

1-1 By: Branch, et al. (Senate Sponsor - Zaffirini) H.B. No. 51
1-2 (In the Senate - Received from the House April 27, 2009;
1-3 May 4, 2009, read first time and referred to Committee on Higher
1-4 Education; May 25, 2009, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 4, Nays 0;
1-6 May 25, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 51 By: Zaffirini

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to measures to enhance and maintain the quality of state
1-11 universities, including funding and incentives to support emerging
1-12 public research universities in developing and maintaining
1-13 programs of the highest tier, to the abolition of the higher
1-14 education fund, and to the institutional groupings under the Texas
1-15 Higher Education Coordinating Board's accountability system.

1-16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-17 SECTION 1. Subchapter G, Chapter 51, Education Code, is
1-18 amended by adding Section 51.358 to read as follows:

1-19 Sec. 51.358. LONG-TERM STRATEGIC PLAN FOR RESEARCH
1-20 UNIVERSITY OR EMERGING RESEARCH UNIVERSITY. (a) The governing
1-21 board of each institution of higher education designated as a
1-22 research university or emerging research university under the Texas
1-23 Higher Education Coordinating Board's accountability system shall
1-24 submit to the coordinating board, in the form and manner prescribed
1-25 by the coordinating board, a detailed, long-term strategic plan
1-26 documenting the strategy by which the institution intends to
1-27 achieve recognition as a research university, or enhance the
1-28 university's reputation as a research university, as applicable.

1-29 (b) The Texas Higher Education Coordinating Board shall
1-30 adopt rules for the administration of this section.

1-31 SECTION 2. Section 61.059, Education Code, is amended by
1-32 adding Subsection (o) to read as follows:

1-33 (o) In addition to the other funding recommendations
1-34 required by this section, biennially the board shall determine the
1-35 amount that the board considers appropriate for purposes of
1-36 providing funding under Section 61.0596 in the following state
1-37 fiscal biennium to carry out the purposes of that section and shall
1-38 make recommendations to the governor and the Legislative Budget
1-39 Board for funding those programs in that biennium. To the extent
1-40 the board considers appropriate, the board may include in the
1-41 formulas established under this section the funding to be provided
1-42 under Section 61.0596.

1-43 SECTION 3. Subchapter C, Chapter 61, Education Code, is
1-44 amended by adding Section 61.0596 to read as follows:

1-45 Sec. 61.0596. UNIVERSITY FUNDING FOR EXCELLENCE IN SPECIFIC
1-46 PROGRAMS AND FIELDS; INCENTIVE GRANTS. (a) The board shall
1-47 administer this section to encourage and assist general academic
1-48 teaching institutions, other than public state colleges, that are
1-49 not research universities or emerging research universities
1-50 according to the institutional groupings under the board's higher
1-51 education accountability system to develop and maintain specific
1-52 programs or fields of study of the highest national rank or
1-53 recognition for that type of program or field.

1-54 (b) To assist the institution in achieving the highest
1-55 national rank or recognition for the applicable degree program and
1-56 from money available for the purpose, the board shall award
1-57 incentive grants to general academic teaching institutions
1-58 described by Subsection (a) that the board considers to have
1-59 demonstrated the greatest commitment to success in developing or
1-60 improving, consistent with the mission of the institution, the
1-61 quality of an existing degree program designated by the
1-62 institution. An institution must use a grant under this subsection
1-63 for faculty recruitment or other faculty support with respect to

2-1 the designated degree program for which the grant is awarded,
 2-2 including establishment of endowed faculty positions or
 2-3 enhancement of faculty compensation as considered appropriate by
 2-4 the institution.

2-5 (c) An institution may designate only one degree program at
 2-6 a time for consideration for new funding under Subsection (b). The
 2-7 institution may change its designation with the consent of the
 2-8 board. If the board determines that an institution has met all the
 2-9 applicable benchmarks for the institution's designated program,
 2-10 the institution may designate another degree program for
 2-11 consideration for new funding under Subsection (b).

