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AN ACT
relating to measures to enhance and maintain the quality of state
universities, including funding and incentives to support emerging
public research universities, to the abolition of the higher
education fund, to the institutional groupings under the Texas
Higher Education Coordinating Board's accountability system, to
the independent status of Lamar Institute of Technology, to
research conducted by public universities and other state entities,
and to the authorization of revenue bonds for certain institutions
of higher education.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Subchapter G, Chapter 51, Education Code, is
amended by adding Section 51.358 to read as follows:

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

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

SECTION 2. Subchapter B, Chapter 55, Education Code, is amended by adding Sections 55.1771 and 55.17721 to read as follows:

Sec. 55.1771. TEXAS A&M UNIVERSITY AT GALVESTON. (a) In addition to the other authority granted by this subchapter and subject to the other provisions of this section, the board of regents of The Texas A&M University System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for Texas A&M University at Galveston for an erosion control breakwater, a dock, or any other related purpose reasonably necessary to assist the institution to recover from any damage or other impact caused by Hurricane Ike, to be financed by the issuance of bonds in accordance with this subchapter, including bonds issued in accordance with a systemwide revenue financing program and secured as provided by that program, in an aggregate principal amount not to exceed $5 million.

(b) The board of regents may pledge irrevocably to the payment of the bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of The Texas A&M University System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board of regents to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The
Texas A&M University System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

Sec. 55.17721. THE UNIVERSITY OF TEXAS MEDICAL BRANCH AT GALVESTON. (a) In addition to the other authority granted by this subchapter and subject to the other provisions of this section, the board of regents of The University of Texas System may acquire, purchase, construct, improve, renovate, enlarge, or equip property, buildings, structures, facilities, roads, or related infrastructure for The University of Texas Medical Branch at Galveston for any purpose reasonably necessary to assist the institution to recover from any damage or other impact caused by Hurricane Ike, to be financed by the issuance of bonds in accordance with this subchapter, including bonds issued in accordance with a systemwide revenue financing program and secured as provided by that program, in an aggregate principal amount not to exceed $150 million.

(b) The board may pledge irrevocably to the payment of the bonds authorized by this section all or any part of the revenue funds of an institution, branch, or entity of The University of Texas System, including student tuition charges. The amount of a pledge made under this subsection may not be reduced or abrogated while the bonds for which the pledge is made, or bonds issued to refund those bonds, are outstanding.

(c) If sufficient funds are not available to the board to meet its obligations under this section, the board may transfer funds among institutions, branches, and entities of The University
of Texas System to ensure the most equitable and efficient allocation of available resources for each institution, branch, or entity to carry out its duties and purposes.

(d) Any transfer of funds to the board pursuant to an appropriation of state funds to the board or The University of Texas Medical Branch at Galveston for the purpose of reimbursing the board for all or part of the debt service on bonds issued under this section is subject to the prior approval of the Legislative Budget Board. In determining whether to approve a transfer of state funds for that purpose, the Legislative Budget Board shall consider:

(1) whether the commissioners court of the county in which the medical branch is located has entered into an agreement with the board under which the county agrees to reimburse the board for all or part of any otherwise unreimbursed costs incurred by the medical branch to provide health care services to individuals who are residents of the county and whose net family income is not more than 100 percent of the federal poverty level; or

(2) whether the county in which the medical branch is located or a hospital district that includes that county imposes an ad valorem tax for health care purposes.

(e) For purposes of Subsection (d), the county of residence of an individual is determined in the same manner as provided by Chapter 61, Health and Safety Code.

