

By: Branch, Otto, Pitts

H.B. No. 2765

Substitute the following for H.B. No. 2765:

By: Branch

C.S.H.B. No. 2765

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the creation of the Texas competitive knowledge fund to  
3 support excellence at qualifying institutions of higher education.

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

5 SECTION 1. Subchapter C, Chapter 62, Education Code, is  
6 amended to read as follows:

7 SUBCHAPTER C. TEXAS COMPETITIVE KNOWLEDGE [~~RESEARCH UNIVERSITY~~  
8 ~~DEVELOPMENT~~] FUND

9 Sec. 62.051. DEFINITIONS. In this subchapter:

10 (1) "Eligible institution" means an institution of  
11 higher education that:

12 (A) is designated as a research university [~~or~~  
13 ~~emerging research university~~] under the coordinating board's  
14 accountability system and, for any three consecutive state fiscal  
15 years beginning on or after September 1, 2010, made total annual  
16 research expenditures in an average annual amount of not less than  
17 \$450 million; or

18 (B) is designated as an emerging research  
19 university under the coordinating board's accountability system  
20 and, for any three consecutive state fiscal years beginning on or  
21 after September 1, 2010, made total annual research expenditures in  
22 an average annual amount of not less than \$50 million.

23 (2) "Fund" means the Texas competitive knowledge fund.

24 (3) "Institution of higher education" has the meaning

1 assigned by Section 61.003.

2           Sec. 62.052. PURPOSE. The purpose of this subchapter is to  
3 provide funding to eligible research universities and emerging  
4 research universities to support faculty to ensure excellence in  
5 instruction and research [~~for the recruitment and retention of~~  
6 ~~highly qualified faculty and the enhancement of research~~  
7 ~~productivity at those universities~~].

8           Sec. 62.053. FUND [FUNDING]. (a) The Texas competitive  
9 knowledge fund consists of money [~~For each state fiscal year, the~~  
10 ~~coordinating board shall distribute any funds~~] appropriated by the  
11 legislature for the purposes of this subchapter[, ~~and any other~~  
12 ~~funds made available for the purposes of this subchapter,~~] to  
13 eligible institutions [~~based on the average amount of total~~  
14 ~~research funds expended by each institution annually during the~~  
15 ~~three most recent state fiscal years, according to the following~~  
16 ~~rates:~~

17                   [~~(1) at least \$1 million for every \$10 million of the~~  
18 ~~average annual amount of those research funds expended by the~~  
19 ~~institution, if that average amount for the institution is \$50~~  
20 ~~million or more, and~~

21                   [~~(2) at least \$500,000 for every \$10 million of the~~  
22 ~~average annual amount of those research funds expended by the~~  
23 ~~institution, if that average amount for the institution is less~~  
24 ~~than \$50 million~~].

25           (b) For purposes of this section [~~Subsection (a)~~], the  
26 amount of total research funds expended by an eligible institution  
27 in a state fiscal year is the amount of those funds as reported to

1 the coordinating board by the institution for that fiscal year,  
2 subject to any adjustment by the coordinating board in accordance  
3 with the standards and accounting methods the coordinating board  
4 prescribes for purposes of this section. [~~If the funds available  
5 for distribution for a state fiscal year under Subsection (a) are  
6 not sufficient to provide the amount specified by Subsection (a)  
7 for each eligible institution or exceed the amount sufficient for  
8 that purpose, the available amount shall be distributed in  
9 proportion to the total amount to which each institution is  
10 otherwise entitled under Subsection (a).]~~

11 Sec. 62.0535. INITIAL CONTRIBUTION. For the first state  
12 fiscal biennium in which an eligible institution receives an  
13 appropriation under this subchapter, the institution's other  
14 general revenue appropriations shall be reduced by an amount not to  
15 exceed the lesser of \$5 million for the biennium or the amount of  
16 the institution's appropriation under this subchapter for the  
17 biennium. The bill making the appropriation must expressly  
18 identify the purpose for which the appropriations were reduced in  
19 accordance with this section.

20 Sec. 62.054. APPROPRIATION AMOUNTS [RULES]. (a) Of the  
21 total amount appropriated for purposes of this subchapter in a  
22 state fiscal year, an eligible institution is entitled to receive  
23 an appropriation in the amount determined in accordance with this  
24 section.

25 (b) Not less than 50 percent of the total amount  
26 appropriated for purposes of this subchapter shall be appropriated  
27 to eligible institutions described by Section 62.051(1)(A). Each

1 institution is entitled to receive a share of that amount in  
2 proportion to the average amount of total research funds expended  
3 by each institution annually during the three fiscal years  
4 preceding the state fiscal biennium for which the money is  
5 appropriated.

6 (c) The remainder of the total amount appropriated for  
7 purposes of this subchapter shall be appropriated to eligible  
8 institutions described by Section 62.051(1)(B). Each institution  
9 is entitled to receive a share of that amount in proportion to the  
10 average amount of total research funds expended by each institution  
11 annually during the three fiscal years preceding the state fiscal  
12 biennium for which the money is appropriated. [The coordinating  
13 ~~board shall adopt rules for the administration of this subchapter,~~  
14 ~~including any rules the coordinating board considers necessary~~  
15 ~~regarding the submission to the coordinating board by eligible~~  
16 ~~institutions of any student data required for the coordinating~~  
17 ~~board to carry out its duties under this subchapter.]~~

18 SECTION 2. (a) The Texas Higher Education Coordinating  
19 Board, in consultation with institutions of higher education that  
20 are eligible institutions under Subchapter C, Chapter 62, Education  
21 Code, as amended by this Act, shall study and make recommendations  
22 regarding the appropriate definitions and categories of research  
23 expenditures to be included and applied in determining an  
24 institution's eligibility for and the amount of distributions from  
25 the Texas competitive knowledge fund established by that  
26 subchapter.

27 (b) Not later than December 1, 2014, the coordinating board

1 shall report its study and deliver its recommendations to the:

2 (1) governor;

3 (2) lieutenant governor;

4 (3) speaker of the house of representatives;

5 (4) chair of the Senate Committee on Finance;

6 (5) chair of the Senate Committee on Higher Education;

7 (6) chair of the House Committee on Appropriations;

8 and

9 (7) chair of the House Committee on Higher Education.

10 (c) At the request of an institution of higher education  
11 that consults with the coordinating board under this section, the  
12 coordinating board shall include with its recommendations the  
13 written response of the institution to those recommendations.

14 SECTION 3. This Act takes effect September 1, 2013.