

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

TO: Honorable Judith Zaffirini, Chair, Senate Committee on Higher Education

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB1000 by Branch (relating to the distribution of money appropriated from the national research university fund; making an appropriation.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 62 of the Education Code to specify the criteria used to determine annual distributions from the National Research University Fund (NRUF) and define the criteria used to allocate any such distributions among eligible institutions.

Currently, the Texas Constitution authorizes the Legislature to appropriate up to 7 percent of the average net market value of the investment assets of the NRUF corpus, provided the 10-year purchasing power of the corpus is preserved. The bill would stipulate the total amount appropriated from the NRUF corpus for any state fiscal year could not exceed an amount equal to 4.5 percent of the average net market value of the investment assets of the NRUF for the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the Comptroller.

The bill would stipulate the data submitted to the Higher Education Coordinating Board by institutions of higher education for purposes of establishing eligibility to receive allocations of NRUF proceeds, as well as the Coordinating Board's certification or verification of that information, are both subject to a mandatory audit by the State Auditor.

The bill would also authorize the Coordinating Board to request certain audits from the State Auditor. The bill would require the Comptroller use NRUF proceeds to pay the costs of these audits. The State Auditor estimates audit costs of \$220,800 in fiscal year 2012 and \$110,400 in fiscal year 2013.

The bill would also establish an equal share distribution methodology based on the number of institutions eligible to receive appropriations of NRUF proceeds.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

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