

Amend **CSSB 1581** (senate committee report) in SECTION 5.01 of the bill by striking proposed Section 63.0035, Education Code (page 2, line 54, through page 3, line 18), and substituting the following:

Sec. 63.0035. PARTIAL LIQUIDATION OF INSTITUTION'S SHARE; DISTRIBUTION OF FUND AFTER LIQUIDATION. (a) Subject to appropriation of the appropriate amounts, the board of regents of The University of Texas System shall transfer to each institution that is entitled in a state fiscal year to receive a distribution from the permanent fund established under this subchapter a one-time liquidation distribution for the state fiscal year ending August 31, 2012, and, for that fiscal year and each subsequent fiscal year, a reduced annual distribution as provided by this section.

(b) The board of regents of The University of Texas System, not later than November 1, 2011, shall:

(1) calculate the amount of each liquidation distribution in accordance with this section; and

(2) provide to all institutions entitled to receive a distribution from the permanent fund established under this subchapter written notice specifying:

(A) the amount of the liquidation distribution to be made to each institution in the state fiscal year ending August 31, 2012; and

(B) the amounts of the other distributions to be made in that fiscal year to each institution under this section from the per capita account and the formula account described by Subsection (c).

(c) As soon as practicable after the beginning of the state fiscal year ending August 31, 2012, the permanent fund shall be segregated into two accounts, the per capita account and the formula account. Notwithstanding any other law, distributions in that fiscal year and in subsequent fiscal years shall be made in accordance with this section and not in accordance with Section 63.003(a). The amount segregated into the per capita account is equal to 70 percent of the total value of the fund at the end of the preceding state fiscal year. The formula account is composed of the

remaining 30 percent of that total value at the end of that preceding fiscal year.

(d) A liquidation distribution is an amount equal to one-third of the institution's fractional share of the value of the per capita account. An institution's fractional share of the per capita account is determined by multiplying the amount segregated into the per capita account by a fraction, the numerator of which is one and the denominator of which is the number of institutions that are entitled to receive a distribution from the permanent fund established under this subchapter.

(e) In the state fiscal year ending August 31, 2012, and in each subsequent fiscal year, the annual amount appropriated for distribution from the investment of the per capita account shall be distributed in equal shares to each institution.

(e-1) Subsection (e) does not apply to the amounts distributed as liquidation distributions in the state fiscal year ending August 31, 2012.

(f) In each state fiscal year in which distributions are made from the per capita account under Subsection (e), the amount appropriated for distribution from the investment of the formula account shall be distributed in equal portions with respect to each of the following categories, with each institution receiving a share in each category proportionate to the amount that the institution spent in that category in the preceding state fiscal biennium as determined by the institution's annual financial report, compared to the total spending of all institutions listed in Section 63.002(c) in that category in the preceding biennium:

- (1) instructional expenditures;
- (2) research expenditures; and
- (3) unsponsored charity care.

(g) Except as otherwise provided by this section:

- (1) Section 63.003(b) applies to amounts appropriated for distribution under Subsections (e) and (f) of this section; and
- (2) Sections 63.003(c) and (d) apply to amounts appropriated for distribution under Subsection (f) of this section.

(h) The comptroller in consultation with the board of regents of The University of Texas System shall establish

procedures to implement this section. A liquidation distribution shall be made in accordance with those procedures and in consultation with the institutions receiving the liquidation distribution.

(i) Any direct costs associated with liquidation distributions, including discounts on investment dispositions and related expenses realized by the permanent fund, shall be deducted in equal portions from the amounts of the liquidation distributions. The procedures established under Subsection (h) must provide for the minimization of any costs associated with making the liquidation distributions considering the liquidity of the investment assets of the fund.

(j) Notwithstanding other provisions of this subchapter, the amount distributed to an institution under this section as a liquidation distribution is under the exclusive control of the governing board of the institution and may be used by the institution in any manner for any lawful purpose. The comptroller shall establish procedures to ensure that a liquidation distribution to Baylor College of Medicine is used for public purposes consistent with a contract in effect under Section 61.092.

SECTION _____. Section 63.003(d), Education Code, is amended to read as follows:

(d) For the purposes of this section or Section 63.0035, Baylor College of Medicine may receive funds [~~under Subsection (a)(2)~~] only if the institution provides the comptroller with an independently audited schedule of information that substantially complies with the reporting requirements issued by the comptroller for other eligible institutions [~~under Subsection (a)(2)~~]. Information under this subsection must be supplied not later than the time other eligible institutions are required to submit similar information.