

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5/26/2023

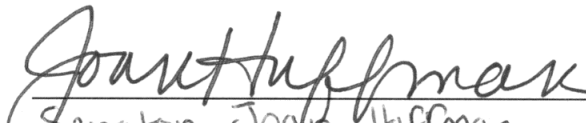
Date

Honorable Dan Patrick
President of the Senate

Honorable Dade Phelan
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HOUSE BILL 1595 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.



Senator Joan Huffman




Senator Donna Campbell

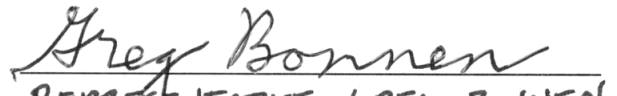


Senator Brandon Creighton

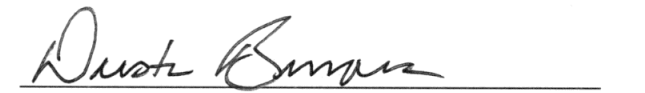
Senator Kelly Hancock



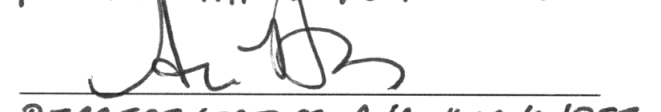
On the part of the Senate
Senator Robert Nichols



REPRESENTATIVE GREG BONNEN



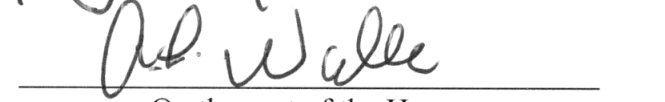
REPRESENTATIVE DUSTIN BURROWS



REPRESENTATIVE ANA HERNANDEZ



REPRESENTATIVE JOHN KUEMPEL



On the part of the House
REPRESENTATIVE ARMANDO WALLE

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 1595

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the administration and investment of, and distribution
3 and use of money from, certain constitutional and statutory funds
4 to support general academic teaching institutions in achieving
5 national prominence as major research universities and driving the
6 state economy.

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

8 SECTION 1. Section 51.406(c), Education Code, is amended to
9 read as follows:

10 (c) A rule or policy of a state agency, including the Texas
11 Higher Education Coordinating Board, in effect on June 1, 2011,
12 that requires reporting by a university system or an institution of
13 higher education has no effect on or after September 1, 2013, unless
14 the rule or policy is affirmatively and formally readopted before
15 that date by formal administrative rule published in the Texas
16 Register and adopted in compliance with Chapter 2001, Government
17 Code. This subsection does not apply to:

18 (1) a rule or policy for which the authorizing statute
19 is listed in Subsection (b);

20 (2) a rule or policy for which the authorizing statute
21 is repealed on or before September 1, 2013, by legislation enacted
22 by the legislature that becomes law; or

23 (3) a report required under any of the following
24 provisions:

- 1 (A) Article 59.06(g)(1), Code of Criminal
- 2 Procedure;
- 3 (B) Section 51.005;
- 4 (C) Section 51.0051;
- 5 (D) Subchapter F-1 of this chapter;
- 6 (E) Section 51.402;
- 7 (F) Section 56.039;
- 8 (G) Section 61.059;
- 9 (H) [~~Section 62.095(b)~~;
- 10 [~~I~~] Section 62.098;
- 11 I [~~J~~] Section 411.187(b), Government Code;
- 12 J [~~K~~] Subchapter C, Chapter 606, Government
- 13 Code;
- 14 K [~~L~~] Subchapter E, Chapter 815, Government
- 15 Code; or
- 16 L [~~M~~] Chapter 1551, Insurance Code.

17 SECTION 2. Section 62.092(2), Education Code, is amended to
18 read as follows:

19 (2) "Eligible institution" means a general academic
20 teaching institution as defined by Section 61.003, other than:

21 (A) The University of Texas at Austin or Texas
22 A&M University; or

23 (B) an institution of higher education described
24 by Section 62.132(2) or 62.145.

