

Amend CSHB 51 as follows:

(1) Strike page 1, lines 6 through 8, and substitute the following:

SECTION 1. The heading to Chapter 62, Education Code, is amended to read as follows:

CHAPTER 62. CONSTITUTIONAL AND STATUTORY [~~DIVISION OF CONSTITUTIONALLY APPROPRIATED~~] FUNDS TO SUPPORT [~~AMONG CERTAIN~~] INSTITUTIONS OF HIGHER EDUCATION[~~, RESEARCH DEVELOPMENT FUND~~]

SECTION 2. Chapter 62, Education Code, is amended by adding Subchapters C and D to read as follows:

SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

(2) On page 1, line 9, strike "61.9771" and substitute "62.051".

(3) On page 1, line 13, strike "board" and substitute "coordinating board".

(4) On page 1, between lines 20 and 21, insert the following:

(3) "Institution of higher education" has the meaning assigned by Section 61.003.

(5) On page 1, line 21, strike "61.9772" and substitute "62.052".

(6) On page 2, line 1, strike "61.9773" and substitute "62.053".

(7) On page 2, line 2, strike "board" and substitute "comptroller".

(8) On page 2, lines 10, 12, and 13, strike "board" and substitute "coordinating board".

(9) On page 2, between lines 13 and 14, insert the following:

(c) The legislature may not appropriate money for purposes of this subchapter in a state fiscal year unless the legislature appropriates an equal amount of money for that fiscal year for the Texas Research Incentive Program under Subchapter D.

(10) On page 2, line 14, strike "61.9774" and substitute "62.054".

(11) On page 2, line 18, strike "61.9775" and substitute "62.055".

(12) On page 2, lines 18 and 20, strike "board" and substitute "coordinating board".

(13) On page 2, line 21, strike "Subchapter GG" and substitute "Subchapter D".

(14) On page 2, line 22, strike "61.9791" and substitute "62.071".

(15) On page 2, line 26, strike "board" and substitute "coordinating board".

(16) On page 3, between lines 6 and 7, insert the following:

(3) "Institution of higher education" has the meaning assigned by Section 61.003.

(17) On page 3, line 7, strike "(3)" and substitute "(4)".

(18) On page 3, line 9, strike "61.9792" and substitute "62.072".

(19) On page 3, line 9, strike "The board" and substitute "(a) The coordinating board".

(20) On page 3, at the end of line 13, add "The comptroller shall deliver any payment of matching funds to which an eligible institution is entitled under the program."

(21) On page 3, between lines 13 and 14, insert the following:

(b) The legislature may not appropriate money for purposes of this subchapter in a state fiscal year unless the legislature appropriates an equal amount of money for that fiscal year for the Research University Development Fund under Subchapter C.

(22) On page 3, line 14, strike "61.9793" and substitute "62.073".

(23) On page 4, lines 14, 15, and 23, strike "board" and substitute "coordinating board".

(24) On page 4, lines 23 and 24, strike "provide" and substitute "authorize".

(25) On page 5, line 10, strike "61.9794" and substitute "62.074".

(26) On page 5, line 16, strike "61.9795" and substitute "62.075".

(27) On page 5, lines 16 and 18, strike "board" and substitute "coordinating board".

(28) Strike page 5, line 19, through page 9, line 20, and substitute the following:

SECTION 3. Chapter 62, Education Code, is amended by adding Subchapter F to read as follows:

SUBCHAPTER F. NATIONAL RESEARCH UNIVERSITY FUND

Sec. 62.121. 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.

Sec. 62.122. 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) "Fund" means the national research university fund.

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

Sec. 62.123. 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 20, Article VII, Texas Constitution.

Sec. 62.124. 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.

Sec. 62.125. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) A general academic teaching institution is eligible to receive a distribution of money under this subchapter for each year of a state fiscal biennium 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 biennium, 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 aggregate value of the institution's endowment funds is at least \$400 million;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal biennium;

(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) the institution has demonstrated a commitment to high quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including 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.

Sec. 62.126. ACCOUNTING STANDARDS; VERIFICATION OF INFORMATION. (a) The coordinating board, in consultation with the State Auditor's Office, by rule shall prescribe standard methods of accounting and standard methods of reporting information for the purpose of determining the eligibility of institutions under Section 62.125.

(b) As soon as practicable in each even-numbered 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 the institutions that are determined to be initially eligible for distributions of money from the fund for the following state fiscal biennium.

(c) At the request of the coordinating board, the State Auditor's Office shall verify the information supporting the coordinating board's determination under Subsection (b).

Sec. 62.127. INELIGIBILITY OF INSTITUTIONS RECEIVING PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University of Texas at Austin, Texas A&M University, and Prairie View A&M University are ineligible to receive money under this subchapter.

Sec. 62.128. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE INSTITUTIONS. In each state fiscal year, the comptroller shall distribute to eligible institutions the total amount appropriated from the fund for that fiscal year. The amount allocated to the eligible institutions shall be based on an equitable formula adopted by the legislature to carry out the purposes of the fund as established by Section 20, Article VII, Texas Constitution. In adopting the allocation formula, the legislature shall consider the recommendations of the coordinating board, including recommendations on the appropriate elements and relative weights of elements of the formula.

Sec. 62.129. 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), permitted activities include the use of the money to:

- (1) provide faculty support and pay faculty salaries;
- (2) purchase equipment or library materials;
- (3) pay graduate stipends; and
- (4) support 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.

SECTION 4. Section 62.094, Education Code, is amended to read as follows:

Sec. 62.094. FUNDING. (a) The research development fund consists of the ~~[amount deposited to the credit of the fund under Section 62.025 in each state fiscal year, the amount appropriated or transferred to the credit of the fund by the legislature under Subsection (b), and any other]~~ amounts appropriated or transferred to the credit of the fund under this section or other law.

~~(b) [In each state fiscal year, the legislature may appropriate or provide for the transfer to the credit of the research development fund of an amount not less than the amount deposited to the credit of the fund under Section 62.025 in that fiscal year.]~~

~~[(c)]~~ The comptroller shall deposit all interest, dividends, and other income earned from investment of the research development fund to the credit of the fund.

(c) ~~[(d)]~~ The comptroller may accept gifts or grants from any public or private source for the research development fund.

SECTION 5. Sections 62.025 and 62.026, Education Code, are repealed.

(29) On page 9, line 21, strike "SECTION 2" and substitute "SECTION 6".

(30) On page 9, lines 22 and 23, strike "Subchapters FF, GG, and HH, Chapter 61, Education Code" and substitute "Subchapters C, D, and F, Chapter 62, Education Code".

(31) On page 9, strike line 25 and substitute the following:

SECTION 7. (a) Except as provided by Subsection (b) of this section, this Act takes effect September 1, 2009.

(b) Sections 3, 4, and 5 of this Act take effect January 1, 2010, but only if the constitutional amendment proposed by the 81st Legislature, Regular Session, 2009, establishing the national research university fund to enable emerging research universities in this state to achieve national prominence as major research universities and transferring the balance of the higher education fund to the national research university fund is approved by the voters. If that constitutional amendment is not approved by the voters, Sections 3, 4, and 5 of this Act do not take effect.