

BILL ANALYSIS

Senate Research Center
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S.B. 557
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Higher Education
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

H.B. 51 and H.J.R. 14, 81st Legislature, Regular Session, 2009, created the national research university fund (fund) and established criteria for admission to the fund. The legislation, enacted as Section 62.147 (Ineligibility of Institutions Receiving Permanent University Fund Support and Maintenance), Education Code, requires that the legislature adopt a distribution methodology for emerging research universities that achieve admission to the fund. S.B. 557 establishes that equitable formula.

The distribution formula in this bill provides that the amount available for distribution is limited to 3.5 percent of the average market value of the fund over the 12 quarters leading into the fiscal year in which the allocation is to be made. From the amount available for distribution in a fiscal year, an eligible institution is entitled to a distribution equal to the sum of one-seventh of the total amount available for distribution, plus one-fourth of any amount remaining available for distribution after each eligible institution is allocated a one-seventh share.

Any unallocated portions of the available revenue shall be retained in the fund.

As proposed, S.B. 557 amends current law relating to the distribution of money appropriated from the national research university fund.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 62.148, Education Code, as follows:

Sec. 62.148. New heading: DISTRIBUTION OF APPROPRIATED FUNDS TO ELIGIBLE INSTITUTIONS. (a) Creates this subsection from existing text and makes no further changes.

(b) Prohibits the total amount appropriated from the national research university fund (fund) for any state fiscal year from exceeding an amount equal to 3.5 percent of the average net market value of the investment assets of the fund for the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the comptroller of public accounts (comptroller).

(b-1) Provides that, for purposes of Subsection (b), for a state fiscal quarter that includes any period before the fund was established on January 1, 2010, a reference to the average net market value of the investment assets of the fund includes the average net market value of the investment assets of the former higher education fund for the applicable state fiscal year. Provides that this subsection expires January 1, 2014.

(c) Provides that, of the total amount appropriated from the fund for a state fiscal year, each eligible institution is entitled to a distribution in an amount equal to the sum of one-seventh of the total amount appropriated and an equal share of any amount remaining after distributions are calculated under Subdivision (1), not to exceed an amount equal to one-fourth of that remaining amount.

(d) Requires the comptroller to retain within the fund any portion of an appropriated amount that remains after all distributions are made for a state fiscal year as prescribed by Subsection (c). Provides that the appropriation of that retained amount lapses at the end of that state fiscal year. Deletes existing text requiring 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 (National Research University Fund), Article VII (Education), Texas Constitution. Deletes existing text authorizing the legislature, in adopting the allocation formula, to consider the recommendations of the Texas Higher Education Coordinating Board, including recommendations on the appropriate elements and relative weights of elements in the formula.

SECTION 2. Effective date: upon passage or September 1, 2011.