

BILL ANALYSIS

Senate Research Center

S.B. 709
By: West; Seliger
Higher Education
6/11/2019
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 709 is the legislation required by Article 7, Section 17 of the Texas Constitution to reallocate the Higher Education Fund (HEF). The legislature is required to review the allocation formula for the distribution of funds to eligible institutions every fifth year of each 10-year allocation cycle, and can reallocate funds based on that review. The fifth year of the current 10-year cycle occurs in 2020.

The funds are allocated to 30 different institutions named in the constitution that are not eligible to receive money from the Available University Fund, and provide for acquiring land, construction and major repair/rehabilitation of buildings, and acquisition of capital equipment, library books, and materials.

The bill language also clarifies that institutions are allowed to use HEF allocations for cloud computing services. (Original Author's/Sponsor's Statement of Intent)

S.B. 709 amends current law relating to the allocation and use of the annual constitutional appropriation to certain agencies and institutions of higher education.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 62.021, Education Code, by amending Subsections (a), (a-1), and (b), and (c) and adding Subsection (a-3), as follows:

(a) Provides that in each state fiscal year beginning with the state fiscal year ending August 31, 2021, rather than in the state fiscal year ending August 31, 2016, an eligible institution is entitled to receive an amount allocated in accordance with this section (Allocations) from the funds appropriated for that year by Section 17(a) (relating to funding to support agencies and institutions of higher education not supported by available university fund), Article VII, Texas Constitution. Requires the comptroller of public accounts of the State of Texas (comptroller) to distribute funds allocated under this subsection by the formula as follows:

(1) \$4,933,200, rather than \$3,374,275, to Midwestern State University;

(2) to the following component institutions of the University of North Texas System:

(A) \$37,346,563, rather than \$25,041,370, to the University of North Texas;

(B) \$15,125,502, rather than \$11,394,570, to the University of North Texas Health Science Center at Fort Worth; and

(C) \$3,354,441, rather than \$1,408,669, to the University of North Texas at Dallas; and removes the requirement that \$135,593 of the appropriation be used for the UNT Dallas College of Law.

(3) \$11,277,793, rather than \$7,757,442, to Stephen F. Austin State University;

(4) to the following component institutions of the Texas State University System:

(A) \$13,141,181, rather than \$9,401,255, to Lamar University;

(B) \$2,553,130, rather than \$1,720,347, to the Lamar Institute of Technology;

(C) \$1,488,396, rather than \$1,129,562, to Lamar State College-Orange;

(D) \$2,217,102, rather than \$1,438,523, to Lamar State College-Port Arthur;

(E) \$18,236,811, rather than \$11,553,239, to Sam Houston State University;

(F) \$37,606,478, rather than \$24,775,170, to Texas State University;

(G) \$2,151,723, rather than \$1,423,682, to Sul Ross State University; and

(H) \$472,890, rather than \$273,825, to Sul Ross State University-Rio Grande College;

(5) \$11,719,335, rather than \$7,773,229, to Texas Southern University;

(6) to the following component institutions of the Texas Tech University System:

(A) \$49,874,746, rather than \$32,817,206, to Texas Tech University;

(B) \$21,652,392, rather than \$15,581,597, to Texas Tech University Health Sciences Center;

(C) \$6,792,999, rather than \$3,546,735, to Angelo State University; and

(D) \$5,557,572, rather than \$4,156,050, to Texas Tech University Health Sciences Center-El Paso;

(7) \$14,554,133, rather than \$9,897,706, to Texas Woman's University;

(8) to the following component institutions of the University of Houston System:

(A) \$54,514,004, rather than \$35,180,036, to the University of Houston;

(B) \$3,542,817, rather than \$2,850,574, to the University of Houston-Victoria;

(C) \$7,726,043, rather than \$5,336,744, to the University of Houston-Clear Lake; and

(D) \$10,828,344, rather than \$7,835,252, to the University of Houston-Downtown;

(9) to the following component institutions of the Texas A&M University System:

(A) \$11,478,824, rather than \$7,424,229, to Texas A&M University-Corpus Christi;

(B) \$7,462,394, rather than \$4,473,273, to Texas A&M International University;

(C) \$8,858,060, rather than \$5,977,371, to Texas A&M University-Kingsville;

(D) \$7,446,495, rather than \$4,776,272, to West Texas A&M University;

(E) \$11,123,859, rather than \$7,190,875, to Texas A&M University-Commerce; and

(F) \$2,050,273, rather than \$1,215,922, to Texas A&M University-Texarkana; and

(10) \$8,662,500, rather than \$5,775,000, to the Texas State Technical College System Administration and the following component campuses, but not its extension centers or programs:

(A)-(B) makes no changes to these paragraphs;

(C)-(D) makes nonsubstantive changes to these paragraphs;

(E) Texas State Technical College-Fort Bend; and

(F) Texas State Technical College-North Texas.

(a-1) Provides that in each state fiscal year beginning with the state fiscal year ending August 31, 2020, rather than in the state fiscal year ending August 31, 2017, an eligible institution is entitled to receive an amount allocated in accordance with this section from the funds appropriated for that year by Section 17(a), Article VII, Texas Constitution. Requires the comptroller to distribute funds allocated under this subsection by the formula as follows:

(1) makes no changes to this subdivision;

(2) to the following component institutions of The University of North Texas System:

(A)-(B) makes no changes to these paragraphs; and

(C) deletes existing text requiring that \$203,390 of the \$2,113,004 appropriated to the University of North Texas at Dallas be used for the UNT Dallas College of Law;

(3)-(9) makes no changes to these subdivisions; and

(10) makes conforming changes to this subdivision.

(a-3) Provides that this subsection and Subsection (a-1) expire September 1, 2020.

(b) Authorizes each governing board participating in the distribution of funds described in this section to expend the funds without limitation, and as the governing board may decide in its sole discretion, for any and all purposes described in Section 17, Article VII, Texas Constitution, rather than Article VII, Section 17 of the Constitution of Texas, including to purchase or contract for cloud computing services or other intangible assets with an expected useful life or for a contract period of more than one year. Deletes

existing related to the prohibition of funds for certain projects to be expended without certain approval.

(c) Authorizes each governing board participating in the distribution of funds as described in this section to issue bonds and notes as authorized in Section 17, Article VII, Texas Constitution, rather than authorizing each governing board participating in the distribution of funds as described in this section to issue bonds and notes as authorized in Article VII, Section 17, of the Constitution of Texas. Deletes existing text authorizing the governing board of Texas Tech University, for purposes of this chapter, to issue bonds and notes as authorized in Article VII, Section 17, of the Constitution of Texas, on behalf of both Texas Tech University and Texas Tech University Health Sciences Center and authorizes the annual appropriations of both institutions to be combined and pledged by the governing body of Texas Tech University in support of such bonds and notes.

SECTION 2. Repealer: Section 62.021(a-2) (relating to applicability in certain years if there is no increase in the amount of the appropriation made under Section 17(a), Article VII, Texas Constitution), Education Code.

Repealer: Section 62.021(f) (relating to requiring the comptroller to distribute a portion of the annual appropriation to the Lamar Institute of Technology), Education Code.

SECTION 3. (a) Provides that the amounts allocated under Section 62.021(a-1), Education Code, as amended by this Act, apply to the state fiscal year beginning September 1, 2019.

(b) Provides that the amounts allocated under Section 62.021(a), Education Code, as amended by this Act, apply to each state fiscal year beginning September 1, 2020.

SECTION 4. Effective date: August 31, 2019.