SECTION 3. Section 61.0572(e), Education Code, is amended to read as follows:

(e) Approval of the board is not required to acquire real property that is financed by bonds issued under Section 55.17(e)(3)
or (4), 55.1713-55.1718, 55.1721-55.1728, 55.1735(a)(1), 55.174, 55.1742, 55.1743, 55.1744, 55.1751-55.17592, [or] 55.1768, 55.1771, or 55.17721, except that the board shall review all real property to be financed by bonds issued under those sections to determine whether the property meets the standards adopted by the board for cost, efficiency, and space use. If the property does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 4. Section 61.058(b), Education Code, is amended to read as follows:

(b) This section does not apply to construction, repair, or rehabilitation financed by bonds issued under Section 55.17(e)(3) or (4), 55.1713-55.1718, 55.1721-55.1728, 55.174, 55.1742, 55.1743, 55.1744, 55.1751-55.17592, [or] 55.1768, 55.1771, or 55.17721, except that the board shall review all construction, repair, or rehabilitation to be financed by bonds issued under those sections to determine whether the construction, rehabilitation, or repair meets the standards adopted by board rule for cost, efficiency, and space use. If the construction, rehabilitation, or repair does not meet those standards, the board shall notify the governor, the lieutenant governor, the speaker of the house of representatives, and the Legislative Budget Board.

SECTION 5. Section 61.059, Education Code, is amended by adding Subsection (o) to read as follows:

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

SECTION 6. Subchapter C, Chapter 61, Education Code, is
amended by adding Section 61.0596 to read as follows:

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

(b) To assist the institution in achieving the highest
national rank or recognition for the applicable degree program and
from money available for the purpose, the board shall award
incentive grants to general academic teaching institutions
described by Subsection (a) that the board considers to have
demonstrated the greatest commitment to success in developing or
improving, consistent with the mission of the institution, the
quality of an existing degree program designated by the
institution. An institution must use a grant under this subsection for faculty recruitment or other faculty support with respect to the designated degree program for which the grant is awarded, including establishment of endowed faculty positions or enhancement of faculty compensation as considered appropriate by the institution.

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

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

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

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

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

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

SECTION 7. Subchapter C, Chapter 61, Education Code, is
amended by adding Section 61.0904 to read as follows:

Sec. 61.0904. REVIEW OF INSTITUTIONAL GROUPINGS. At least
once every 10 years, the board shall conduct a review of the
institutional groupings under the board's accountability system,
including a review of the criteria for and definitions assigned to
those groupings.
SECTION 8. The heading to Chapter 62, Education Code, is amended to read as follows:

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

SECTION 9. Section 62.003(1), Education Code, is amended to read as follows:

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

SECTION 10. Section 62.021, Education Code, is amended by amending Subsection (a) and adding Subsections (a-1), (a-2), (e), and (f) to read as follows:

(a) In each state fiscal year beginning with the state fiscal year ending August 31, 2011 [2008], an eligible institution is entitled to receive an amount allocated in accordance with this section from the funds appropriated for that year by Section 17(a), Article VII, Texas Constitution. The comptroller shall distribute funds allocated under this subsection only on presentation of a claim and issuance of a warrant in accordance with Section 403.071, Government Code. An eligible institution may not present a claim to be paid [The comptroller may not issue a warrant] from any funds allocated under this subsection before the delivery of goods or
services described in Section 17, Article VII, Texas Constitution, except for the payment of principal or interest on bonds or notes or for a payment for a book or other published library material as authorized by Section 2155.386, Government Code. The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System. The annual amounts allocated by the formula are as follows:

1. $3,559,433 [$3,434,348] to Midwestern State University;
2. $27,846,476 [$26,137,233] to the University of North Texas;
3. $8,771,265 [$8,139,391] to the University of North Texas Health Science Center at Fort Worth;
4. $12,311,123 [$12,882,348] to The University of Texas--Pan American;
5. $5,057,420 [$4,186,790] to The University of Texas at Brownsville;
6. $8,425,937 [$7,025,771] to Stephen F. Austin State University;
7. to the following component institutions of the Texas State University System:
   (A) $8,330,933 [$11,210,508] to Lamar University;
   (B) $2,332,463 to the Lamar Institute of Technology;
(C) $1,235,752 [($1,115,048] to Lamar State College--Orange;

(D) $1,244,694 [($1,190,119] to Lamar State College--Port Arthur;

(E) $11,893,110 [($9,916,306] to Sam Houston State University;

(F) $21,863,258 [($19,799,276] to Texas State University--San Marcos;

(G) $1,625,061 [($2,043,772] to Sul Ross State University; and

(H) $445,380 [($379,831] to Sul Ross State University-Rio Grande College;

(B) $8,894,700 [($11,156,463] to Texas Southern University;

