

**House Bill 1595**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 51.406(c), Education Code, is amended to read as follows:

(c) A rule or policy of a state agency, including the Texas Higher Education Coordinating Board, in effect on June 1, 2011, that requires reporting by a university system or an institution of higher education has no effect on or after September 1, 2013, unless the rule or policy is affirmatively and formally readopted before that date by formal administrative rule published in the Texas Register and adopted in compliance with Chapter 2001, Government Code. This subsection does not apply to:

- (1) a rule or policy for which the authorizing statute is listed in Subsection (b);
- (2) a rule or policy for which the authorizing statute is repealed on or before September 1, 2013, by legislation enacted by the legislature that becomes law; or
- (3) a report required under any of the following provisions:
  - (A) Article 59.06(g)(1), Code of Criminal Procedure;
  - (B) Section 51.005;
  - (C) Section 51.0051;
  - (D) Subchapter F-1 of this chapter;
  - (E) Section 51.402;
  - (F) Section 56.039;
  - (G) Section 61.059;
  - (H) ~~Section 62.095(b)~~;  
[~~Ⓗ~~] Section 62.098;
  - (I) [~~Ⓘ~~] Section 411.187(b), Government Code;
  - (J) [~~Ⓚ~~] Subchapter C, Chapter 606, Government Code;
  - (K) [~~Ⓛ~~] Subchapter E, Chapter 815, Government Code; or
  - (L) [~~Ⓜ~~] Chapter 1551, Insurance Code.

SENATE VERSION (IE)

SECTION 1. Same as House version.

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SECTION 2. Section 62.092(2), Education Code, is amended to read as follows:

(2) "Eligible institution" means a general academic teaching institution as defined by Section 61.003, other than:

(A) The University of Texas at Austin or Texas A&M University; or

(B) an institution of higher education described by Section 62.132(2) or 62.145.

SECTION 3. Section 62.095, Education Code, is amended to read as follows:

Sec. 62.095. APPROPRIATION OF FUND TO ELIGIBLE INSTITUTIONS. ~~[(a)]~~ In each state fiscal year, amounts shall be appropriated to eligible institutions in the same manner that research performance funding is appropriated to institutions eligible to receive funding from the Texas University Fund under Section 62.1482(a) [based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years].

~~[(b) For purposes of Subsection (a), the amount of restricted research funds expended by an institution in a fiscal year is the amount of those funds as reported to the coordinating board by the institution for that fiscal year, subject to any adjustment by the coordinating board in accordance with the standards and accounting methods the coordinating board prescribes under Section 62.096.]~~

No equivalent provision.

SENATE VERSION (IE)

SECTION 2. Same as House version.

SECTION 3. Same as House version.

SECTION 4. The heading to Subchapter F-1, Chapter 62, Education Code, is amended to read as follows:  
SUBCHAPTER F-1. NATIONAL ~~[CORE]~~ RESEARCH

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SECTION 4. Section 62.131, Education Code, is amended to read as follows:

Sec. 62.131. PURPOSE. The ~~core~~ research support fund is established to provide funding to promote increased research capacity at certain institutions of higher education eligible to participate in the available university fund [emerging research universities].

SECTION 5. Section 62.132, Education Code, is amended by amending Subdivision (2) and adding Subdivision (4) to read as follows:

(2) "Eligible institution" means a general academic teaching [an] institution [of higher education] that:

(A) is entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

(B) spent on average at least the following amount in federal and private research funds per state fiscal year during the preceding three state fiscal years:

(i) for the state fiscal year beginning September 1, 2023, \$20 million; or

(ii) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this paragraph for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency; and

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SUPPORT FUND

SECTION 5. Section 62.131, Education Code, is amended to read as follows:

Sec. 62.131. PURPOSE. The ~~national [core]~~ research support fund is established to provide funding to promote increased research capacity at certain institutions of higher education eligible to participate in the available university fund [emerging research universities].