2-12 (d) The board shall establish a series of benchmarks
 2-13 applicable to each degree program designated by an institution
 2-14 under this section. The institution becomes eligible for funding
 2-15 under Subsection (b) for each benchmark the board determines that
 2-16 the institution has met. The board shall establish the amount of
 2-17 funding for each benchmark met in a manner that provides an
 2-18 effective incentive to assist the institution to continue its
 2-19 efforts to meet the remaining benchmarks for its designated
 2-20 program.

2-21 (e) Unless the board determines that a different number of
 2-22 benchmarks is appropriate, the board shall establish three
 2-23 benchmarks for each designated degree program. The board shall
 2-24 identify one or more persons who have relevant expertise and do not
 2-25 reside in this state to assist the board in establishing the
 2-26 benchmarks and associated funding levels for each type of degree
 2-27 program designated by an institution under this section.

2-28 (f) An institution that designates a degree program to
 2-29 receive funding under Subsection (b) shall reimburse the board for
 2-30 the costs incurred by the board in administering this section with
 2-31 respect to the institution's designated program.

2-32 (g) In addition to supporting the programs designated by
 2-33 institutions for consideration to receive incentive grants under
 2-34 Subsection (b), from money available for the purpose, the board
 2-35 shall provide additional money as the board determines appropriate
 2-36 to assist the institutions described by Subsection (a) in
 2-37 maintaining the excellence of programs or fields of study that have
 2-38 achieved the highest national ranking or recognition for that type
 2-39 of program or field.

2-40 (h) The legislature may not appropriate money for grants or
 2-41 other financial assistance to general academic teaching
 2-42 institutions under this section before the board certifies that one
 2-43 or more institutions have met at least one of the benchmarks
 2-44 established by the board for the institutions' designated degree
 2-45 programs under Subsection (d).

2-46 SECTION 4. Subchapter C, Chapter 61, Education Code, is
 2-47 amended by adding Section 61.0904 to read as follows:

2-48 Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least
 2-49 once every 10 years, the board shall conduct a review of the
 2-50 institutional groupings under the board's accountability system,
 2-51 including a review of the criteria for and definitions assigned to
 2-52 those groupings.

2-53 SECTION 5. The heading to Chapter 62, Education Code, is
 2-54 amended to read as follows:

2-55 CHAPTER 62. CONSTITUTIONAL AND STATUTORY [~~DIVISION OF~~
 2-56 ~~CONSTITUTIONALLY APPROPRIATED~~] FUNDS TO SUPPORT [~~AMONG CERTAIN~~
 2-57 ~~INSTITUTIONS OF HIGHER EDUCATION~~], ~~RESEARCH DEVELOPMENT FUND~~

2-58 SECTION 6. Section 62.003(1), Education Code, is amended to
 2-59 read as follows:

2-60 (1) Except as otherwise provided by Subchapters C, D,
 2-61 F, and G, "eligible [~~Eligible~~] institution" means the eligible
 2-62 agencies and institutions of higher education listed in Article
 2-63 VII, Section 17(b), of the Constitution of Texas, and any
 2-64 institution or agency of higher education that is later made
 2-65 eligible to participate in the disbursement of funds pursuant to
 2-66 Article VII, Section 17(c), of the Constitution of Texas.

2-67 SECTION 7. Chapter 62, Education Code, is amended by adding
 2-68 Subchapters C, D, and F to read as follows:

2-69 SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

3-1 Sec. 62.051. DEFINITIONS. In this subchapter:

3-2 (1) "Eligible institution" means an institution of
 3-3 higher education designated as a research university or emerging
 3-4 research university under the coordinating board's accountability
 3-5 system.

3-6 (2) "Institution of higher education" has the meaning
 3-7 assigned by Section 61.003.

3-8 Sec. 62.052. PURPOSE. The purpose of this subchapter is to
 3-9 provide funding to research universities and emerging research
 3-10 universities for the recruitment and retention of highly qualified
 3-11 faculty and the enhancement of research productivity at those
 3-12 universities.

