

BILL ANALYSIS

C.S.H.B. 1000
By: Zerwas
Higher Education
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There are certain changes relating to state support for general academic teaching institutions that have been suggested for the general appropriations bill currently being considered by the legislature. C.S.H.B. 1000 seeks to conform certain relevant statutes to those proposed changes.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1000 amends the Education Code to establish the core research support fund consisting of money appropriated by the legislature to eligible institutions of higher education for the purpose of promoting increased research capacity at emerging research universities. The bill defines "eligible institution" as an institution of higher education that is designated as an emerging research university under the Texas Higher Education Coordinating Board's accountability system. The bill requires fund amounts to be appropriated to eligible institutions each state fiscal year as follows:

- 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 provisions relating to the Texas comprehensive research fund, as renamed by the bill, and
- 50 percent based on the amount of total research funds expended by each eligible institution in a state fiscal year, determined in the manner described by provisions relating to the Texas research university fund, as renamed by the bill.

C.S.H.B. 1000 authorizes the coordinating board to audit the appropriate records of an eligible institution to verify information for purposes relating to the core research support fund and authorizes an eligible institution, for final determination of eligibility, to appeal the coordinating board's decision regarding the institution's verified information relating to the amounts of restricted research expended to a certain advisory committee.

C.S.H.B. 1000 limits an eligible institution's use of money received from the core research support fund to the support and maintenance of educational and general activities that promote increased research capacity at the institution and authorizes money received by an institution from the fund in a fiscal year that is not used by the institution in that fiscal year to be held and used by the institution in subsequent fiscal years. The bill requires each eligible institution that

receives money from the fund in a state fiscal year to prepare a report at the end of that fiscal year describing the manner in which the institution used the money and to include in the report information regarding the use of money spent in that fiscal year that was received from the fund in a preceding fiscal year. The bill requires the institution to deliver a copy of the report to the coordinating board and the Legislative Budget Board (LBB) not later than December 1 after the end of the fiscal year, authorizes the LBB to establish requirements for the form and content of the report, and requires the institution to include in the report information on the use or other disposition of money the institution previously received from the Texas excellence fund or the university research fund, if the institution spent money from either of those funds in the fiscal year of the report.

C.S.H.B. 1000 renames the Texas competitive knowledge fund as the Texas research university fund and removes from the definition of "eligible institution" for purposes of statutory provisions relating to the Texas research university fund an institution of higher education that is designated as an emerging research university under the coordinating board's accountability system and that, for any three consecutive state fiscal years beginning on or after September 1, 2010, made total annual research expenditures in an average annual amount of not less than \$50 million. The bill renames the research development fund as the Texas comprehensive research fund and excepts an institution of higher education that is designated as an emerging research university under the coordinating board's accountability system from the general academic teaching institutions included in the definition of "eligible institution" for purposes of statutory provisions relating to the Texas comprehensive research fund.

C.S.H.B. 1000 replaces provisions establishing the research development fund as a fund outside the state treasury in the custody of the comptroller of public accounts to be administered and invested by the comptroller with a provision establishing that the Texas comprehensive research fund consists of money appropriated by the legislature to eligible institutions for the purpose of providing funding to promote increased research capacity at eligible general academic teaching institutions. The bill also replaces provisions relating to apportionment of the research development fund to eligible institutions in each state fiscal year based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years with a requirement that appropriation of the Texas comprehensive research fund be based on the same amount.

C.S.H.B. 1000 requires the coordinating board to prescribe standards and accounting methods for determining the amount of restricted research funds expended in a state fiscal year by an institution eligible to participate in the core research support fund. The bill updates the requirement that the coordinating board convene a committee of persons to approve the allocation standards and accounting methods established by the coordinating board for the Texas comprehensive research fund, as renamed by the bill, by including as a committee function the consideration of institution appeals concerning eligibility for the Texas comprehensive research fund and the core research support fund and by removing an obsolete deadline for committee action.

C.S.H.B. 1000 repeals Sections 62.0925 and 62.094, Education Code, relating to the eligibility of Prairie View A&M University to participate in the research development fund and funding of the research development fund.

EFFECTIVE DATE

September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1000 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. The heading to Subchapter C, Chapter 62, Education Code, is amended.

SECTION 2. Sections 62.051(1) and (2), Education Code, are amended.

SECTION 3. Section 62.052, Education Code, is amended.

SECTION 4. Section 62.053, Education Code, is amended.

SECTION 5. The heading to Subchapter E, Chapter 62, Education Code, is amended.

SECTION 6. Section 62.091, Education Code, is amended.

SECTION 7. Section 62.092, Education Code, is amended.

SECTION 8. Section 62.093, Education Code, is amended to read as follows:

Sec. 62.093. ADMINISTRATION. (a) The Texas comprehensive research ~~[development]~~ fund is a fund outside the state treasury in the custody of the comptroller.

(b) The comptroller shall administer and invest the ~~[research development]~~ fund.

No equivalent provision.

No equivalent provision.

SECTION 9. Section 62.094, Education Code, is amended to read as follows:

Sec. 62.094. FUNDING. (a) The ~~[research development]~~ fund consists of the amounts appropriated or transferred to the credit of the fund under this section or other law.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Same as introduced version.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Substantially the same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Same as introduced version.

SECTION 7. Substantially the same as introduced version.