SECTION 6. Section 62.132, Education Code, is amended by amending Subdivisions (2) and (3) and adding Subdivision (4) to read as follows:

(2) "Eligible institution" means a general academic teaching [an] institution [of higher education] that is eligible to receive distributions of money under this subchapter [designated as an emerging research university under the coordinating board's accountability system].

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(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years [is designated as an emerging research university under the coordinating board's accountability system].

(4) "General academic teaching institution" has the meaning assigned by Section 61.003.

No equivalent provision.

No equivalent provision. *(But see SECTION 5 above.)*

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(3) "Fund" means the national [eøøe] research support fund.

(4) "General academic teaching institution" has the meaning assigned by Section 61.003.

SECTION 7. Section 62.133, Education Code, is amended to read as follows:

Sec. 62.133. FUNDING. The national [eøøe] research support fund consists of money appropriated by the legislature to eligible institutions for the purposes of this subchapter.

SECTION 8. Subchapter F-1, Chapter 62, Education Code, is amended by adding Section 62.1335 to read as follows:

Sec. 62.1335. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) A general academic teaching institution becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if the institution:

(1) is entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

(2) spent on average at least \$20 million in federal and private research funds per state fiscal year during the preceding three state fiscal years; and

(3) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years.

(b) A general academic teaching institution that becomes eligible to receive a distribution of money under this

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subchapter remains eligible to receive a distribution in each subsequent state fiscal year.

SECTION 6. Section 62.134, Education Code, is amended to read as follows:

Sec. 62.134. APPROPRIATION OF FUND TO ELIGIBLE INSTITUTIONS. In each state fiscal year, amounts shall be appropriated to eligible institutions in the same manner that research performance funding is appropriated to institutions eligible to receive funding from the Texas University Fund under Section 62.1482 [as follows:

~~[(1) 50 percent based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years, determined in the manner described by Section 62.095(b); and~~

~~[(2) 50 percent based on the average amount of total research funds expended by each institution per year for the three preceding state fiscal years, determined in the manner described by Section 62.053(b)].~~

SECTION 9. Same as House version.

SECTION 7. The heading to Subchapter G, Chapter 62, Education Code, is amended to read as follows:

SUBCHAPTER G. TEXAS [~~NATIONAL RESEARCH~~]  
UNIVERSITY FUND

SECTION 10. Same as House version.

SECTION 8. Section 62.141, Education Code, is amended to read as follows:

Sec. 62.141. PURPOSE. The purpose of this subchapter is to allocate appropriations from the Texas University Fund

SECTION 11. Same as House version.

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~~[national research university fund]~~ to provide a dedicated, independent, and equitable source of funding to enable certain general academic teaching institutions ~~[emerging research universities in this state]~~ to achieve national prominence as major research universities and drive the state economy.

SECTION 9. Subchapter G, Chapter 62, Education Code, is amended by adding Section 62.1415 to read as follows:

Sec. 62.1415. REFERENCES TO TEXAS UNIVERSITY FUND. (a) In this subchapter, a reference to the Texas University Fund means the national research university fund.

(b) In other law, the national research university fund may be referred to as the Texas University Fund.

SECTION 10. Section 62.142, Education Code, is amended by amending Subdivision (3) and adding Subdivision (5) to read as follows:

(3) "Fund" means the Texas University Fund ~~[national research university fund]~~.

(5) "Trust company" means the Texas Treasury Safekeeping Trust Company.

SECTION 11. Section 62.143, Education Code, is amended to read as follows:

Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a) The Texas University Fund ~~[national research university fund]~~ is a fund outside the state treasury held by ~~[in the custody of]~~ the comptroller and administered by the trust company.

SENATE VERSION (IE)

~~No equivalent provision.~~ SECTION 12. [Deleted by FA1(1)]

SECTION 13. Same as House version.

SECTION 14. Section 62.143, Education Code, is amended to read as follows:

Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a) The Texas University Fund ~~[national research university fund]~~ is a fund outside the state treasury held by ~~[in the custody of]~~ the comptroller and administered by the trust company.

