

1-1 By: Duncan, Shapiro S.B. No. 1560
1-2 (In the Senate - Filed March 9, 2009; March 20, 2009, read
1-3 first time and referred to Committee on Higher Education;
1-4 April 24, 2009, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 4, Nays 0; April 24, 2009,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 1560 By: Duncan

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

1-10 relating to the national research university fund and the
1-11 allocation of amounts appropriated from the fund, the abolition of
1-12 the higher education fund, and the institutional groupings
1-13 established by the Texas Higher Education Coordinating Board.

1-14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-15 SECTION 1. Subchapter C, Chapter 61, Education Code, is
1-16 amended by adding Section 61.0904 to read as follows:

1-17 Sec. 61.0904. INSTITUTIONAL GROUPINGS. (a) In its
1-18 accountability system, the board shall establish institutional
1-19 groupings for classification of institutions of higher education,
1-20 including groupings for research universities, emerging research
1-21 universities, doctoral universities, comprehensive universities,
1-22 and masters universities.

1-23 (b) In each state fiscal biennium, the board shall conduct a
1-24 review of the institutional groupings, including a review of the
1-25 criteria for and definitions assigned to those groupings.

1-26 SECTION 2. The heading to Chapter 62, Education Code, is
1-27 amended to read as follows:

1-28 CHAPTER 62. CONSTITUTIONAL AND STATUTORY [DIVISION OF
1-29 CONSTITUTIONALLY APPROPRIATED] FUNDS TO SUPPORT [AMONG CERTAIN]
1-30 INSTITUTIONS OF HIGHER EDUCATION[, RESEARCH DEVELOPMENT FUND]

1-31 SECTION 3. Chapter 62, Education Code, is amended by adding
1-32 Subchapter D to read as follows:

1-33 SUBCHAPTER D. NATIONAL RESEARCH UNIVERSITY FUND

1-34 Sec. 62.071. PURPOSE. The purpose of this subchapter is to
1-35 allocate appropriations from the national research university fund
1-36 to provide a dedicated, independent, and equitable source of
1-37 funding to enable emerging research universities in this state to
1-38 achieve national prominence as major research universities.

1-39 Sec. 62.072. DEFINITIONS. In this subchapter:

1-40 (1) "Coordinating board" means the Texas Higher
1-41 Education Coordinating Board.

1-42 (2) "Eligible institution" means a general academic
1-43 teaching institution that is eligible to receive distributions of
1-44 money under this subchapter.

1-45 (3) "Fund" means the national research university
1-46 fund.

1-47 (4) "General academic teaching institution" has the
1-48 meaning assigned by Section 61.003.

1-49 Sec. 62.073. ADMINISTRATION AND INVESTMENT OF FUND.

1-50 (a) The national research university fund is a fund outside the
1-51 state treasury in the custody of the comptroller.

1-52 (b) The comptroller shall administer and invest the fund in
1-53 accordance with Section 20, Article VII, Texas Constitution.

1-54 Sec. 62.074. FUNDING. (a) The fund consists of any
1-55 amounts appropriated or transferred to the credit of the fund under
1-56 the Texas Constitution or otherwise appropriated or transferred to
1-57 the credit of the fund under this section or another law.

1-58 (b) The comptroller shall deposit to the credit of the fund
1-59 all interest, dividends, and other income earned from investment of
1-60 the fund.

1-61 (c) The comptroller may accept gifts or grants from any
1-62 public or private source for the fund.

1-63 Sec. 62.075 ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND.

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

2-4 (1) the institution is designated as an emerging
2-5 research university under the coordinating board's accountability
2-6 system;

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

2-10 (3) the institution satisfies at least four of the
2-11 following criteria:

2-12 (A) the aggregate value of the institution's
2-13 endowment funds is at least \$400 million;

2-14 (B) the institution awarded at least 200 doctor
2-15 of philosophy degrees during each of the two academic years
2-16 preceding the state fiscal biennium;

2-17 (C) the entering freshman class of the
2-18 institution for each of those two academic years demonstrated high
2-19 academic achievement, as determined according to standards
2-20 prescribed by the coordinating board, giving consideration to the
2-21 future educational needs of the state as articulated in the
2-22 "Closing the Gaps" report of the coordinating board;

2-23 (D) the institution is designated as a member of
2-24 the Association of Research Libraries or has a Phi Beta Kappa
2-25 chapter or an equivalent recognition of research capabilities and
2-26 scholarly attainment as determined according to standards
2-27 prescribed by the coordinating board;

2-28 (E) the faculty of the institution for each of
2-29 those two academic years was of high quality, as determined
2-30 according to coordinating board standards based on the professional
2-31 achievement and recognition of the institution's faculty,
2-32 including but not limited to the election of faculty members to
2-33 national academies; or

2-34 (F) the institution has demonstrated a
2-35 commitment to high quality graduate education, as determined
2-36 according to standards prescribed by the coordinating board,
2-37 including but not limited to the number of graduate-level programs
2-38 at the institution, the institution's admission standards for
2-39 graduate programs, and the level of institutional support for
2-40 graduate students.