(9) to the following component institutions of the Texas Tech University System:

(A) $23,936,088 [($26,829,477] to Texas Tech University;

(B) $16,973,569 [($17,849,441] to Texas Tech University Health Sciences Center; and

(C) $3,743,027 [($3,585,802] to Angelo State University;

(10) $10,169,695 [($8,424,209] to Texas Woman's University;

(11) to the following component institutions of the University of Houston System:

(A) $35,885,768 [($35,376,140] to the University
of Houston;

(B) $2,393,921 [\$2,282,883] to the University of Houston--Victoria;

(C) $5,214,167 [\$6,001,337] to the University of Houston--Clear Lake; and

(D) $7,435,238 [\$9,628,151] to the University of Houston--Downtown;

(12) to the following component institutions of The Texas A&M University System:

(A) $7,139,067 [\$8,278,993] to Texas A&M University--Corpus Christi;

(B) $3,796,436 [\$3,130,211] to Texas A&M International University;

(C) $5,046,885 [\$5,052,232] to Texas A&M University--Kingsville;

(D) $4,652,995 [\$4,776,890] to West Texas A&M University;

(E) $5,193,232 [\$5,345,678] to Texas A&M University--Commerce; and

(F) $1,307,907 [\$1,646,352] to Texas A&M University--Texarkana; and

(13) $5,775,000 to the Texas State Technical College System Administration and the following component campuses, but not its extension centers or programs:

(A) Texas State Technical College--Harlingen;

(B) Texas State Technical College--Marshall;

(C) Texas State Technical College--West Texas;
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and

(D) Texas State Technical College--Waco.

(a-1) This subsection applies only to the state fiscal years ending August 31, 2009, and August 31, 2010, and is intended as a correction necessary to ensure an equitable distribution of the funds appropriated by Section 17(a), Article VII, Texas Constitution, for the five-year period ending August 31, 2010, in accordance with the equitable formula prescribed by Section 17(d), Article VII, Texas Constitution. In each state fiscal year to which this subsection applies, an eligible institution is entitled to receive an amount allocated in accordance with this subsection from the funds appropriated for each of those years by Section 17(a), Article VII, Texas Constitution. The comptroller shall distribute funds allocated under this subsection only on presentation of a claim and issuance of a warrant in accordance with Section 403.071, Government Code. An eligible institution may not present a claim to be paid from any funds allocated under this subsection before the delivery of goods or services described in Section 17, Article VII, Texas Constitution, except for the payment of principal or interest on bonds or notes or for a payment for a book or other published library material as authorized by Section 2155.386, Government Code. The allocation of funds under this subsection is made in accordance with an equitable formula consisting of the following elements: space deficit, facilities condition, institutional complexity, and a separate allocation for the Texas State Technical College System. The annual amounts allocated by the formula are as follows:
(1) $3,810,377 to Midwestern State University;
(2) $27,122,687 to the University of North Texas;
(3) $7,994,676 to the University of North Texas Health Science Center at Fort Worth;
(4) $13,176,800 to The University of Texas--Pan American;
(5) $4,284,677 to The University of Texas at Brownsville;
(6) $6,907,643 to Stephen F. Austin State University;
(7) to the following component institutions of the Texas State University System:
   (A) $8,028,333 to Lamar University;
   (B) $1,825,332 to the Lamar Institute of Technology;
   (C) $1,140,745 to Lamar State College--Orange;
   (D) $1,217,124 to Lamar State College--Port Arthur;
   (E) $10,184,001 to Sam Houston State University;
   (F) $20,258,248 to Texas State University--San Marcos;
   (G) $2,090,896 to Sul Ross State University; and
   (H) $388,203 to Sul Ross State University--Rio Grande College;
   (8) $11,283,387 to Texas Southern University;
(9) to the following component institutions of the Texas Tech University System:
   (A) $27,446,656 to Texas Tech University;
(B) $14,854,762 to Texas Tech University Health Sciences Center; and

(C) $3,667,497 to Angelo State University;

(10) $8,615,167 to Texas Woman's University;

(11) to the following component institutions of the University of Houston System:

(A) $36,091,538 to the University of Houston;