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(b) The trust company [~~comptroller~~] shall administer and invest the fund in accordance with Section 20, Article VII, Texas Constitution.

(c) The trust company shall determine the amount available for distribution from the fund in accordance with a distribution policy adopted by the comptroller that is designed to:

(1) preserve the purchasing power of the fund's assets ~~over a rolling 10-year period~~, subject to the liquidity needs of the fund; and

(2) provide a stable and predictable stream of annual distributions.

SECTION 12. Section 62.144, Education Code, is amended to read as follows:

Sec. 62.144. FUNDING. (a) The fund consists of:

(1) money [~~any amounts~~] appropriated or transferred to the credit of the fund;

(2) gifts and grants contributed to the fund; and

(3) the interest and other earnings attributable to the investment of money in the fund [~~under the Texas Constitution or otherwise appropriated or transferred to the credit of the fund under this section or another law~~].

(b) [~~The comptroller shall deposit to the credit of the fund all interest, dividends, and other income earned from investment of the fund.~~

[~~(c)~~] The comptroller may solicit and accept gifts or grants from any public or private source for the fund.

SECTION 13. Section 62.145, Education Code, is amended

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(b) The trust company [~~comptroller~~] shall administer and invest the fund in accordance with Section 20, Article VII, Texas Constitution.

(c) The trust company shall determine the amount available for distribution from the fund in accordance with a distribution policy adopted by the comptroller that is designed to:

(1) preserve the purchasing power of the fund's assets ~~over an economic cycle~~, subject to the liquidity needs of the fund; and

(2) provide ~~as nearly as practicable~~ a stable and predictable stream of annual distributions. [FA1(2)]

SECTION 15. Same as House version.

SECTION 16. Section 62.145, Education Code, is amended

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to read as follows:

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) The following general academic teaching institutions are eligible to receive distributions under this subchapter for each state fiscal year:

- (1) Texas State University;
- (2) Texas Tech University;
- (3) the University of Houston; and
- (4) the University of North Texas.

(b) A general academic teaching institution not listed in Subsection (a) becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

(1) the institution:

(A) is not entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

(B) spent on average at least the following amount in federal and private research funds per state fiscal year during the preceding three state fiscal years:

(i) for the state fiscal year beginning September 1, 2023, \$20 million; or

(ii) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this paragraph for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency; and

(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and

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to read as follows:

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) The following general academic teaching institutions are eligible to receive distributions under this subchapter for each state fiscal year:

- (1) Texas State University;
- (2) Texas Tech University;
- (3) the University of Houston; and
- (4) the University of North Texas.

(b) A general academic teaching institution not listed in Subsection (a) becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

(1) the institution:

(A) is not entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

(B) spent on average at least \$20 million in federal and private research funds per state fiscal year during the preceding three state fiscal years; and

(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and

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~~(2) the legislature appropriates money to the fund in an amount sufficient to ensure that, for the first state fiscal year for which the institution would receive the distribution, the market value of each other eligible institution's share of the distribution of money under this subchapter for that fiscal year is at least the same as the market value of that share for the state fiscal year immediately preceding the state fiscal year in which the additional institution becomes eligible for a distribution under this subsection [is designated as an emerging research university under the coordinating board's accountability system;~~

~~[(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and  
(3) the institution satisfies at least four of the following criteria:  
(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;  
(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;  
(C) the entering freshman class of the institution for each of those two academic years demonstrated high academic achievement, as determined according to standards prescribed~~

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~~(2) the legislature appropriates money to the fund in an amount that is sufficient to ensure as nearly as practicable a stable and predictable stream of annual distributions from the fund to each eligible institution and may not be less than the difference between:~~

~~(A) the quotient of:~~

~~(i) the market value of the fund on September 1 of the state fiscal year in which the institution would receive the initial distribution; and~~

~~(ii) the difference between one and the institution's percentage share of the fund for the state fiscal year in which the institution would receive the initial distribution, as determined by coordinating board rule; and~~