3-13 Sec. 62.053. FUNDING. (a) For each state fiscal year, the
 3-14 coordinating board shall distribute any funds appropriated by the
 3-15 legislature for the purposes of this subchapter, and any other
 3-16 funds made available for the purposes of this subchapter, to
 3-17 eligible institutions based on the average amount of total research
 3-18 funds expended by each institution annually during the three most
 3-19 recent state fiscal years, according to the following rates:

3-20 (1) at least \$1 million for every \$10 million of the
 3-21 average annual amount of those research funds expended by the
 3-22 institution, if that average amount for the institution is \$50
 3-23 million or more; and

3-24 (2) at least \$500,000 for every \$10 million of the
 3-25 average annual amount of those research funds expended by the
 3-26 institution, if that average amount for the institution is less
 3-27 than \$50 million.

3-28 (b) For purposes of Subsection (a), the amount of total
 3-29 research funds expended by an eligible institution in a state
 3-30 fiscal year is the amount of those funds as reported to the
 3-31 coordinating board by the institution for that fiscal year, subject
 3-32 to any adjustment by the coordinating board in accordance with the
 3-33 standards and accounting methods the coordinating board prescribes
 3-34 for purposes of this section. If the funds available for
 3-35 distribution for a state fiscal year under Subsection (a) are not
 3-36 sufficient to provide the amount specified by Subsection (a) for
 3-37 each eligible institution or exceed the amount sufficient for that
 3-38 purpose, the available amount shall be distributed in proportion to
 3-39 the total amount to which each institution is otherwise entitled
 3-40 under Subsection (a).

3-41 Sec. 62.054. RULES. The coordinating board shall adopt
 3-42 rules for the administration of this subchapter, including any
 3-43 rules the coordinating board considers necessary regarding the
 3-44 submission to the coordinating board by eligible institutions of
 3-45 any student data required for the coordinating board to carry out
 3-46 its duties under this subchapter.

3-47 SUBCHAPTER D. PERFORMANCE INCENTIVE FUNDING

3-48 Sec. 62.071. DEFINITIONS. In this subchapter:

3-49 (1) "At-risk student" means an undergraduate student
 3-50 of an eligible institution:

3-51 (A) whose score on the Scholastic Assessment Test
 3-52 (SAT) or the American College Test (ACT) is less than the national
 3-53 mean score of students' scores on that test;

3-54 (B) who has been awarded a grant under the
 3-55 federal Pell Grant program;

3-56 (C) who was 20 years of age or older on the date
 3-57 the student initially enrolled in the institution;

3-58 (D) who is enrolled as a part-time student; or

3-59 (E) who did not receive a high school diploma but
 3-60 received a high school equivalency certificate within the last six
 3-61 years.

3-62 (2) "Critical field" means:

3-63 (A) the field of engineering, computer science,
 3-64 mathematics, physical science, allied health, nursing, or teacher
 3-65 certification in a field of science or mathematics; and

3-66 (B) any other field of study identified as a
 3-67 critical field by the coordinating board in "Closing the Gaps," the
 3-68 state's master plan for higher education.

3-69 (3) "Eligible institution" means a general academic

4-1 teaching institution other than a public state college.
 4-2 (4) "General academic teaching institution" and
 4-3 "public state college" have the meanings assigned by Section
 4-4 61.003.

4-5 Sec. 62.072. FUNDING. (a) For each state fiscal year, the
 4-6 coordinating board shall distribute any performance incentive
 4-7 funds appropriated by the legislature for purposes of this
 4-8 subchapter, and any other funds made available for the purposes of
 4-9 this subchapter, to eligible institutions as follows:

4-10 (1) 50 percent to be distributed among eligible
 4-11 institutions in proportion to the increase, if any, in the average
 4-12 number of degrees awarded annually by each institution in the two
 4-13 most recent fiscal years from the average number of degrees awarded
 4-14 annually by that institution in the two fiscal years immediately
 4-15 preceding those fiscal years, using the weights assigned to each
 4-16 degree under the table prescribed by Subsection (b); and

4-17 (2) the remaining 50 percent to be distributed among
 4-18 eligible institutions in proportion to the average number of
 4-19 degrees awarded annually by each institution in the three most
 4-20 recent fiscal years, using the weights assigned to each degree
 4-21 under the table prescribed by Subsection (b).