25 SECTION 3. Section 62.095, Education Code, is amended to
26 read as follows:

27 Sec. 62.095. APPROPRIATION OF FUND TO ELIGIBLE

1 INSTITUTIONS. [~~(a)~~] In each state fiscal year, amounts shall be
2 appropriated to eligible institutions in the same manner that
3 research performance funding is appropriated to institutions
4 eligible to receive funding from the Texas University Fund under
5 Section 62.1482(a) [~~based on the average amount of restricted~~
6 ~~research funds expended by each institution per year for the three~~
7 ~~preceding state fiscal years)].~~

8 [~~(b) For purposes of Subsection (a), the amount of~~
9 ~~restricted research funds expended by an institution in a fiscal~~
10 ~~year is the amount of those funds as reported to the coordinating~~
11 ~~board by the institution for that fiscal year, subject to any~~
12 ~~adjustment by the coordinating board in accordance with the~~
13 ~~standards and accounting methods the coordinating board prescribes~~
14 ~~under Section 62.096.~~]

15 SECTION 4. The heading to Subchapter F-1, Chapter 62,
16 Education Code, is amended to read as follows:

17 SUBCHAPTER F-1. NATIONAL [~~CORE~~] RESEARCH SUPPORT FUND

18 SECTION 5. Section 62.131, Education Code, is amended to
19 read as follows:

20 Sec. 62.131. PURPOSE. The national [~~core~~] research support
21 fund is established to provide funding to promote increased
22 research capacity at certain institutions of higher education
23 eligible to participate in the available university fund [~~emerging~~
24 ~~research universities)].~~

25 SECTION 6. Section 62.132, Education Code, is amended by
26 amending Subdivisions (2) and (3) and adding Subdivision (4) to
27 read as follows:

1 (2) "Eligible institution" means a general academic
2 teaching [an] institution [of higher education] that:

3 (A) is entitled to participate in the funding
4 provided by Section 18, Article VII, Texas Constitution;

5 (B) spent on average at least the following
6 amount in federal and private research funds per state fiscal year
7 during the preceding three state fiscal years:

8 (i) for the state fiscal year beginning
9 September 1, 2023, \$20 million; or

10 (ii) for a state fiscal year beginning on or
11 after September 1, 2024, the amount determined under this paragraph
12 for the preceding state fiscal year adjusted by the increase, if
13 any, in the general price level during the preceding state fiscal
14 year, as determined by the coordinating board on the basis of
15 changes in the consumer price index published by the Bureau of Labor
16 Statistics of the United States Department of Labor or a successor
17 agency; and

18 (C) awarded on average at least 45 research
19 doctoral degrees per academic year during the preceding three
20 academic years [is designated as an emerging research university
21 under the coordinating board's accountability system].

22 (3) "Fund" means the national [core] research support
23 fund.

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

26 SECTION 7. Section 62.133, Education Code, is amended to
27 read as follows:

1 Sec. 62.133. FUNDING. The national [~~core~~] research support
2 fund consists of money appropriated by the legislature to eligible
3 institutions for the purposes of this subchapter.

4 SECTION 8. Subchapter F-1, Chapter 62, Education Code, is
5 amended by adding Section 62.1335 to read as follows:

6 Sec. 62.1335. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM
7 FUND. (a) A general academic teaching institution becomes
8 eligible to receive an initial distribution of money appropriated
9 under this subchapter for a state fiscal year if the institution:

10 (1) is entitled to participate in the funding provided
11 by Section 18, Article VII, Texas Constitution;

12 (2) spent on average at least \$20 million in federal
13 and private research funds per state fiscal year during the
14 preceding three state fiscal years; and

15 (3) awarded on average at least 45 research doctoral
16 degrees per academic year during the preceding three academic
17 years.