~~(B) the market value of the fund on September 1 of the state fiscal year in which the institution would receive the initial distribution [is designated as an emerging research university under the coordinating board's accountability system;  
[FA1(3)]~~

~~[(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, the institution expended at least \$45 million in restricted research funds; and  
(3) the institution satisfies at least four of the following criteria:~~

~~[(A) the value of the institution's endowment funds is at least \$400 million in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;~~

~~[(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;~~

~~[(C) the entering freshman class of the institution for each of those two academic years demonstrated high academic achievement, as determined according to standards prescribed~~

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by the coordinating board by rule, giving consideration to the future educational needs of the state as articulated in the coordinating board's "Closing the Gaps" report;

~~[(D) the institution is designated as a member of the Association of Research Libraries or has a Phi Beta Kappa chapter or has received an equivalent recognition of research capabilities and scholarly attainment as determined according to standards prescribed by the coordinating board by rule;~~

~~[(E) the faculty of the institution for each of those two academic years was of high quality, as determined according to coordinating board standards based on the professional achievement and recognition of the institution's faculty, including the election of faculty members to national academies; and~~

~~[(F) for each of those two academic years, the institution has demonstrated a commitment to high quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to the number of graduate-level programs at the institution, the institution's admission standards for graduate programs, and the level of institutional support for graduate students].~~

~~(c) [(b)] A general academic teaching institution that becomes eligible to receive a distribution of money under this subchapter remains eligible to receive a distribution in each subsequent state fiscal year.~~

SECTION 14. Sections 62.148(a), (b), and (c), Education Code, are amended to read as follows:

(a) In each state fiscal year, the comptroller shall distribute to eligible institutions in accordance with this subchapter ~~[section]~~ money appropriated from the fund for that fiscal

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by the coordinating board by rule, giving consideration to the future educational needs of the state as articulated in the coordinating board's "Closing the Gaps" report;

~~[(D) the institution is designated as a member of the Association of Research Libraries or has a Phi Beta Kappa chapter or has received an equivalent recognition of research capabilities and scholarly attainment as determined according to standards prescribed by the coordinating board by rule;~~

~~[(E) the faculty of the institution for each of those two academic years was of high quality, as determined according to coordinating board standards based on the professional achievement and recognition of the institution's faculty, including the election of faculty members to national academies; and~~

~~[(F) for each of those two academic years, the institution has demonstrated a commitment to high quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to the number of graduate-level programs at the institution, the institution's admission standards for graduate programs, and the level of institutional support for graduate students].~~

~~(c) [(b)] A general academic teaching institution that becomes eligible to receive a distribution of money under this subchapter remains eligible to receive a distribution in each subsequent state fiscal year.~~

SECTION 17. Sections 62.148(a), (b), and (c), Education Code, are amended to read as follows:

(a) In each state fiscal year, the comptroller shall distribute to eligible institutions in accordance with this subchapter ~~[section]~~ money appropriated from the fund for that fiscal

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year.

(b) The total amount appropriated from the fund for any state fiscal year may not exceed an amount equal to 7.0 [4.5] percent of the average net market value of the investment assets of the fund, as determined by the comptroller, for a period set by comptroller rule [the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the comptroller].

(c) ~~The [Subject to Subsection (e), of the total] amount appropriated from the fund for distribution in a state fiscal year must be allocated as follows:~~

~~(1) 75 percent to the permanent endowment for education and research base funding under Section 62.1481; and~~

~~(2) 25 percent to the research performance funding under Section 62.1482[, each eligible institution is 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 distributions are calculated under Subdivision (1), not to exceed an amount equal to one fourth of that remaining amount].~~

SECTION 15. Subchapter G, Chapter 62, Education Code, is amended by adding Sections 62.1481 and 62.1482 to read as follows:

Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND RESEARCH BASE FUNDING. (a) For each state fiscal year, an eligible institution is entitled to a distribution of a portion of the total amount allocated for the permanent endowment for education and research base funding under Section 62.148(c)(1) for that fiscal year. The

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year.