4-22 (b) A number of points is assigned for each degree awarded
 4-23 by an eligible institution according to the following table:

| | <u>POINTS</u> |
|---|---------------|
| 4-24 <u>Noncritical Field/Not At-Risk Student</u> | <u>1.0</u> |
| 4-25 <u>Noncritical Field/At-Risk Student</u> | <u>2.0</u> |
| 4-26 <u>Critical Field/Not At-Risk Student</u> | <u>2.0</u> |
| 4-27 <u>Critical Field/At-Risk Student</u> | <u>3.0</u> |

4-28 Sec. 62.073. RULES. The coordinating board shall adopt
 4-29 rules for the administration of this subchapter, including any
 4-30 rules the coordinating board considers necessary regarding the
 4-31 submission to the coordinating board by eligible institutions of
 4-32 any student data required for the coordinating board to carry out
 4-33 its duties under this subchapter.

4-34 SUBCHAPTER F. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

4-35 Sec. 62.121. DEFINITIONS. In this subchapter:

4-36 (1) "Eligible institution" means an institution of
 4-37 higher education designated as an emerging research university
 4-38 under the coordinating board's accountability system.

4-39 (2) "Gift" includes cash, cash equivalents,
 4-40 marketable securities, closely held securities, money market
 4-41 holdings, partnership interests, personal property, real property,
 4-42 minerals, and life insurance proceeds.

4-43 (3) "Institution of higher education" has the meaning
 4-44 assigned by Section 61.003.

4-45 (4) "Program" means the Texas Research Incentive
 4-46 Program (TRIP) established under this subchapter.

4-47 Sec. 62.122. PROGRAM ADMINISTRATION. The coordinating
 4-48 board shall develop and administer the Texas Research Incentive
 4-49 Program (TRIP) in accordance with this subchapter to provide
 4-50 matching funds to assist eligible institutions in leveraging
 4-51 private gifts for the enhancement of research productivity and
 4-52 faculty recruitment.

4-53 Sec. 62.123. MATCHING GRANTS. (a) An eligible institution
 4-54 that receives gifts or endowments from private sources in a state
 4-55 fiscal year for the purpose of enhancing research activities at the
 4-56 institution, including a gift or endowment for endowed chairs,
 4-57 professorships, facilities, equipment, program costs, or graduate
 4-58 stipends or fellowships, is entitled to receive, out of funds
 4-59 appropriated for the purposes of the program for that fiscal year, a
 4-60 matching grant in an amount determined according to the following
 4-61 rates:

4-62 (1) 50 percent of the amount of the gifts and
 4-63 endowments, if the total amount of gifts and endowments is \$100,000
 4-64 or more but not more than \$999,999;

4-65 (2) 75 percent of the amount of the gifts and
 4-66 endowments, if the total amount of gifts and endowments is \$1
 4-67 million or more but not more than \$1,999,999; or

4-68 (3) 100 percent of the amount of the gifts and
 4-69

5-1 endowments, if the total amount of gifts and endowments is \$2
 5-2 million or more.

5-3 (b) An eligible institution is not entitled to matching
 5-4 funds under the program for:

5-5 (1) a gift that has been pledged but has not been
 5-6 received by the institution;

5-7 (2) a gift for undergraduate scholarships or grants;
 5-8 or

5-9 (3) any portion of gifts or endowments received by the
 5-10 institution from a single source in a state fiscal year in excess of
 5-11 \$10 million.