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

22 SECTION 9. Section 62.134, Education Code, is amended to
23 read as follows:

24 Sec. 62.134. APPROPRIATION OF FUND TO ELIGIBLE
25 INSTITUTIONS. In each state fiscal year, amounts shall be
26 appropriated to eligible institutions in the same manner that
27 research performance funding is appropriated to institutions

1 eligible to receive funding from the Texas University Fund under
2 Section 62.1482 [as follows:

3 ~~[(1) 50 percent based on the average amount of~~
4 ~~restricted research funds expended by each institution per year for~~
5 ~~the three preceding state fiscal years, determined in the manner~~
6 ~~described by Section 62.095(b), and~~

7 ~~[(2) 50 percent based on the average amount of total~~
8 ~~research funds expended by each institution per year for the three~~
9 ~~preceding state fiscal years, determined in the manner described by~~
10 ~~Section 62.053(b)].~~

11 SECTION 10. The heading to Subchapter G, Chapter 62,
12 Education Code, is amended to read as follows:

13 SUBCHAPTER G. TEXAS ~~[NATIONAL RESEARCH]~~ UNIVERSITY FUND

14 SECTION 11. Section 62.141, Education Code, is amended to
15 read as follows:

16 Sec. 62.141. PURPOSE. The purpose of this subchapter is to
17 allocate appropriations from the Texas University Fund ~~[national~~
18 ~~research university fund]~~ to provide a dedicated, independent, and
19 equitable source of funding to enable certain general academic
20 teaching institutions ~~[emerging research universities in this~~
21 ~~state]~~ to achieve national prominence as major research
22 universities and drive the state economy.

23 SECTION 12. Section 62.142, Education Code, is amended by
24 amending Subdivision (3) and adding Subdivision (5) to read as
25 follows:

26 (3) "Fund" means the Texas University Fund ~~[national~~
27 ~~research university fund]~~.

1 (5) "Trust company" means the Texas Treasury
2 Safekeeping Trust Company.

3 SECTION 13. Section 62.143, Education Code, is amended to
4 read as follows:

5 Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a)
6 The Texas University Fund [~~national research university fund~~] is a
7 fund outside the state treasury held by [~~in the custody of~~] the
8 comptroller and administered by the trust company.

9 (b) The trust company [~~comptroller~~] shall administer and
10 invest the fund in accordance with Section 20, Article VII, Texas
11 Constitution.

12 (c) The trust company shall determine the amount available
13 for distribution from the fund in accordance with a distribution
14 policy adopted by the comptroller that is designed to:

15 (1) preserve the purchasing power of the fund's assets
16 over an economic cycle, subject to the liquidity needs of the fund;
17 and

18 (2) provide as nearly as practicable a stable and
19 predictable stream of annual distributions.

20 SECTION 14. Section 62.144, Education Code, is amended to
21 read as follows:

22 Sec. 62.144. FUNDING. (a) The fund consists of:

23 (1) money [~~any amounts~~] appropriated or transferred to
24 the credit of the fund;

25 (2) gifts and grants contributed to the fund; and

26 (3) the interest and other earnings attributable to
27 the investment of money in the fund [~~under the Texas Constitution or~~

1 ~~otherwise appropriated or transferred to the credit of the fund~~
2 ~~under this section or another law].~~

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

6 [(e)] The comptroller may solicit and accept gifts or grants
7 from any public or private source for the fund.

8 SECTION 15. Section 62.145, Education Code, is amended to
9 read as follows:

10 Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM
11 FUND. (a) The following general academic teaching institutions
12 are eligible to receive distributions under this subchapter for
13 each state fiscal year:

- 14 (1) Texas State University;
15 (2) Texas Tech University;
16 (3) the University of Houston; and
17 (4) the University of North Texas.

