

By: Branch

H.B. No. 2626

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the distribution of money appropriated from the
3 national research university fund and to one or more audits of the
4 information necessary to establish eligibility for that
5 distribution.

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

7 SECTION 1. Section 62.146, Education Code, is amended to
8 read as follows:

9 Sec. 62.146. ACCOUNTING STANDARDS; VERIFICATION OF
10 INFORMATION. (a) The coordinating board by rule shall prescribe
11 standard methods of accounting and standard methods of reporting
12 information for the purpose of determining:

13 (1) the eligibility of institutions under Section
14 62.145; and

15 (2) the amount of restricted research funds expended
16 by an eligible institution in a state fiscal year.

17 (b) As soon as practicable in each even-numbered year, based
18 on information submitted by the institutions to the coordinating
19 board as required by the coordinating board, the coordinating board
20 shall certify to the legislature verified information relating to
21 the criteria established by Section 62.145 to be used to determine
22 which institutions are [~~initially~~] eligible for distributions of
23 money from the fund.

24 (c) Information submitted to the coordinating board by

1 institutions for purposes of establishing eligibility under this
2 subchapter and the coordinating board's certification or
3 verification of that information under this section [~~subsection~~]
4 are subject to a mandatory audit by the state auditor in accordance
5 with Chapter 321, Government Code. The coordinating board may
6 request subsequent audits by the state auditor as necessary or
7 appropriate after an eligible institution begins receiving
8 distributions under this subchapter.

9 SECTION 2. Section 62.148, Education Code, is amended to
10 read as follows:

11 Sec. 62.148. DISTRIBUTION [~~ALLOCATION~~] OF APPROPRIATED
12 FUNDS TO ELIGIBLE INSTITUTIONS. (a) In each state fiscal year,
13 the comptroller shall distribute to eligible institutions in
14 accordance with this section an [~~the total~~] amount appropriated
15 from the fund for that fiscal year.

16 (b) The total amount appropriated from the fund for any
17 state fiscal year may not exceed an amount equal to 4.5 percent of
18 the average net market value of the investment assets of the fund
19 for the 12 consecutive state fiscal quarters ending with the last
20 quarter of the preceding state fiscal year, as determined by the
21 comptroller.

22 (b-1) For purposes of Subsection (b), for a state fiscal
23 quarter that includes any period before the fund was established on
24 January 1, 2010, a reference to the average net market value of the
25 investment assets of the fund includes the average net market value
26 of the investment assets of the former higher education fund for the
27 applicable state fiscal quarter. This subsection expires January

1 1, 2014.

2 (c) In each state fiscal year, each eligible institution is
3 entitled to an equal share of the total amount to be distributed
4 from the fund in that year. Subject to Subsection (e), the total
5 amount to be distributed from the fund to those eligible
6 institutions in that year is a portion of the total amount
7 appropriated from the fund for that year determined as follows:

8 (1) one-half of the total amount appropriated if only
9 one institution has established eligibility;

10 (2) two-thirds of the total amount appropriated if two
11 institutions have established eligibility;

12 (3) three-fourths of the total amount appropriated if
13 three institutions have established eligibility;

14 (4) four-fifths of the total amount appropriated if
15 four institutions have established eligibility;

16 (5) five-sixths of the total amount appropriated if
17 five institutions have established eligibility; and

18 (6) six-sevenths of the total amount appropriated if
19 six institutions have established eligibility.

20 (d) The comptroller shall retain within the fund any portion
21 of an appropriated amount that remains after all distributions are
22 made for a state fiscal year under this section. The appropriation
23 of that retained amount lapses at the end of that state fiscal year.

24 (e) If the number of institutions that are eligible for
25 distributions in a state fiscal year is more than six, each eligible
26 institution is entitled to an equal share of the total amount
27 appropriated from the fund for that fiscal year [~~The amount shall be~~

1 ~~allocated to the eligible institutions based on an equitable~~
2 ~~formula adopted by the legislature to carry out the purposes of the~~
3 ~~fund as established by Section 20, Article VII, Texas~~
4 ~~Constitution. In adopting the allocation formula, the legislature~~
5 ~~may consider the recommendations of the coordinating board,~~
6 ~~including recommendations on the appropriate elements and relative~~
7 ~~weights of elements of the formula].~~

8 SECTION 3. This Act takes effect immediately if it receives
9 a vote of two-thirds of all the members elected to each house, as
10 provided by Section 39, Article III, Texas Constitution. If this
11 Act does not receive the vote necessary for immediate effect, this
12 Act takes effect September 1, 2011.