5-12 (c) The coordinating board shall establish procedures for
 5-13 the certification by the coordinating board of an eligible
 5-14 institution's receipt of a qualifying gift or endowment. A cash
 5-15 gift or endowment must be certified as of the date the gift or
 5-16 endowment was deposited by the institution in a depository bank or
 5-17 invested by the institution as authorized by law. A non-cash gift
 5-18 must be certified as of the date the gift is converted to cash, and
 5-19 is considered to have been received on that date for purposes of
 5-20 this subchapter.

5-21 (d) If the funds appropriated for the program for a state
 5-22 fiscal year are insufficient to provide matching grants in the
 5-23 amounts specified by this section for all qualifying private gifts
 5-24 and endowments received by eligible institutions during that fiscal
 5-25 year, the coordinating board shall provide matching grants for
 5-26 those gifts and endowments in order of their certification date,
 5-27 and shall provide matching grants for any remaining unmatched gifts
 5-28 and endowments in the following fiscal year using funds
 5-29 appropriated to the program for that following year, to the extent
 5-30 funds are available.

5-31 (e) Matching grants received by an eligible institution
 5-32 under this section may not be considered as a basis to reduce,
 5-33 directly or indirectly, the amount of money otherwise appropriated
 5-34 to the institution.

5-35 Sec. 62.124. RULES. The coordinating board shall adopt
 5-36 rules for the administration of this subchapter.

5-37 SECTION 8. Chapter 62, Education Code, is amended by adding
 5-38 Subchapter G to read as follows:

5-39 SUBCHAPTER G. NATIONAL RESEARCH UNIVERSITY FUND

5-40 Sec. 62.141. PURPOSE. The purpose of this subchapter is to
 5-41 allocate appropriations from the national research university fund
 5-42 to provide a dedicated, independent, and equitable source of
 5-43 funding to enable emerging research universities in this state to
 5-44 achieve national prominence as major research universities.

5-45 Sec. 62.142. DEFINITIONS. In this subchapter:

5-46 (1) "Eligible institution" means a general academic
 5-47 teaching institution that is eligible to receive distributions of
 5-48 money under this subchapter.

5-49 (2) "Endowment funds" means funds treated as endowment
 5-50 funds under the coordinating board's accountability system.

5-51 (3) "Fund" means the national research university
 5-52 fund.

5-53 (4) "General academic teaching institution" has the
 5-54 meaning assigned by Section 61.003.

5-55 Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a)
 5-56 The national research university fund is a fund outside the state
 5-57 treasury in the custody of the comptroller.

5-58 (b) The comptroller shall administer and invest the fund in
 5-59 accordance with Section 20, Article VII, Texas Constitution.

5-60 Sec. 62.144. FUNDING. (a) The fund consists of any amounts
 5-61 appropriated or transferred to the credit of the fund under the
 5-62 Texas Constitution or otherwise appropriated or transferred to the
 5-63 credit of the fund under this section or another law.

5-64 (b) The comptroller shall deposit to the credit of the fund
 5-65 all interest, dividends, and other income earned from investment of
 5-66 the fund.

5-67 (c) The comptroller may accept gifts or grants from any
 5-68 public or private source for the fund.

5-69 Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM

6-1 FUND. (a) A general academic teaching institution is eligible to
 6-2 receive a distribution of money under this subchapter for each year
 6-3 of a state fiscal biennium if:

6-4 (1) the institution is designated as an emerging
 6-5 research university under the coordinating board's accountability
 6-6 system;

6-7 (2) in each of the two state fiscal years preceding the
 6-8 state fiscal biennium, the institution expended at least \$45
 6-9 million in restricted research funds; and

6-10 (3) the institution satisfies at least four of the
 6-11 following criteria:

6-12 (A) the value of the institution's endowment
 6-13 funds is at least \$400 million;

6-14 (B) the institution awarded at least 200 doctor
 6-15 of philosophy degrees during each of the two academic years
 6-16 preceding the state fiscal biennium;