(B) $2,335,692 to the University of Houston--Victoria;

(C) $5,355,874 to the University of Houston--Clear Lake; and

(D) $9,548,995 to the University of Houston--Downtown;

(12) to the following component institutions of The Texas A&M University System:

(A) $8,471,116 to Texas A&M University--Corpus Christi;

(B) $3,202,241 to Texas A&M International University;

(C) $5,167,540 to Texas A&M University--Kingsville;

(D) $4,886,159 to West Texas A&M University;

(E) $5,684,047 to Texas A&M University--Commerce; and

(F) $1,684,587 to Texas A&M University--Texarkana; and

(13) $5,775,000 to the Texas State Technical College
System Administration and the following component campuses, but not its extension centers or programs:

(A) Texas State Technical College-Harlingen;
(B) Texas State Technical College--Marshall;
(C) Texas State Technical College--West Texas;

and

(D) Texas State Technical College--Waco.

(a-2) This subsection and Subsection (a-1) expire September 1, 2010.

(e) Whereas the University of North Texas at Dallas was created as an institution of higher education by Chapter 25 (S.B. 576), Acts of the 77th Legislature, Regular Session, 2001, which was approved by a vote of more than two-thirds of the membership of each house of the legislature, the University of North Texas at Dallas is entitled to participate in the funding provided by Section 17, Article VII, Texas Constitution, as soon as the University of North Texas at Dallas operates as a general academic teaching institution.

(f) Pursuant to the annual allocation amounts shown in Subsections (a) and (a-1) for each year of the remaining 10-year allocation period established under Section 17(d), Article VII, Texas Constitution, that ends in 2015, the comptroller shall distribute to the Lamar Institute of Technology a portion of the total annual appropriation under Section 17(a), Article VII, Texas Constitution.

SECTION 11. Section 62.024, Education Code, is amended to read as follows:
Sec. 62.024. AMOUNT OF ALLOCATION INCREASED. In accordance with Section 17(a), Article VII, Texas Constitution, for each state fiscal year beginning with the state fiscal year ending August 31, 2008, the amount of the annual constitutional appropriation under that subsection is increased to $262.5 million. [Before the state fiscal year ending August 31, 2008, the amount of the annual constitutional appropriation under that subsection is $175 million.]

SECTION 12. Chapter 62, Education Code, is amended by adding Subchapters C, D, and F to read as follows:

SUBCHAPTER C. RESEARCH UNIVERSITY DEVELOPMENT FUND

Sec. 62.051. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

(b) For purposes of Subsection (a), the amount of total research funds expended by an eligible institution in a state 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 for purposes of this section. If the funds available for distribution for a state fiscal year under Subsection (a) are not sufficient to provide the amount specified by Subsection (a) for each eligible institution or exceed the amount sufficient for that purpose, the available amount shall be distributed in proportion to the total amount to which each institution is otherwise entitled under Subsection (a).

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

SUBCHAPTER D. PERFORMANCE INCENTIVE FUNDING

Sec. 62.071. DEFINITIONS. In this subchapter:

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

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

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

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

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

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

(2) "Critical field" means:

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

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

(3) "Eligible institution" means a general academic
teaching institution other than a public state college.
“General academic teaching institution” and "public state college" have the meanings assigned by Section 61.003.

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

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

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

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

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<th>POINTS</th>
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<td>Noncritical Field/Not At-Risk Student</td>
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<td>Noncritical Field/At-Risk Student</td>
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<tr>
<td>Critical Field/Not At-Risk Student</td>
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<td>Critical Field/At-Risk Student</td>
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Sec. 62.073. RULES. The coordinating board shall adopt rules for the administration of this subchapter, including any rules the coordinating board considers necessary regarding the submission to the coordinating board by eligible institutions of any student data required for the coordinating board to carry out its duties under this subchapter.

SUBCHAPTER F. TEXAS RESEARCH INCENTIVE PROGRAM (TRIP)

Sec. 62.121. DEFINITIONS. In this subchapter:

(1) "Eligible institution" means an institution of higher education designated as an emerging research university under the coordinating board’s accountability system.