18 (b) A general academic teaching institution not listed in
19 Subsection (a) becomes eligible to receive an initial distribution
20 of money appropriated under this subchapter for a state fiscal year
21 if:

- 22 (1) the institution:
23 (A) is not entitled to participate in the funding
24 provided by Section 18, Article VII, Texas Constitution;
25 (B) spent on average at least the following
26 amount in federal and private research funds per state fiscal year
27 during the preceding three state fiscal years:

1 (i) for the state fiscal year beginning
2 September 1, 2023, \$20 million; or

3 (ii) for a state fiscal year beginning on or
4 after September 1, 2024, the amount determined under this paragraph
5 for the preceding state fiscal year adjusted by the increase, if
6 any, in the general price level during the preceding state fiscal
7 year, as determined by the coordinating board on the basis of
8 changes in the consumer price index published by the Bureau of Labor
9 Statistics of the United States Department of Labor or a successor
10 agency; and

11 (C) awarded on average at least 45 research
12 doctoral degrees per academic year during the preceding three
13 academic years; and

14 (2) the legislature appropriates money to the fund in
15 an amount that is sufficient to ensure as nearly as practicable a
16 stable and predictable stream of annual distributions from the fund
17 to each eligible institution and may not be less than the difference
18 between:

19 (A) the quotient of:

20 (i) the market value of the fund on
21 September 1 of the state fiscal year in which the institution would
22 receive the initial distribution; and

23 (ii) the difference between one and the
24 institution's percentage share of the fund for the state fiscal
25 year in which the institution would receive the initial
26 distribution, as determined by coordinating board rule; and

27 (B) the market value of the fund on September 1 of

1 the state fiscal year in which the institution would receive the
2 initial distribution ~~[is designated as an emerging research~~
3 ~~university under the coordinating board's accountability system;~~

4 ~~[(2) in each of the two state fiscal years preceding~~
5 ~~the state fiscal year for which the appropriation is made, the~~
6 ~~institution expended at least \$45 million in restricted research~~
7 ~~funds; and~~

8 ~~[(3) the institution satisfies at least four of the~~
9 ~~following criteria:~~

10 ~~[(A) the value of the institution's endowment~~
11 ~~funds is at least \$400 million in each of the two state fiscal years~~
12 ~~preceding the state fiscal year for which the appropriation is~~
13 ~~made;~~

14 ~~[(B) the institution awarded at least 200 doctor~~
15 ~~of philosophy degrees during each of the two academic years~~
16 ~~preceding the state fiscal year for which the appropriation is~~
17 ~~made;~~

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

24 ~~[(D) the institution is designated as a member of~~
25 ~~the Association of Research Libraries or has a Phi Beta Kappa~~
26 ~~chapter or has received an equivalent recognition of research~~
27 ~~capabilities and scholarly attainment as determined according to~~

1 ~~standards prescribed by the coordinating board by rule,~~

2 [~~(E) the faculty of the institution for each of~~
3 ~~those two academic years was of high quality, as determined~~
4 ~~according to coordinating board standards based on the professional~~
5 ~~achievement and recognition of the institution's faculty,~~
6 ~~including the election of faculty members to national academies,~~
7 ~~and~~

8 [~~(F) for each of those two academic years, the~~
9 ~~institution has demonstrated a commitment to high-quality graduate~~
10 ~~education, as determined according to standards prescribed by the~~
11 ~~coordinating board by rule, including standards relating to the~~
12 ~~number of graduate-level programs at the institution, the~~
13 ~~institution's admission standards for graduate programs, and the~~
14 ~~level of institutional support for graduate students].~~

15 (c) [~~(b)~~] A general academic teaching institution that
16 becomes eligible to receive a distribution of money under this
17 subchapter remains eligible to receive a distribution in each
18 subsequent state fiscal year.

19 SECTION 16. Sections 62.148(a), (b), and (c), Education
20 Code, are amended to read as follows:

21 (a) In each state fiscal year, the comptroller shall
22 distribute to eligible institutions in accordance with this
23 subchapter [~~section~~] money appropriated from the fund for that
24 fiscal year.

25 (b) The total amount appropriated from the fund for any
26 state fiscal year may not exceed an amount equal to 7.0 [~~4.5~~]
27 percent of the average net market value of the investment assets of

1 the fund, as determined by the comptroller, for a period set by
2 comptroller policy [~~the 12 consecutive state fiscal quarters ending~~
3 ~~with the last quarter of the preceding state fiscal year, as~~
4 ~~determined by the comptroller~~].

