

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 23, 2013

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB870 by Bell (Relating to Prairie View A&M University's eligibility to participate in the research development fund.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB870, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	\$0
2016	(\$500,000)
2017	(\$500,000)
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from General Revenue Fund 1
2014	\$0
2015	\$0
2016	(\$500,000)
2017	(\$500,000)
2018	\$0

Fiscal Analysis

The bill amends the Education Code relating to Prairie View A&M University's eligibility to participate in the Research Development Fund (RDF). According to the provisions of the bill, Prairie View A&M University (PVAMU) is eligible to participate in the RDF if the university is not eligible for an appropriation from the Texas competitive knowledge fund. In addition, for the

state fiscal biennium ending August 31, 2017, PVAMU is eligible only if appropriations for the RDF over the state fiscal biennium for institutions that received distributions from the fund during the preceding biennium is at a level not less than the total amount of money that was appropriated for distributions to those eligible institutions in the preceding biennium. The subsection relating to appropriation level expires January 1, 2018.

Methodology

Appropriations for the RDF are apportioned among eligible institutions through a formula based on each institution's three-year average of restricted research expenditures. Funding for the RDF is determined by the Legislature and while adding a new institution to the RDF formula allocation would not necessarily result in an additional cost to the state, each eligible institution's share of the RDF appropriation would change to the degree the inclusion of PVAMU affects each eligible institution's share of the total restricted research expenditures data used to allocate the RDF appropriations. The current General Appropriations Act provides approximately \$65.3 million for the RDF. Based on provisions of the bill, it is assumed that PVAMU would be eligible during the fiscal year 2014-15 biennium and it would be estimated that Prairie View A&M University would receive approximately \$1.0 million biennially in RDF appropriations.

However, based on eligibility provisions of the bill for the biennium ending August 31, 2017, it is assumed that the legislature would appropriate general revenue in the amount Prairie View A&M University would receive according to the allocation methodology of the RDF above the current level of funding provided for the RDF in fiscal years 2014-15, which is assumed to be level with the 2012-13 level of funding of \$65.3 million. Based on an analysis of information provided by Texas A&M University System, it is estimated that PVAMU would receive approximately \$1.0 million biennially in RDF appropriations if made eligible based on their recent restricted research expenditures. At this level of funding, there would be a cost to general revenue of \$500,000 in each fiscal year 2016 and 2017. Since this eligibility provision applies only for the fiscal year 2016-17 biennium, it is assumed that PVAMU would be included in RDF appropriations in fiscal year 2018 with a reallocation of funds from other institutions.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 781 Higher Education Coordinating Board, 710 Texas A&M University System Administrative and General Offices, 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SK, EH