6-17 (C) the entering freshman class of the
 6-18 institution for each of those two academic years demonstrated high
 6-19 academic achievement, as determined according to standards
 6-20 prescribed by the coordinating board by rule, giving consideration
 6-21 to the future educational needs of the state as articulated in the
 6-22 coordinating board's "Closing the Gaps" report;

6-23 (D) the institution is designated as a member of
 6-24 the Association of Research Libraries or has a Phi Beta Kappa
 6-25 chapter or has received an equivalent recognition of research
 6-26 capabilities and scholarly attainment as determined according to
 6-27 standards prescribed by the coordinating board by rule;

6-28 (E) the faculty of the institution for each of
 6-29 those two academic years was of high quality, as determined
 6-30 according to coordinating board standards based on the professional
 6-31 achievement and recognition of the institution's faculty,
 6-32 including the election of faculty members to national academies;
 6-33 and

6-34 (F) the institution has demonstrated a
 6-35 commitment to high-quality graduate education, as determined
 6-36 according to standards prescribed by the coordinating board by
 6-37 rule, including the number of graduate-level programs at the
 6-38 institution, the institution's admission standards for graduate
 6-39 programs, and the level of institutional support for graduate
 6-40 students.

6-41 (b) A general academic teaching institution that becomes
 6-42 eligible to receive a distribution of money under this subchapter
 6-43 remains eligible to receive a distribution in each subsequent state
 6-44 fiscal year.

6-45 Sec. 62.146. ACCOUNTING STANDARDS; VERIFICATION OF
 6-46 INFORMATION. (a) The coordinating board by rule shall prescribe
 6-47 standard methods of accounting and standard methods of reporting
 6-48 information for the purpose of determining the eligibility of
 6-49 institutions under Section 62.145.

6-50 (b) As soon as practicable in each even-numbered year, based
 6-51 on information submitted by the institutions to the coordinating
 6-52 board as required by the coordinating board, the coordinating board
 6-53 shall certify to the legislature verified information relating to
 6-54 the criteria established by Section 62.145 to be used to determine
 6-55 which institutions are initially eligible for distributions of
 6-56 money from the fund. Information submitted to the coordinating
 6-57 board by institutions for purposes of this subchapter and the
 6-58 coordinating board's certification of that information under this
 6-59 subsection are subject to audit by the state auditor in accordance
 6-60 with Chapter 321, Government Code.

6-61 Sec. 62.147. INELIGIBILITY OF INSTITUTIONS RECEIVING
 6-62 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University
 6-63 of Texas at Austin and Texas A&M University are ineligible to
 6-64 receive money under this subchapter.

6-65 Sec. 62.148. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE
 6-66 INSTITUTIONS. In each state fiscal year, the comptroller shall
 6-67 distribute to eligible institutions the total amount appropriated
 6-68 from the fund for that fiscal year. The amount shall be allocated
 6-69 to the eligible institutions based on an equitable formula adopted

7-1 by the legislature to carry out the purposes of the fund as
7-2 established by Section 20, Article VII, Texas Constitution. In
7-3 adopting the allocation formula, the legislature may consider the
7-4 recommendations of the coordinating board, including
7-5 recommendations on the appropriate elements and relative weights of
7-6 elements of the formula.

7-7 Sec. 62.149. USE OF ALLOCATED AMOUNTS. (a) An eligible
7-8 institution may use money received under this subchapter only for
7-9 the support and maintenance of educational and general activities
7-10 that promote increased research capacity at the institution.

7-11 (b) For purposes of Subsection (a), permitted activities
7-12 include the use of the money to:

- 7-13 (1) provide faculty support and pay faculty salaries;
- 7-14 (2) purchase equipment or library materials;
- 7-15 (3) pay graduate stipends; and
- 7-16 (4) support research performed at the institution,
7-17 including undergraduate research.

7-18 (c) Money received in a fiscal year by an institution under
7-19 this subchapter that is not used in that fiscal year by the
7-20 institution may be held and used by the institution in subsequent
7-21 fiscal years for the purposes prescribed by this section.