5 (c) The [~~Subject to Subsection (e), of the total~~] amount
6 appropriated from the fund for distribution in a state fiscal year
7 must be allocated as follows:

8 (1) 75 percent to the permanent endowment for
9 education and research base funding under Section 62.1481; and

10 (2) 25 percent to the research performance funding
11 under Section 62.1482 [~~, each eligible institution is entitled to a~~
12 ~~distribution in an amount equal to the sum of:~~

13 [~~(1) one-seventh of the total amount appropriated; and~~

14 [~~(2) an equal share of any amount remaining after~~
15 ~~distributions are calculated under Subdivision (1), not to exceed~~
16 ~~an amount equal to one-fourth of that remaining amount]~~.

17 SECTION 17. Subchapter G, Chapter 62, Education Code, is
18 amended by adding Sections 62.1481 and 62.1482 to read as follows:

19 Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND
20 RESEARCH BASE FUNDING. (a) For each state fiscal year, an eligible
21 institution is entitled to a distribution of a portion of the total
22 amount allocated for the permanent endowment for education and
23 research base funding under Section 62.148(c)(1) for that fiscal
24 year. The portion to which an eligible institution is entitled is a
25 fraction computed as follows:

26 (1) subject to Subsection (c), for an institution that
27 spent at least the amount determined under Subsection (b) in

1 federal and private research funds in each of the preceding two
2 state fiscal years, an amount computed by dividing two by the sum
3 of:

4 (A) the number of institutions entitled to
5 receive a distribution under this subdivision multiplied by two;
6 and

7 (B) the number of institutions to which
8 Subdivision (2) applies; or

9 (2) for an institution not described by Subdivision
10 (1), half the amount to which an institution to which Subdivision
11 (1) applies is entitled.

12 (b) For purposes of Subsection (a)(1), the minimum amount in
13 federal and private research funds required to be spent in each of
14 the preceding two state fiscal years is:

15 (1) for the state fiscal year beginning September 1,
16 2023, \$45 million; or

17 (2) for a state fiscal year beginning on or after
18 September 1, 2024, the amount determined under this subsection for
19 the preceding state fiscal year adjusted by the increase, if any, in
20 the general price level during the preceding state fiscal year, as
21 determined by the coordinating board on the basis of changes in the
22 consumer price index published by the Bureau of Labor Statistics of
23 the United States Department of Labor or a successor agency.

24 (c) An eligible institution is entitled to receive a
25 distribution under Subsection (a)(1) only if:

26 (1) in each of the state fiscal years beginning
27 September 1, 2020, and September 1, 2021, the institution spent at

1 least the amount in federal and private research funds described by
2 that subdivision; or

3 (2) the legislature appropriates money to the fund in
4 an amount required by Section 62.145(b)(2).

5 (d) An eligible institution that becomes eligible to
6 receive a distribution under Subsection (a)(1) remains eligible to
7 receive a distribution under that subdivision in each subsequent
8 state fiscal year.

9 Sec. 62.1482. RESEARCH PERFORMANCE FUNDING. (a) From 85
10 percent of the amount allocated for research performance funding
11 under Section 62.148(c)(2) for a state fiscal year, an eligible
12 institution is entitled to a distribution for that fiscal year in an
13 amount proportionate to the average amount of federal and private
14 research funds the institution spends per state fiscal year during
15 the preceding three state fiscal years as compared to the average
16 amount of those funds all eligible institutions spend per state
17 fiscal year during that period.

18 (b) From 15 percent of the amount allocated for research
19 performance funding under Section 62.148(c)(2) for a state fiscal
20 year, an eligible institution is entitled to a distribution for
21 that fiscal year in an amount proportionate to the average number of
22 research doctoral degrees the institution awards per academic year
23 during the preceding three academic years as compared to the
24 average number of those degrees all eligible institutions award per
25 academic year during that period.

26 (c) The coordinating board by rule shall establish a method
27 for determining the amounts to which each eligible institution is

1 entitled under this section.

