88R4095 KJE-D

By:  Perry S.J.R. No. 49

A JOINT RESOLUTION

proposing a constitutional amendment creating a university research fund to support emerging research universities in The University of Texas System or The Texas A&M University System and disqualifying all component institutions of those university systems from receiving money from the national research university fund.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1.  Section 18, Article VII, Texas Constitution, is amended by adding Subsection (f-1) to read as follows:

(f-1)  Notwithstanding Subsection (f) of this section, the boards of regents of The University of Texas System and The Texas A&M University System may deposit to the credit of the university research fund established under Section 21 of this article all or part of the portion of the applicable system's share of the annual distribution from the permanent university fund to the available university fund remaining after the payment of principal and interest on bonds and notes described by Subsection (f) of this section.

SECTION 2.  Section 20(g), Article VII, Texas Constitution, is amended to read as follows:

(g)  The legislature shall establish criteria by which a state university may become eligible to receive a portion of the distributions from the fund.  A state university that becomes eligible to receive a portion of the distributions from the fund in a state fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent state fiscal biennium. A component institution of The University of Texas System or The [~~at Austin and~~] Texas A&M University System is [~~are~~] not eligible to receive money from the fund.

SECTION 3.  Article VII, Texas Constitution, is amended by adding Section 21 to read as follows:

Sec. 21.  (a)  There is established the university research fund for the purpose of providing a dedicated, independent, and equitable source of funding to enable emerging research universities in The University of Texas System or The Texas A&M University System to achieve national prominence as major research universities.

(b)  The fund consists of money transferred or deposited to the credit of the fund and any interest or other return on the investment assets of the fund.  The legislature may dedicate state revenue to the credit of the fund.

(c)  The legislature shall provide for administration of the fund, which shall be invested in the manner and according to the standards provided for investment of the permanent university fund. The expenses of managing the investments of the fund shall be paid from the fund.

(d)  In each state fiscal biennium, the legislature may appropriate as provided by Subsection (f) of this section all or a portion of the total return on all investment assets of the fund to carry out the purposes for which the fund is established.

(e)  The legislature biennially shall allocate the amounts appropriated under this section, or shall provide for a biennial allocation of those amounts, to eligible component institutions of The University of Texas System or The Texas A&M University System to carry out the purposes of the fund. The money shall be allocated based on an equitable formula established by the legislature or an agency designated by the legislature. The legislature shall review and as appropriate adjust, or provide for a review and adjustment, of the allocation formula at the end of each state fiscal biennium.

(f)  The portion of the total return on investment assets of the fund that is available for appropriation in a state fiscal biennium under this section is the portion determined by the legislature, or an agency designated by the legislature, as necessary to provide as nearly as practicable a stable and predictable stream of annual distributions to eligible component institutions of The University of Texas System or The Texas A&M University System and to maintain over time the purchasing power of fund investment assets.  If the purchasing power of fund investment assets for any rolling 10-year period is not preserved, the distributions may not be increased until the purchasing power of the fund investment assets is restored.  The amount appropriated from the fund in any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of the investment assets of the fund, as determined by law.  Until the fund has been invested for a period of time sufficient to determine the purchasing power over a 10-year period, the legislature may provide by law for means of preserving the purchasing power of the fund.

(g)  The legislature shall establish criteria by which a component institution of The University of Texas System or The Texas A&M University System may become eligible to receive a portion of the distributions from the fund.  An institution that becomes eligible to receive a portion of the distributions from the fund in a state fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent state fiscal biennium. Only a component institution of The University of Texas System or The Texas A&M University System may be eligible to receive money from the fund.

(h)  An eligible component institution of The University of Texas System or The Texas A&M University System may use distributions from the fund only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.

SECTION 4.  The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, creating a university research fund to support emerging research universities in The University of Texas System or The Texas A&M University System and disqualifying all component institutions of those university systems from receiving money from the national research university fund.

(b)  The amendment to Section 20(g), Article VII, of this constitution takes effect September 1, 2025.

(c)  This temporary provision expires September 1, 2026.

SECTION 5.  This proposed constitutional amendment shall be submitted to the voters at an election to be held November 7, 2023. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment creating a university research fund to support emerging research universities in The University of Texas System or The Texas A&M University System and disqualifying all component institutions of those university systems from receiving money from the national research university fund."