

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 28, 2011**

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

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

**IN RE: SB557** by Duncan (Relating to the distribution of money appropriated from the national research university fund.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 62 of the Education Code by specifying a new upper limit on annual distributions from the National Research University Fund (Fund 0214) and define a new allocation formula methodology for those distributions.

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 fund, provided the 10-year purchasing power of the fund corpus is preserved. The bill would stipulate that the total amount appropriated from the fund for any state fiscal year could not exceed an amount equal to 3.5 percent of the average net market value of the investment assets of the fund for the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the Comptroller's Office.

Appropriations from Fund 0214 to eligible institutions, under current law, are based on a formula adopted by the Legislature. The bill would stipulate that of the total amount appropriated from the fund for a state fiscal year, each eligible institution would be entitled to a distribution in an amount equal to the sum of: 1) one-seventh of the total amount appropriated; and 2) an equal share of any amount remaining after the initial distributions, but not more than one-fourth of the remaining amount. The Comptroller would retain in the fund any portion of an appropriated amount remaining after all annual distributions are made and the appropriation of the retained amount would lapse at the end of the fiscal year.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KK, RT, JAW