2 SECTION 18. Sections 62.149(a) and (b), Education Code, are
3 amended to read as follows:

4 (a) An eligible institution may use money received under
5 this subchapter only for the support and maintenance of educational
6 and general activities that promote increased research capacity at
7 the institution in a manner that aligns with the goals of the
8 state's master plan for higher education developed under Section
9 61.051.

10 (b) For purposes of Subsection (a), the use of money shall
11 be limited to the following permitted activities:

12 (1) providing faculty support and paying faculty
13 salaries;

14 (2) purchasing equipment or library materials;

15 (3) paying graduate stipends; [~~and~~]

16 (4) supporting research performed at the institution,
17 including undergraduate research;

18 (5) increasing technology transfer,
19 commercialization, and patent development; and

20 (6) increasing the number of research doctoral
21 graduates in this state.

22 SECTION 19. Subchapter G, Chapter 62, Education Code, is
23 amended by adding Sections 62.150, 62.151, and 62.152 to read as
24 follows:

25 Sec. 62.150. INSTITUTIONAL ENDOWMENT REPORTING. (a) In
26 this section, "institutional endowment fund" means a fund
27 established to support a general academic teaching institution's

1 mission in perpetuity.

2 (b) For purposes of reporting the amount of an institution's
3 institutional endowment funds, each eligible institution may
4 include as a true endowment, in accordance with coordinating board
5 rule, the institution's share of the market value of the fund
6 corresponding to the share of the permanent endowment for education
7 and research base funding to which the institution is entitled for a
8 state fiscal year as provided by Section 62.1481.

9 Sec. 62.151. DETERMINATION AND REPORT OF AMOUNT OF
10 DISTRIBUTIONS. For each state fiscal biennium, the Legislative
11 Budget Board, in consultation with the coordinating board, shall:

12 (1) determine the amount of each distribution from the
13 fund to which each eligible institution is entitled as provided by
14 this subchapter; and

15 (2) report the determinations made under Subdivision
16 (1) to the legislature and the comptroller.

17 Sec. 62.152. RULES. The coordinating board may adopt rules
18 as necessary to implement this subchapter.

19 SECTION 20. The following provisions of Chapter 62,
20 Education Code, are repealed:

- 21 (1) Sections 62.096(a), (b), and (e);
22 (2) Section 62.135(b);
23 (3) Section 62.142(2);
24 (4) Sections 62.146 and 62.147; and
25 (5) Sections 62.148(d), (e), and (f).

26 SECTION 21. This Act takes effect January 1, 2024, but only
27 if the constitutional amendment proposed by the 88th Legislature,

H.B. No. 1595

1 Regular Session, 2023, relating to the Texas University Fund, which
2 provides funding to certain institutions of higher education to
3 achieve national prominence as major research universities and
4 drive the state economy is approved by the voters. If that
5 amendment is not approved by the voters, this Act has no effect.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

SECTION 1. Section 51.406(c), Education Code, is amended.

SECTION 1. Same as House version.

SECTION 1. Same as House version.

SECTION 2. Section 62.092(2), Education Code, is amended.

SECTION 2. Same as House version.

SECTION 2. Same as House version.

SECTION 3. Section 62.095, Education Code, is amended.

SECTION 3. Same as House version.

SECTION 3. Same as House version.

No equivalent provision.

SECTION 4. The heading to Subchapter F-1, Chapter 62, Education Code, is amended to read as follows:
SUBCHAPTER F-1. NATIONAL [~~CORE~~] RESEARCH SUPPORT FUND

SECTION 4. Same as Senate version.

SECTION 4. Section 62.131, Education Code, is amended to read as follows:

Sec. 62.131. PURPOSE. The *core* research support fund is established to provide funding to promote increased research capacity at certain institutions of higher education eligible to participate in the available university fund [~~emerging research universities~~].