2-41 (b) A general academic teaching institution that becomes
2-42 eligible under Subsection (a) to receive a distribution of money
2-43 under this subchapter remains eligible to receive a distribution of
2-44 money under this subchapter in each subsequent state fiscal year.

2-45 Sec. 62.076. INELIGIBILITY OF INSTITUTIONS RECEIVING
2-46 PERMANENT UNIVERSITY FUND SUPPORT AND MAINTENANCE. The University
2-47 of Texas at Austin, Texas A&M University, and Prairie View A&M
2-48 University are ineligible to receive money under this subchapter.

2-49 Sec. 62.077. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE
2-50 INSTITUTIONS. In each state fiscal year, the comptroller shall
2-51 distribute to eligible institutions the total amount appropriated
2-52 from the fund for that fiscal year. The amount shall be allocated
2-53 to the eligible institutions based on an equitable formula adopted
2-54 by the legislature to carry out the purposes of the fund as
2-55 established by Section 20, Article VII, Texas Constitution. The
2-56 coordinating board may make recommendations regarding the
2-57 equitable formula and may provide assistance regarding the formula
2-58 as directed by the legislature.

2-59 Sec. 62.078. USE OF ALLOCATED AMOUNTS. (a) An eligible
2-60 institution may use money received under this subchapter only for
2-61 the support and maintenance of educational and general activities
2-62 that promote increased research capacity at the institution.

2-63 (b) For purposes of Subsection (a), permitted activities
2-64 include the use of the money to:

2-65 (1) provide faculty support and pay faculty salaries;

2-66 (2) purchase equipment or library materials;

2-67 (3) pay graduate stipends; and

2-68 (4) support research performed at the institution,
2-69 including undergraduate research.

3-1 (c) Money received in a fiscal year by an institution under
3-2 this subchapter that is not used in that fiscal year by the
3-3 institution may be held and used by the institution in subsequent
3-4 fiscal years for the purposes prescribed by this section.

3-5 Sec. 62.079. VERIFICATION OF QUALIFYING CRITERIA. (a) The
3-6 coordinating board shall prescribe standards and accounting
3-7 methods for verifying the value of the qualifying criteria to
3-8 establish the eligibility of an institution to receive a
3-9 distribution of money under this subchapter in a state fiscal
3-10 biennium.

3-11 (b) The coordinating board, as soon as practicable in each
3-12 even-numbered year but not later than December 31, shall provide
3-13 the legislature with verified information relating to the value of
3-14 the criteria to establish which institutions are eligible to
3-15 receive a distribution of money under this subchapter.

3-16 (c) The coordinating board, in consultation with the state
3-17 auditor's office, shall validate the appropriate measures of an
3-18 eligible institution to verify the reported values of the criteria
3-19 for purposes of this subchapter.

3-20 SECTION 4. Section 62.094, Education Code, is amended to
3-21 read as follows:

3-22 Sec. 62.094. FUNDING. (a) The research development fund
3-23 consists of the [amount deposited to the credit of the fund under
3-24 Section 62.025 in each state fiscal year, the amount appropriated
3-25 or transferred to the credit of the fund by the legislature under
3-26 Subsection (b), and any other] amounts appropriated or transferred
3-27 to the credit of the fund under this section or other law.

3-28 (b) [In each state fiscal year, the legislature may
3-29 appropriate or provide for the transfer to the credit of the
3-30 research development fund of an amount not less than the amount
3-31 deposited to the credit of the fund under Section 62.025 in that
3-32 fiscal year.

3-33 [~~(c)~~] The comptroller shall deposit all interest,
3-34 dividends, and other income earned from investment of the research
3-35 development fund to the credit of the fund.

3-36 (c) [~~(d)~~] The comptroller may accept gifts or grants from
3-37 any public or private source for the research development fund.

3-38 SECTION 5. Sections 62.025 and 62.026, Education Code, are
3-39 repealed.

3-40 SECTION 6. This Act takes effect January 1, 2010, but only
3-41 if the constitutional amendment proposed by the 81st Legislature,
3-42 Regular Session, 2009, establishing the national research
3-43 university fund to enable emerging research universities in this
3-44 state to achieve national prominence as major research universities
3-45 and transferring the balance of the higher education fund to the
3-46 national research university fund is approved by the voters. If
3-47 that constitutional amendment is not approved by the voters, this
3-48 Act does not take effect.

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