

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1560
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Higher Education
4/23/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas lags behind other states in the number of nationally recognized research universities. Currently, Texas has only two public research universities of national prominence. While Texas must continue strengthening these existing institutions, it must also focus resources on establishing additional nationally prominent research universities.

C.S.S.B. 1560 amends current law relating to the national research university fund and the allocation of amounts appropriated from the fund, the abolition of the higher education fund, and the institutional groupings established by the Texas Higher Education Coordinating Board.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the comptroller of public accounts is rescinded in SECTION 5 (Section 62.025, Education Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 61, Education Code, by adding Section 61.0904, as follows:

Sec. 61.0904. INSTITUTIONAL GROUPINGS. (a) Requires the Texas Higher Education Coordinating Board (THECB), in its accountability system, to establish institutional groupings for classification of institutions of higher education, including groupings for research universities, emerging research universities, doctoral universities, comprehensive universities, and masters universities.

(b) Requires THECB, in each state fiscal biennium, to conduct a review of the institutional groupings, including a review of the criteria for and definitions assigned to those groupings.

SECTION 2. Amends the heading to Chapter 62, Education Code, to read as follows:

CHAPTER 62. CONSTITUTIONAL AND STATUTORY FUNDS TO SUPPORT INSTITUTIONS OF HIGHER EDUCATION

SECTION 3. Amends Chapter 62, Education Code, by adding Subchapter D, as follows:

SUBCHAPTER D. NATIONAL RESEARCH UNIVERSITY FUND

Sec. 62.071. PURPOSE. Sets forth the purpose of this chapter.

Sec. 62.072. DEFINITIONS. Defines "coordinating board," "eligible institution," "fund," and "general academic teaching institution."

Sec. 62.073. ADMINISTRATION AND INVESTMENT OF FUND. (a) Provides that the national research university fund is a fund outside the state treasury in the custody of the comptroller of public accounts (comptroller).

(b) Requires the comptroller to administer and invest the fund in accordance with Section 20, Article VII (Education), Texas Constitution.

Sec. 62.074. FUNDING. (a) Provides that the national research university fund (fund) consists of any amounts appropriated or transferred to the credit of the fund under the Texas Constitution or otherwise appropriated or transferred to the credit of the fund under this section or another law.

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

(c) Authorizes the comptroller to accept gifts or grants from any public or private source for the fund.

Sec. 62.075. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) Provides that a general academic teaching institution is eligible to receive a distribution of money under this subchapter for each year of a state fiscal biennium under certain circumstances, including:

(1) the institution is designated as an emerging research university under THECB's accountability system;

(2) in each of the two state fiscal years preceding the state fiscal biennium, the institution reported at least \$45 million in restricted research expenditures;

(3) the institution satisfies at least four of the following criteria:

(A) the aggregate value of the institution's endowment funds is at least \$400 million;

(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal biennium;

(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 by THECB, giving consideration to the future educational needs of the state as articulated in the "Closing the Gaps" report of THECB;

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

(E) the faculty of the institution for each of those two academic years was of high quality, as determined according to THECB standards based on the professional achievement and recognition of the institution's faculty, including but not limited to the election of faculty members to national academies; or

(F) the institution has demonstrated a commitment to high quality graduate education, as determined according to standards prescribed by THECB, including but not limited 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.

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

remains eligible to receive a distribution of money under this subchapter in each subsequent state fiscal year.

Sec. 62.076. INELIGIBILITY OF INSTITUTIONS RECEIVING PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. Provides that The University of Texas at Austin, Texas A&M University, and Prairie View A&M University are ineligible to receive any money under this subchapter.

Sec. 62.077. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE INSTITUTIONS. Requires the comptroller, in each state fiscal year, to distribute to eligible institutions the total amount appropriated from the fund for that fiscal year. Requires that the amount be allocated to the eligible institutions based on an equitable formula adopted by the legislature to carry out the purposes of the fund as established by Section 20, Article VII, Texas Constitution. Authorizes THECB to make recommendations regarding the equitable formula and to provide such assistance regarding the formula as directed by the legislature.

Sec. 62.078. USE OF ALLOCATED AMOUNTS. (a) Authorizes an eligible institution to 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.

(b) Provides that, for purposes of Subsection (a), permitted activities include the use of the money to provide faculty support and pay faculty salaries, purchase equipment or library materials, pay graduate stipends, and support research performed at the institution, including undergraduate research.

(c) Authorizes money received in a fiscal year by an institution under this subchapter that is not used in that fiscal year by the institution to be held and used by the institution in subsequent fiscal years for the purposes prescribed by this section.

Sec. 62.079. VERIFICATION OF QUALIFYING CRITERIA. (a) Requires THECB to prescribe standards and accounting methods for verifying the value of the qualifying criteria to establish the eligibility of an institution to receive a distribution of money under this subchapter in a state fiscal biennium.

(b) Requires THECB, as soon as practicable in each even-numbered year but not later than December 31, to provide the legislature with verified information relating to the value of the criteria to establish which institutions are eligible to receive a distribution of money under this subchapter.

(c) Requires THECB, in consultation with the State Auditor's Office, to validate the appropriate measures of an eligible institution to verify the reported values of the criteria for purposes of this subchapter.

SECTION 4. Amends Section 62.094, Education Code, as follows:

Sec. 62.094. FUNDING. (a) Provides that the research development fund consists of the amounts appropriated or transferred to the credit of the fund under this section or other law. Deletes existing text providing that the research development fund consists of the amount deposited to the credit of the fund under Section 62.025 (Deposit of \$50 Million) in each state fiscal year, the amount appropriated or transferred to the credit of the fund by the legislature under Subsection (b), and any other amounts transferred to the fund under this section.

(b) Deletes existing Subsection (b). Redesignates existing Subsection (c) as Subsection (b).

(c) Redesignates existing Subsection (d) as Subsection (c).

SECTION 5. Repealers: Sections 62.025 (Deposit of \$50 Million) and 62.026 (Higher Education Fund), Education Code.

SECTION 6. Effective date: January 1, 2010, contingent upon approval by the voters of the constitutional amendment relating to establishing the fund to enable emerging research universities in this state to achieve national prominence as major research universities and transferring the balance of the higher education fund to the national research university fund. Provides that if that amendment is not approved by the voters, this Act has no effect.