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

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

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

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

Sec. 62.123. MATCHING GRANTS. (a) An eligible institution that receives gifts or endowments from private sources in a state

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fiscal year for the purpose of enhancing research activities at the institution, including a gift or endowment for endowed chairs, professorships, facilities, equipment, program costs, or graduate stipends or fellowships, is entitled to receive, out of funds appropriated for the purposes of the program for that fiscal year, a matching grant in an amount determined according to the following rates:

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

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

(3) 100 percent of the amount of the gifts and endowments, if the total amount of gifts and endowments is $2 million or more.

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

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

(2) a gift for undergraduate scholarships or grants; or

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

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

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

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

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

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

SUBCHAPTER G. NATIONAL RESEARCH UNIVERSITY FUND

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

Sec. 62.142. DEFINITIONS. In this subchapter:

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

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

(3) "Fund" means the national research university fund.

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

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

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

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

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

(c) The comptroller may accept gifts or grants from any
Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) A general academic teaching institution is eligible to receive a distribution of money under this subchapter for each year of a state fiscal biennium if:

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

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

(3) the institution satisfies at least four of the following criteria:

(A) the value of the institution's endowment funds is at least $400 million;

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

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

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

(F) the faculty of the institution for each of those two academic years was of high quality, as determined according to coordinating board standards based on the professional achievement and recognition of the institution's faculty, including the election of faculty members to national academies;

and

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

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

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

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

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

Sec. 62.148. ALLOCATION OF APPROPRIATED FUNDS TO ELIGIBLE INSTITUTIONS. In each state fiscal year, the comptroller shall distribute to eligible institutions the total amount appropriated from the fund for that fiscal year. The amount shall 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, Article VII, Texas Constitution. In adopting the allocation formula, the legislature may consider the recommendations of the coordinating board, including recommendations on the appropriate elements and relative weights of elements of the formula.

Sec. 62.149. USE OF ALLOCATED AMOUNTS. (a) An eligible institution may use money received under this subchapter only for the support and maintenance of educational and general activities that promote increased research capacity at the institution.
(b) For purposes of Subsection (a), the use of money shall be limited to the following permitted activities:

1. providing faculty support and paying faculty salaries;
2. purchasing equipment or library materials;
3. paying graduate stipends; and
4. supporting research performed at the institution, including undergraduate research.

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

SECTION 14. Section 62.094, Education Code, is amended to read as follows:

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

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

[4CL] 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 15. Section 96.703(a), Education Code, is amended to read as follows:

(a) In the city of Beaumont, the board shall establish and maintain a lower-division institution of higher education as a separate degree-granting institution to be known as Lamar Institute of Technology.

SECTION 16. Sections 62.025 and 62.026, Education Code, are repealed.

SECTION 17. Section 96.703(c), Education Code, is repealed.

SECTION 18. INTERIM STUDY REGARDING TECHNOLOGY RESEARCH DATA COLLECTION. (a) A select interim committee is created to study the feasibility of collecting data and maintaining a searchable electronic database, search engine, or other collection of data relating to specialized technology research projects that are developed or conducted at public universities in this state, research facilities of public universities in this state, or other facilities operated by a state agency, in order to facilitate coordination among the universities and facilities on the projects and improve access to and awareness of the specialized research and technologies developed at those institutions and facilities.

(b) The study must consider:

(1) appropriate entities to administer the data
collection, including nonprofit organizations, public universities in this state, or state agencies;

(2) the extent of legislative oversight required for an entity that would maintain the data collection;

(3) compliance with state and federal laws regarding access to public information; and

(4) the information the data collection would include, such as:

(A) a list of projects involving one or more of the following areas:

(i) energy research, including methods of creation, storage, distribution, and conservation of energy;

(ii) biomedical science research, including research that involves stem cells or human cloning;

(iii) nanotechnology research, including nanomedicine; and

(iv) other specialized technology research;

(B) for each project listed under Paragraph (A) of this subdivision, a brief description of the project, including the field of technology involved, the entity involved with the project, and additional comments regarding the research the Texas Higher Education Coordinating Board considers appropriate; and

(C) other relevant information and available resources in this state relating to specialized technology research, including:

(i) expert faculty or research personnel;
available technology and patents obtained;

(iii) the location of and policies for the use of available research equipment;

(iv) public grants or contracts awarded; and

(v) the process through which any stem cells and stem cell lines utilized were derived.