7-22 SECTION 9. Section 62.094, Education Code, is amended to
7-23 read as follows:

7-24 Sec. 62.094. FUNDING. (a) The research development fund
7-25 consists of the [~~amount deposited to the credit of the fund under~~
7-26 ~~Section 62.025 in each state fiscal year, the amount appropriated~~
7-27 ~~or transferred to the credit of the fund by the legislature under~~
7-28 ~~Subsection (b), and any other]~~ amounts appropriated or transferred
7-29 to the credit of the fund under this section or other law.

7-30 (b) [~~In each state fiscal year, the legislature may~~
7-31 ~~appropriate or provide for the transfer to the credit of the~~
7-32 ~~research development fund of an amount not less than the amount~~
7-33 ~~deposited to the credit of the fund under Section 62.025 in that~~
7-34 ~~fiscal year.~~

7-35 [~~(c)~~] The comptroller shall deposit all interest,
7-36 dividends, and other income earned from investment of the research
7-37 development fund to the credit of the fund.

7-38 (c) [~~(d)~~] The comptroller may accept gifts or grants from
7-39 any public or private source for the research development fund.

7-40 SECTION 10. Sections 62.025 and 62.026, Education Code, are
7-41 repealed.

7-42 SECTION 11. (a) The Texas Higher Education Coordinating
7-43 Board, in consultation with institutions of higher education that
7-44 are eligible institutions under Subchapter C, Chapter 62, Education
7-45 Code, as added by this Act, shall study and make recommendations
7-46 regarding the appropriate definitions and categories of research
7-47 expenditures to be included and applied in determining an
7-48 institution's eligibility for and distributions from the Research
7-49 University Development Fund.

7-50 (b) Not later than December 1, 2010, the coordinating board
7-51 shall report its study and deliver its recommendations to the:

- 7-52 (1) governor;
- 7-53 (2) lieutenant governor;
- 7-54 (3) speaker of the house of representatives;
- 7-55 (4) chair of the Senate Committee on Finance;
- 7-56 (5) chair of the Senate Committee on Higher Education;
- 7-57 (6) chair of the House Committee on Appropriations;

7-58 and
7-59 (7) chair of the House Committee on Higher Education.

7-60 (c) At the request of an institution of higher education
7-61 that consults with the coordinating board under this section, the
7-62 coordinating board shall include with its recommendations the
7-63 written response of the institution to those recommendations.

7-64 SECTION 12. The Texas Higher Education Coordinating Board
7-65 shall adopt rules relating to the administration of Subchapters C,
7-66 D, F, and G, Chapter 62, Education Code, as added by this Act, as
7-67 soon as practicable after the effective date of this Act.

7-68 SECTION 13. (a) Except as provided by Subsections (b), (c),
7-69 and (d) of this section, this Act takes effect September 1, 2009.

8-1 (b) Money may not be appropriated to or distributed from the
8-2 research university development fund under Subchapter C, Chapter
8-3 62, Education Code, as added by this Act, or the national research
8-4 university fund under Subchapter G, Chapter 62, Education Code, as
8-5 added by this Act, before the state fiscal biennium that begins
8-6 September 1, 2011.

8-7 (c) The funding for Section 8 of this Act is contingent on
8-8 the approval by the voters of the constitutional amendment proposed
8-9 by the 81st Legislature, Regular Session, 2009, establishing the
8-10 national research university fund to enable emerging research
8-11 universities in this state to achieve national prominence as major
8-12 research universities and transferring the balance of the higher
8-13 education fund to the national research university fund. If that
8-14 constitutional amendment is not approved by the voters, Sections 9
8-15 and 10 of this Act do not take effect.

8-16 (d) This Act does not make an appropriation. This Act takes
8-17 effect only if a specific appropriation for the implementation of
8-18 this Act is provided in a general appropriations act of the 81st
8-19 Legislature.

8-20

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