(b) The total amount appropriated from the fund for any state fiscal year may not exceed an amount equal to 7.0 [4.5] percent of the average net market value of the investment assets of the fund, as determined by the comptroller, for a period set by comptroller policy [the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the comptroller]. [FA1(4)]

(c) ~~The [Subject to Subsection (e), of the total] amount appropriated from the fund for distribution in a state fiscal year must be allocated as follows:~~

~~(1) 75 percent to the permanent endowment for education and research base funding under Section 62.1481; and~~

~~(2) 25 percent to the research performance funding under Section 62.1482[, each eligible institution is 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 distributions are calculated under Subdivision (1), not to exceed an amount equal to one fourth of that remaining amount].~~

SECTION 18. Subchapter G, Chapter 62, Education Code, is amended by adding Sections 62.1481 and 62.1482 to read as follows:

Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND RESEARCH BASE FUNDING. (a) For each state fiscal year, an eligible institution is entitled to a distribution of a portion of the total amount allocated for the permanent endowment for education and research base funding under Section 62.148(c)(1) for that fiscal year. The

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portion to which an eligible institution is entitled is a fraction computed as follows:

(1) subject to Subsection (c), for an institution that spent at least the amount determined under Subsection (b) in federal and private research funds in each of the preceding two state fiscal years, an amount computed by dividing two by the sum of:

(A) the number of institutions entitled to receive a distribution under this subdivision multiplied by two; and

(B) the number of institutions to which Subdivision (2) applies; or

(2) for an institution not described by Subdivision (1), half the amount to which an institution to which Subdivision (1) applies is entitled.

(b) For purposes of Subsection (a)(1), the minimum amount in federal and private research funds required to be spent in each of the preceding two state fiscal years is:

(1) for the state fiscal year beginning September 1, 2023, \$45 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

(c) An eligible institution is entitled to receive a distribution under Subsection (a)(1) only if:

(1) in each of the state fiscal years beginning September 1, 2020, and September 1, 2021, the institution spent at least the amount in federal and private research funds described by

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portion to which an eligible institution is entitled is a fraction computed as follows:

(1) subject to Subsection (b), for an institution that spent at least \$45 million in federal and private research funds in each of the preceding two state fiscal years, an amount computed by dividing two by the sum of:

(A) the number of institutions entitled to receive a distribution under this subdivision multiplied by two; and

(B) the number of institutions to which Subdivision (2) applies; or

(2) for an institution not described by Subdivision (1), half the amount to which an institution to which Subdivision (1) applies is entitled.

(b) An eligible institution is entitled to receive a distribution under Subsection (a)(1) only if:

(1) in each of the state fiscal years beginning September 1, 2020, and September 1, 2021, the institution spent at least the amount in federal and private research funds described by that

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Subsection (b)(1); or

(2) the legislature appropriates money to the fund in an amount sufficient to ensure that, for the first state fiscal year for which the institution would receive a distribution under that subdivision, the market value of each other eligible institution's share of the distribution under that subdivision for that fiscal year is at least the same as the market value of that share for the state fiscal year immediately preceding the state fiscal year in which the institution becomes eligible for a distribution under that subdivision.

(d) An eligible institution that becomes eligible to receive a distribution under Subsection (a)(1) remains eligible to receive a distribution under that subdivision in each subsequent state fiscal year.

Sec. 62.1482. RESEARCH PERFORMANCE FUNDING.

(a) From 85 percent of the amount allocated for research performance funding under Section 62.148(c)(2) for a state fiscal year, an eligible institution is entitled to a distribution for that fiscal year in an amount proportionate to the average amount of federal and private research funds the institution spends per state fiscal year during the preceding three state fiscal years as compared to the average amount of those funds all eligible institutions spend per state fiscal year during that period.

(b) From 15 percent of the amount allocated for research performance funding under Section 62.148(c)(2) for a state fiscal year, an eligible institution is entitled to a distribution for that fiscal year in an amount proportionate to the average number of research doctoral degrees the institution awards per academic year during the preceding three academic years as compared to the average number of those degrees all eligible institutions award per academic year during that period.