SECTION 5. Section 62.131, Education Code, is amended to read as follows:

Sec. 62.131. PURPOSE. The *national* [~~core~~] research support fund is established to provide funding to promote increased research capacity at certain institutions of higher education eligible to participate in the available university fund [~~emerging research universities~~].

SECTION 5. Same as Senate version.

SECTION 5. Section 62.132, Education Code, is amended by amending Subdivision (2) and adding Subdivision (4) to read as follows:

(2) "Eligible institution" means a general academic teaching [~~an~~] institution [~~of higher education~~] that:

(A) is entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

(B) spent on average at least the following amount in federal and private research funds per state fiscal year during the preceding three state fiscal years:

(i) for the state fiscal year beginning September 1, 2023, \$20 million; or

SECTION 6. Section 62.132, Education Code, is amended by amending Subdivisions (2) and (3) and adding Subdivision (4) to read as follows:

(2) "Eligible institution" means a general academic teaching [~~an~~] institution [~~of higher education~~] that is eligible to receive distributions of money under this subchapter

SECTION 6. Same as House version except that the definition of "fund" is included from the Senate version and, with respect to the definition of "eligible institution," the adjustment is in accordance with any increase in the *general price level* during the preceding state fiscal year.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(ii) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this paragraph for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency; and

(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years [is designated as an emerging research university under the coordinating board's accountability system].

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

No equivalent provision.

No equivalent provision. (But see SECTION 5 above.)

~~[designated as an emerging research university under the coordinating board's accountability system].~~

(3) "Fund" means the national [eore] research support fund.

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

SECTION 7. Section 62.133, Education Code, is amended to read as follows:

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

SECTION 8. Subchapter F-1, Chapter 62, Education Code, is amended by adding Section 62.1335 to read as follows:

Sec. 62.1335. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND. (a) A general academic teaching institution becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if the institution:

(1) is entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;

SECTION 7. Same as Senate version.

SECTION 8. Same as Senate version.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(2) spent on average at least \$20 million in federal and private research funds per state fiscal year during the preceding three state fiscal years; and
(3) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years.
(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.

SECTION 6. Section 62.134, Education Code, is amended.

SECTION 9. Same as House version.

SECTION 9. Same as House version.

SECTION 7. The heading to Subchapter G, Chapter 62, Education Code, is amended.

SECTION 10. Same as House version.

SECTION 10. Same as House version.

SECTION 8. Section 62.141, Education Code, is amended.

SECTION 11. Same as House version.

SECTION 11. Same as House version.

SECTION 9. Subchapter G, Chapter 62, Education Code, is amended by adding Section 62.1415 to read as follows:
Sec. 62.1415. REFERENCES TO TEXAS UNIVERSITY FUND. (a) In this subchapter, a reference to the Texas University Fund means the national research university fund.
(b) In other law, the national research university fund may be referred to as the Texas University Fund.

No equivalent provision. SECTION 12. [Deleted by FA1(1)]

Same as Senate version.

SECTION 10. Section 62.142, Education Code, is amended.

SECTION 13. Same as House version.

SECTION 12. Same as House version.

SECTION 11. Section 62.143, Education Code, is amended to read as follows:
Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a) The Texas University Fund [~~national research~~

SECTION 14. Section 62.143, Education Code, is amended to read as follows:
Sec. 62.143. ADMINISTRATION AND INVESTMENT OF FUND. (a) The Texas University Fund [~~national research~~

SECTION 13. Same as Senate version.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

~~university fund~~ is a fund outside the state treasury held by [~~in the custody of~~] the comptroller and administered by the trust company.

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

(c) The trust company shall determine the amount available for distribution from the fund in accordance with a distribution policy adopted by the comptroller that is designed to:

(1) preserve the purchasing power of the fund's assets over a rolling 10-year period, subject to the liquidity needs of the fund; and

(2) provide a stable and predictable stream of annual distributions.

SECTION 12. Section 62.144, Education Code, is amended.

SECTION 13. Section 62.145, Education Code, is amended to read as follows:

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND.

