fund.

7 (c) All interest, dividends, and other income earned from
8 investment of the matching excellence fund shall be deposited to
9 the credit of the fund.

10 Sec. 51.455. DISTRIBUTION OF FUND. (a) As soon as
11 practicable in each state fiscal year, the coordinating board shall
12 distribute money from the matching excellence fund to each general
13 academic teaching institution in an amount equal to the total
14 amount of money received by the institution in the preceding state
15 fiscal year from private or federal sources to support educational
16 or research activities at the institution.

17 (b) If the money in the fund is insufficient to provide each
18 general academic teaching institution with the full amount provided
19 by Subsection (a), the coordinating board shall distribute the
20 money in the fund to the institutions in proportion to the amount to
21 which each institution is entitled under Subsection (a).

22 (c) If the coordinating board determines that a general
23 academic teaching institution lacks sufficient staff, experience,
24 or other resources to enable the institution to effectively seek
25 and obtain funds from private or federal sources to support
26 educational or research activities at the institution as
27 appropriate for the mission and programs of the institution, the

1 coordinating board may grant money from the matching excellence
2 fund in excess of the amount required to be distributed under
3 Subsection (a) to the institution in an amount the coordinating
4 board considers appropriate to assist the institution in developing
5 those resources. An institution must apply in order to receive a
6 grant under this subsection.

7 Sec. 51.456. USE OF MONEY FROM FUND. (a) Except as
8 provided by Subsection (b), a general academic teaching institution
9 may use money received by the institution from the matching
10 excellence fund only for the support and maintenance of educational
11 and general activities, including research and student services,
12 that promote increased research or develop institutional
13 excellence at the institution.

14 (b) A general academic teaching institution may use money
15 received by the institution from the matching excellence fund under
16 Section 61.455(c) only to develop resources for seeking and
17 obtaining funds from private or federal sources to support
18 educational or research activities at the institution.

19 Sec. 51.457. ANNUAL REPORT. (a) Each general academic
20 teaching institution that receives money under this subchapter in a
21 state fiscal year shall prepare a report at the end of that fiscal
22 year describing how the institution used the money. The
23 institution shall include in the report information regarding the
24 use of money spent in that fiscal year that the institution received
25 under this subchapter in a preceding fiscal year.

26 (b) The institution shall deliver a copy of the report to
27 the coordinating board not later than December 1 after the end of

1 the fiscal year covered by the report.

2 SECTION 2. Sections 62.025(a) and (c), Education Code, are
3 amended to read as follows:

4 (a) Not later than November 1 of each state fiscal year, the
5 comptroller shall deposit the first \$50 million that comes to the
6 state at the beginning of each state fiscal year and that is not
7 dedicated by other law [~~as follows:~~

8 [~~(1) except as provided by Subsections (d) and (e), an~~
9 ~~amount equal to the portion of the total return on all investment~~
10 ~~assets of the higher education fund in the preceding state fiscal~~
11 ~~year computed by multiplying that total return by the percentage of~~
12 ~~the total return on all investment assets of the permanent fund for~~
13 ~~tobacco education and enforcement that constitutes available~~
14 ~~earnings as determined by the comptroller under Section 403.1068,~~
15 ~~Government Code, in that year must be deposited to the credit of the~~
16 ~~Texas excellence fund established under Subchapter C; and~~

17 [~~(2) the remaining amount must be deposited]~~ to the
18 credit of the higher education fund.

19 (c) The deposit required by this section to the higher
20 education fund expires on September 1 after the date the
21 comptroller certifies that the value of the higher education fund
22 is \$2 billion. [~~In each state fiscal year that begins on or after~~
23 ~~that date, the comptroller shall deposit to the credit of the Texas~~
24 ~~excellence fund established under Subchapter C from the first money~~
25 ~~that comes to the state at the beginning of that fiscal year an~~
26 ~~amount, not to exceed \$50 million, equal to the portion of the total~~
27 ~~return on all investment assets of the higher education fund in the~~

1 ~~preceding state fiscal year computed by multiplying that total~~
2 ~~return by the percentage of the total return on all investment~~
3 ~~assets of the permanent fund for tobacco education and enforcement~~
4 ~~that constitutes available earnings as determined by the~~
5 ~~comptroller under Section 403.1068, Government Code.]~~

6 SECTION 3. The following laws are repealed:

- 7 (1) Sections 62.025(d) and (e), Education Code;
8 (2) Subchapter C, Chapter 62, Education Code; and
9 (3) Subchapter D, Chapter 62, Education Code.

10 SECTION 4. (a) The first distribution of money from the
11 matching excellence fund established by this Act shall be made in
12 the state fiscal year beginning September 1, 2003.

13 (b) The Texas Higher Education Coordinating Board shall
14 adopt initial rules for the matching excellence fund as required by
15 Section 51.453, Education Code, as added by this Act, as soon as
16 practicable after the effective date of this Act. The coordinating
17 board may adopt those initial rules in the manner provided by law
18 for emergency rules.

19 (c) On and after the effective date of this Act, any amount
20 remaining in or payable to the credit of the Texas excellence fund
21 or the university research fund shall be transferred to the credit
22 of the matching excellence fund established by this Act.

23 SECTION 5. This Act takes effect September 1, 2003.