

By: Duncan, Shapiro

S.B. No. 1560

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the national research university fund and the  
3 allocation of amounts appropriated from the fund, the abolition of  
4 the higher education fund, and the institutional groupings  
5 established by the Texas Higher Education Coordinating Board.

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

7 SECTION 1. Subchapter C, Chapter 61, Education Code, is  
8 amended by adding Section 61.0904 to read as follows:

9 Sec. 61.0904. INSTITUTIONAL GROUPINGS. (a) In its  
10 accountability system, the board shall establish institutional  
11 groupings for classification of institutions of higher education,  
12 including a grouping for research universities, emerging research  
13 universities, doctoral universities, comprehensive universities,  
14 and masters universities.

15 (b) In each state fiscal biennium, the board shall conduct a  
16 review of the institutional groupings, including a review of the  
17 criteria for and definitions assigned to those groupings.

18 SECTION 2. The heading to Chapter 62, Education Code, is  
19 amended to read as follows:

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

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

1           SUBCHAPTER D. NATIONAL RESEARCH UNIVERSITY FUND

2           Sec. 62.071. PURPOSE. The purpose of this subchapter is to  
3 allocate appropriations from the national research university fund  
4 to provide a dedicated, independent, and equitable source of  
5 funding to enable emerging research universities in this state to  
6 achieve national prominence as major research universities.

7           Sec. 62.072. DEFINITIONS. In this subchapter:

8           (1) "Coordinating board" means the Texas Higher  
9 Education Coordinating Board.

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

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

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

17           Sec. 62.073. ADMINISTRATION AND INVESTMENT OF FUND.

18           (a) The national research university fund is a fund outside the  
19 state treasury in the custody of the comptroller.

20           (b) The comptroller shall administer and invest the fund in  
21 accordance with Section 20, Article VII, Texas Constitution.

22           Sec. 62.074. FUNDING. (a) The fund consists of any  
23 amounts appropriated or transferred to the credit of the fund under  
24 the Texas Constitution or otherwise appropriated or transferred to  
25 the credit of the fund under this section or another law.

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

1 the fund.

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

4 Sec. 62.075. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM  
5 FUND. (a) A general academic teaching institution is eligible to  
6 receive a distribution of money under this subchapter for each year  
7 of a state fiscal biennium if:

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

11 (2) in each of the two state fiscal years preceding the  
12 state fiscal biennium, the institution reported at least \$45  
13 million in restricted research expenditures;

14 (3) the aggregate value of the institution's endowment  
15 funds is at least \$500 million; and

16 (4) the institution satisfies at least two of the  
17 following criteria:

18 (A) at least 200 doctor of philosophy degrees  
19 were awarded by the institution during each of the two academic  
20 years preceding the state fiscal biennium;

21 (B) the entering freshman class for each of those  
22 two academic years demonstrated high academic achievement, as  
23 determined according to standards prescribed by the coordinating  
24 board;

25 (C) designated as an American Research Library or  
26 has a Phi Beta Kappa chapter; and

27 (D) the faculty of the institution for each of

1 those two academic years was of high quality, as determined  
2 according to coordinating board standards based on the professional  
3 achievement and recognition of the institution's faculty,  
4 including the election of faculty members to national academies.

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

9 Sec. 62.076. INELIGIBILITY OF INSTITUTIONS RECEIVING  
10 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University  
11 of Texas at Austin, Texas A&M University, and Prairie View A&M  
12 University are ineligible to receive money under this subchapter.

13 Sec. 62.077. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE  
14 INSTITUTIONS. In each state fiscal year, the comptroller shall  
15 distribute to eligible institutions the total amount appropriated  
16 from the fund for that fiscal year. The amount allocated to the  
17 eligible institutions shall be based on an equitable formula  
18 adopted by the legislature to carry out the purposes of the fund as  
19 established by Section 20, Article VII, Texas Constitution. The  
20 coordinating board may make recommendations regarding the formula  
21 and provide such assistance as directed by the legislature.

22 Sec. 62.078. USE OF ALLOCATED AMOUNTS. (a) An eligible  
23 institution may use money received under this subchapter only for  
24 the support and maintenance of educational and general activities  
25 that promote increased research capacity at the institution.

26 (b) For purposes of Subsection (a), permitted activities  
27 include the use of the money to:

- 1           (1) provide faculty support and pay faculty salaries;
- 2           (2) purchase equipment or library materials;
- 3           (3) pay graduate stipends; and
- 4           (4) support research performed at the institution,  
5 including undergraduate research.

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

10           Sec. 62.079. VERIFICATION OF FACTORS. (a) For purposes of  
11 this subchapter, the coordinating board shall prescribe standards  
12 and accounting methods for determining the value of the factors to  
13 establish the eligibility of an institution in a state fiscal year.

14           (b) The coordinating board, as soon as practicable in each  
15 even-numbered year no later than December 31, shall provide the  
16 legislature with verified information relating to the value of the  
17 factors to establish eligible institutions for the national  
18 research university fund under this subchapter.

19           (c) The coordinating board in consultation with the State  
20 Auditor's Office shall validate the appropriate measures of an  
21 eligible institution to verify the reported values of the factors  
22 for purposes of this subchapter.

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

25           Sec. 62.094. FUNDING. (a) The research development fund  
26 consists of the [~~amount deposited to the credit of the fund under~~  
27 ~~Section 62.025 in each state fiscal year, the amount appropriated~~

1 ~~or transferred to the credit of the fund by the legislature under~~  
2 ~~Subsection (b), and any other]~~ amounts appropriated or transferred  
3 to the credit of the fund under this section or other law.

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

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

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

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

16 SECTION 6. This Act takes effect January 1, 2010, but only  
17 if the constitutional amendment proposed by the 81st Legislature,  
18 Regular Session, 2009, establishing the national research  
19 university fund to enable emerging research universities in this  
20 state to achieve national prominence as major research universities  
21 and transferring the balance of the higher education fund to the  
22 national research university fund is approved by the voters. If  
23 that constitutional amendment is not approved by the voters, this  
24 Act does not take effect.