

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 14, 2009

TO: Honorable Dan Branch, Chair, House Committee on Higher Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB1560 by Duncan (Relating to university funding, including university funding for excellence, the national research university fund, the abolition of the higher education fund, and the institutional groupings established by the Texas Higher Education Coordinating Board.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

Contingent upon voter approval of a Texas Constitutional amendment proposed by the 81st Texas Legislature, this bill would create a new source of funding to enhance research capacity at certain public general academic institutions using the investment earnings of an existing but rededicated fund corpus (i.e., the Permanent Higher Education Fund, which would become the corpus for the National Research University Fund, or NRUF). Annual NRUF allocations to eligible institutions would be based solely on the earnings of the NRUF corpus over time.

The Engrossed version of the bill would make Texas A&M - Prairie View eligible to receive allocations from the NRUF.

Separate from the NRUF, the Engrossed version of the bill would establish an Excellence Awards program for institutions other than research universities or emerging research universities to encourage the development of designated degree programs to the highest national standards. The Texas Higher Education Coordinating Board (THECB) would be authorized to release Excellence Award funding only when certain benchmarks are met.

The Engrossed version of the bill would require institutions with designated degree programs to reimburse the THECB's costs for administering the Excellence Awards program.

The Engrossed version of the bill would also authorize the THECB to provide funds to existing degree programs that already demonstrate a high level of excellence to maintain high standards.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 781 Higher Education Coordinating Board

LBB Staff: JOB, JAW, KK, RT