SECTION 8. Section 62.093, Education Code, is amended to read as follows:

Sec. 62.093. FUNDING ~~[ADMINISTRATION]~~. ~~[(a)]~~ The Texas comprehensive research ~~[development]~~ fund consists of money appropriated by the legislature to eligible institutions for the purposes of this subchapter ~~[is a fund outside the state treasury in the custody of the comptroller]~~.

~~[(b) The comptroller shall administer and invest the research development fund.]~~

SECTION 9. The heading to Section 62.095, Education Code, is amended to read as follows:

Sec. 62.095. APPROPRIATION ~~[APPORTIONMENT]~~ OF FUND TO ELIGIBLE INSTITUTIONS.

SECTION 11. The heading to Section 62.096, Education Code, is amended to read as follows:

Sec. 62.096. VERIFICATION ~~[OF ALLOCATION FACTORS]~~.

No equivalent provision. *(But see Section 15 below.)*

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

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

SECTION 10. Section 62.095(a), Education Code, is amended to read as follows:

(a) In each state fiscal year, the comptroller shall distribute the total amount of all assets in the ~~[research development]~~ fund to eligible institutions. The amount shall be apportioned among the eligible institutions based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years.

SECTION 11. Section 62.096(a), Education Code, is amended to read as follows:

(a) For purposes of this subchapter and Subchapter F-1, the coordinating board shall prescribe standards and accounting methods for determining the amount of restricted research funds expended ~~[by an eligible institution]~~ in a state fiscal year;

(1) under this subchapter by an eligible institution; or

(2) under Subchapter F-1 by an eligible institution, as that term is defined by Section 62.132(2).

SECTION 12. Section 62.097, Education Code, is amended.

SECTION 13. Chapter 62, Education Code, is amended by adding Subchapter F-1 to read as follows:

SUBCHAPTER F-1. CORE RESEARCH SUPPORT FUND

Sec. 62.131. PURPOSE.

Sec. 62.132. DEFINITIONS.

SECTION 10. Section 62.095(a), Education Code, is amended to read as follows:

(a) In each state fiscal year, amounts ~~[the comptroller shall distribute the total amount of all assets in the research development fund to eligible institutions. The amount]~~ shall be appropriated to ~~[apportioned among the]~~ eligible institutions based on the average amount of restricted research funds expended by each institution per year for the three preceding state fiscal years.

SECTION 12. Sections 62.096(a) and (b), Education Code, are amended to read as follows:

(a) For purposes of this subchapter and Subchapter F-1, the coordinating board shall prescribe standards and accounting methods for determining the amount of restricted research funds expended ~~[by an eligible institution]~~ in a state fiscal year;

(1) under this subchapter by an eligible institution; or

(2) under Subchapter F-1 by an eligible institution, as that term is defined by Section 62.132(2).

(b) For purposes of this subchapter and Subchapter F-1, the [The] coordinating board shall convene a committee composed [comprised] of persons designated by the presidents of eligible institutions to approve the allocations standards and accounting methods established by the coordinating board and to consider appeals authorized by Subsection (e) or Section 62.135(b) [by October 1, 2003].

SECTION 13. Substantially the same as introduced version.

SECTION 14. Chapter 62, Education Code, is amended by adding Subchapter F-1 to read as follows:

SUBCHAPTER F-1. CORE RESEARCH SUPPORT FUND

Sec. 62.131. PURPOSE.

Sec. 62.132. DEFINITIONS.

Sec. 62.133. ADMINISTRATION. (a) The core research support fund is a fund outside the state treasury in the custody of the comptroller.

(b) The comptroller shall administer and invest the fund.

Sec. 62.134. FUNDING. (a) The fund consists of the amounts appropriated or transferred to the credit of the fund under this section or other law.

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

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

Sec. 62.135. APPORTIONMENT OF FUND TO ELIGIBLE INSTITUTIONS. (a) In each state fiscal year, the comptroller shall distribute the total amount of all assets in the fund to eligible institutions. The amount shall be apportioned among the eligible institutions 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.

(c) Beginning with the first distributions from the fund under this subchapter, an eligible institution that previously incurred an appropriation reduction under Section 62.0535 is entitled to an amount from the fund in addition to the amount apportioned under Subsection (a) until the institution receives a total additional amount under this subsection equal to the amount of the previous appropriation reduction. Amounts distributed under this subsection must be specifically appropriated for this purpose.

Sec. 62.136. VERIFICATION OF ALLOCATION FACTORS.

Sec. 62.137. USE OF ALLOCATED AMOUNTS.

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

Sec. 62.134. APPROPRIATION OF FUND TO ELIGIBLE INSTITUTIONS. In each state fiscal year, amounts shall be appropriated to eligible institutions 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 amount of total research funds expended by each eligible institution in a state fiscal year, determined in the manner described by Section 62.053(b).

Sec. 62.135. VERIFICATION.

Sec. 62.136. USE OF APPROPRIATED AMOUNTS.

Sec. 62.138. ANNUAL REPORT.

SECTION 14. Sections 62.0925 and 62.096(b), Education Code, are repealed.

SECTION 15. This Act takes effect September 1, 2015.

Sec. 62.137. ANNUAL REPORT.

SECTION 15. Sections 62.0925 and 62.094, Education Code, are repealed.

SECTION 16. Same as introduced version.