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subdivision; or

(2) the legislature appropriates money to the fund in an amount required by Section 62.145(b)(2). [FA1(5)]

(c) An eligible institution that becomes eligible to receive a distribution under Subsection (a)(1) remains eligible to receive a distribution under that subdivision in each subsequent state fiscal year.

Sec. 62.1482. RESEARCH PERFORMANCE FUNDING.

(a) From 85 percent of the amount allocated for research performance funding under Section 62.148(c)(2) for a state fiscal year, an eligible institution is entitled to a distribution for that fiscal year in an amount proportionate to the average amount of federal and private research funds the institution spends per state fiscal year during the preceding three state fiscal years as compared to the average amount of those funds all eligible institutions spend per state fiscal year during that period.

(b) From 15 percent of the amount allocated for research performance funding under Section 62.148(c)(2) for a state fiscal year, an eligible institution is entitled to a distribution for that fiscal year in an amount proportionate to the average number of research doctoral degrees the institution awards per academic year during the preceding three academic years as compared to the average number of those degrees all eligible institutions award per academic year during that period.

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(c) The coordinating board by rule shall establish a method for determining the amounts to which each eligible institution is entitled under this section.

SECTION 16. Sections 62.149(a) and (b), Education Code, are amended to read as follows:

(a) An eligible institution may use money received under this subchapter only for the support and maintenance of educational and general activities that promote increased research capacity at the institution in a manner that aligns with the goals of the state's master plan for higher education developed under Section 61.051.

(b) For purposes of Subsection (a), the use of money shall be limited to the following permitted activities:

- (1) providing faculty support and paying faculty salaries;
- (2) purchasing equipment or library materials;
- (3) paying graduate stipends; ~~and~~
- (4) supporting research performed at the institution, including undergraduate research;
- (5) increasing technology transfer, commercialization, and patent development; and
- (6) increasing the number of research doctoral graduates in this state.

SECTION 17. Subchapter G, Chapter 62, Education Code, is amended by adding Sections 62.150, 62.151, and 62.152 to read as follows:

Sec. 62.150. INSTITUTIONAL ENDOWMENT REPORTING. (a) In this section, "institutional endowment fund" means a fund established to support a general academic

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(c) The coordinating board by rule shall establish a method for determining the amounts to which each eligible institution is entitled under this section.

SECTION 19. Same as House version.

SECTION 20. Same as House version.

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teaching institution's mission in perpetuity.

(b) For purposes of reporting the amount of an institution's institutional endowment funds, each eligible institution may include as a true endowment, in accordance with coordinating board rule, the institution's share of the market value of the fund corresponding to the share of the permanent endowment for education and research base funding to which the institution is entitled for a state fiscal year as provided by Section 62.1481.

Sec. 62.151. DETERMINATION AND REPORT OF AMOUNT OF DISTRIBUTIONS. For each state fiscal biennium, the Legislative Budget Board, in consultation with the coordinating board, shall:

(1) determine the amount of each distribution from the fund to which each eligible institution is entitled as provided by this subchapter; and

(2) report the determinations made under Subdivision (1) to the legislature and the comptroller.

Sec. 62.152. RULES. The coordinating board may adopt rules as necessary to implement this subchapter.

SECTION 18. The following provisions of Chapter 62, Education Code, are repealed:

- (1) Sections 62.096(a), (b), and (e);
- (2) Section 62.135(b);
- (3) Section 62.142(2);
- (4) Sections 62.146 and 62.147; and
- (5) Sections 62.148(d), (e), and (f).

SECTION 21. Same as House version.

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HOUSE VERSION

SECTION 19. This Act takes effect **September 1, 2023.**

SENATE VERSION (IE)

SECTION 22. [Deleted by FA1(6)]

CONFERENCE

SECTION \_\_. This Act takes effect **January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, relating to the Texas University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.** [FA1(6)]