

BILL ANALYSIS

S.J.R. 35
By: Duncan
Higher Education
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Texas lags behind other states in the number of nationally recognized research universities. Currently, Texas has only two public research universities of national prominence. While Texas must continue strengthening these existing institutions, it also must focus resources on establishing additional nationally prominent research universities.

S.J.R. 35 proposes an amendment to the Texas Constitution to establish the national research university fund (NRUF) as a dedicated, long-term, independent, and equitable source of funding aimed at enabling eligible institutions in Texas to achieve national prominence as major research universities. The resolution directs the legislature to establish criteria by which a qualifying institution is authorized to become eligible to receive a long-term, permanent, annual distribution from the NRUF to promote increased research capacity at the university. The resolution provides for limitations on the annual appropriation that is authorized to be made from the NRUF so as to protect the long-term purchasing power of fund assets.

RULEMAKING AUTHORITY

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.J.R. 35 proposes an amendment to the Texas Constitution to establish the national research university fund for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in Texas to achieve national prominence as major research universities. The resolution establishes that the fund consists of money transferred or deposited to the credit of the fund and any interest or other return on the investment assets of the fund and authorizes the legislature to dedicate state revenue to the credit of the fund. The resolution requires the legislature to provide for the fund's administration, requires the fund to be invested in the manner and according to the standards provided for investment of the permanent university fund, and requires the expenses of managing the fund's investments to be paid from the fund.

S.J.R. 35 authorizes the legislature, in each state fiscal biennium, to appropriate all or a portion of the total return on all fund investment assets to carry out the purposes for which the fund is established. The resolution requires the legislature either to allocate biennially the appropriated amounts or to provide for a biennial allocation of those amounts to eligible state universities to carry out the fund's purposes and requires the money to be allocated based on an equitable formula established by the legislature or an agency designated by the legislature. The resolution requires the legislature to review and adjust as appropriate, or provide for a review and adjustment of, the allocation formula at the end of each fiscal biennium.

S.J.R. 35 establishes that the portion of the total return on investment assets of the fund that is available for appropriation in a fiscal biennium is the portion necessary to provide as nearly as practicable a stable and predictable stream of annual distributions to eligible state universities and to maintain over time the purchasing power of fund investment assets. The resolution prohibits the legislature, if the purchasing power of fund investment assets for any rolling 10-year period is not preserved, from appropriating money from the fund until the purchasing power of the fund investment assets is restored. The resolution sets a cap on the amount appropriated from the fund in any fiscal year at seven percent of the average net fair market value of the fund's investment assets.

S.J.R. 35 requires the legislature to establish eligibility criteria for a state university to receive a portion of the fund's distributions. The resolution provides that a state university that becomes eligible to receive a portion of the fund's distributions in a fiscal biennium remains eligible to receive additional fund distributions in any subsequent fiscal biennium. The resolution excludes The University of Texas at Austin, Texas A&M University, and Prairie View A&M University from eligibility for a distribution from the fund. The resolution restricts a state university's use of distributions from the fund to the support and maintenance of educational and general activities that promote increased research capacity at the university.

S.J.R. 35 includes a temporary provision, set to expire January 1, 2011, that applies to the constitutional amendment establishing the national research university fund to enable emerging research universities in Texas to achieve national prominence as major research universities and transferring the balance of the higher education fund to the national research university fund. The resolution provides that the amendment to add the provision establishing the national research university fund to the constitution and to repeal a provision relating to the dedication of state revenue for the creation of the higher education fund and to that fund's administration and investment takes effect January 1, 2010. The resolution requires any amount in or payable to the credit of the higher education fund to be transferred on January 1, 2010, to the credit of the national research university fund.

S.J.R. 35 sets forth the required language of the ballot.

S.J.R. 35 repeals Section 17(i), Article VII, Texas Constitution.

ELECTION DATE

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 3, 2009.