(c) The study shall examine the current state of access to public information about specialized technology research projects and shall assess the best methods of facilitating access to the information. In addition, the study shall consider what information should be accessible by the general public and what information, if any, should have restricted access.

(d) The committee shall be composed of:

(1) representatives of the following institutions, with one member named by each institution: The University of Texas at Austin, Texas A&M University, Texas Tech University, the University of Houston, the University of North Texas, The University of Texas at Arlington, The University of Texas at Dallas, The University of Texas at El Paso, and The University of Texas at San Antonio; and

(2) a number of members appointed by the Texas Higher Education Coordinating Board as the coordinating board considers appropriate to represent the coordinating board, data collection providers, and the technology industry.

(e) On the request of the committee, a general academic
institution of higher education, research facility of a general academic institution of higher education, or other facility operated by a state agency shall provide to the Texas Higher Education Coordinating Board or advisory committee any information necessary for the board or advisory committee to perform its duties under this section.

(f) Not later than December 1, 2010, the committee shall report the committee's findings and recommendations to the lieutenant governor, the speaker of the house of representatives, and the governor. The committee shall include in its recommendations specific legislation that the committee considers desirable to address the need for and feasibility of establishing a data collection as determined by the committee's findings.

(g) The committee is abolished and this section expires January 16, 2011.

SECTION 19. (a) The Texas Higher Education Coordinating Board, in consultation with institutions of higher education that are eligible institutions under Subchapter C, Chapter 62, Education Code, as added by this Act, shall study and make recommendations regarding the appropriate definitions and categories of research expenditures to be included and applied in determining an institution's eligibility for and distributions from the Research University Development Fund.

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

(1) governor;

(2) lieutenant governor;
section 20. The Texas Higher Education Coordinating Board shall adopt rules relating to the administration of Subchapters C, D, F, and G, Chapter 62, Education Code, as added by this Act, as soon as practicable after the effective date of this Act.

section 21. (a) Except as provided by Subsections (b), (c), (d), and (e) of this section, this Act takes effect September 1, 2009.

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

(c) The funding for Section 13 of this Act is contingent on the approval by the voters of the constitutional amendment proposed by the 81st Legislature, Regular Session, 2009, establishing the national research university fund to enable emerging research
H.B. No. 51

1 universities in this state to achieve national prominence as major
2 research universities and transferring the balance of the higher
3 education fund to the national research university fund. If that
4 constitutional amendment is not approved by the voters, Sections 14
5 and 16 of this Act do not take effect.
6
7 (d) This Act does not make an appropriation. This Act takes
8 effect only if a specific appropriation for the implementation of
9 this Act is provided in a general appropriations act of the 81st
10 Legislature.
11
12 (e) The sections of this Act amending Sections 62.021 and
13 62.024, Education Code, take effect immediately if this Act
14 receives a vote of two-thirds of all the members elected to each
15 house, as provided by Section 39, Article III, Texas Constitution.
16 If this Act does not receive the vote necessary for immediate
17 effect, those sections take effect September 1, 2009. Subsection
18 (d) of this section does not apply to the sections of this Act that
H.B. No. 51

I certify that H.B. No. 51 was passed by the House on April 24, 2009, by the following vote: Yeas 137, Nays 0, 1 present, not voting; that the House refused to concur in Senate amendments to H.B. No. 51 on May 29, 2009, and requested the appointment of a conference committee to consider the differences between the two houses; and that the House adopted the conference committee report on H.B. No. 51 on May 31, 2009, by the following vote: Yeas 141, Nays 4, 1 present, not voting.

Chief Clerk of the House
H.B. No. 51

I certify that H.B. No. 51 was passed by the Senate, with amendments, on May 26, 2009, by the following vote: Yeas 31, Nays 0; at the request of the House, the Senate appointed a conference committee to consider the differences between the two houses; and that the Senate adopted the conference committee report on H.B. No. 51 on May 31, 2009, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: __________________

Date

________________________
Governor