(a)

(b) A general academic teaching institution not listed in Subsection (a) becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

SENATE VERSION (IE)

~~university fund~~ is a fund outside the state treasury held by [~~in the custody of~~] the comptroller and administered by the trust company.

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

(c) The trust company shall determine the amount available for distribution from the fund in accordance with a distribution policy adopted by the comptroller that is designed to:

(1) preserve the purchasing power of the fund's assets over an economic cycle, subject to the liquidity needs of the fund; and

(2) provide as nearly as practicable a stable and predictable stream of annual distributions. [FA1(2)]

SECTION 15. Same as House version.

SECTION 16. Section 62.145, Education Code, is amended to read as follows:

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND.

(a) Same as House version.

(b) A general academic teaching institution not listed in Subsection (a) becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

CONFERENCE

SECTION 14. Same as House version.

SECTION 15. Section 62.145, Education Code, is amended to read as follows:

Sec. 62.145. ELIGIBILITY TO RECEIVE DISTRIBUTIONS FROM FUND.

(a) Same as House version.

(b) A general academic teaching institution not listed in Subsection (a) becomes eligible to receive an initial distribution of money appropriated under this subchapter for a state fiscal year if:

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(1) the institution;
(A) is not entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;
(B) spent on average *at least the following amount* in federal and private research funds per state fiscal year during the preceding three state fiscal years:
(i) for the state fiscal year beginning September 1, 2023, \$20 million; or
(ii) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this paragraph for the preceding state fiscal year adjusted by the increase, if any, in the *rate of inflation* during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency; and
(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and

(2) the legislature appropriates money to the fund in an amount sufficient to ensure *that, for the first state fiscal year for which the institution would receive the distribution, the market value of each other eligible institution's share of the distribution of money under this subchapter for that fiscal year is at least the same as the market value of that share for the state fiscal year immediately preceding the state fiscal year in which the additional institution becomes eligible for a distribution under this subsection*

(1) the institution;
(A) is not entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;
(B) spent on average *at least \$20 million* in federal and private research funds per state fiscal year during the preceding three state fiscal years; and

(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and

(2) the legislature appropriates money to the fund in an amount *that is* sufficient to ensure *as nearly as practicable a stable and predictable stream of annual distributions from the fund to each eligible institution and may not be less than the difference between:*
(A) the quotient of:
(i) the market value of the fund on September 1 of the state fiscal year in which the institution would receive the initial distribution; and
(ii) the difference between one and the institution's percentage share of the fund for the state fiscal year in which the institution would receive the initial distribution, as

(1) the institution;
(A) is not entitled to participate in the funding provided by Section 18, Article VII, Texas Constitution;
(B) spent on average *at least the following amount* in federal and private research funds per state fiscal year during the preceding three state fiscal years:
(i) for the state fiscal year beginning September 1, 2023, \$20 million; or
(ii) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this paragraph for the preceding state fiscal year adjusted by the increase, if any, in the *general price level* during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency; and
(C) awarded on average at least 45 research doctoral degrees per academic year during the preceding three academic years; and

(2) Same as Senate version.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

determined by coordinating board rule; and
(B) the market value of the fund on September 1 of the state
fiscal year in which the institution would receive the initial
distribution

~~[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 year for which the appropriation is made, 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 in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;~~

~~[(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;~~

~~[(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;~~

~~[(E) 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;~~

~~[is designated as an emerging research university under the coordinating board's accountability system; [FA1(3)]~~

~~[(2) in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made, 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 in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;~~

~~[(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;~~

~~[(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;~~

~~[(E) 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;~~

~~[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 year for which the appropriation is made, 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 in each of the two state fiscal years preceding the state fiscal year for which the appropriation is made;~~

~~[(B) the institution awarded at least 200 doctor of philosophy degrees during each of the two academic years preceding the state fiscal year for which the appropriation is made;~~

~~[(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;~~

~~[(E) 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;~~

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

~~including the election of faculty members to national academies; and
[(F) for each of those two academic years, the institution has demonstrated a commitment to high-quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to 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].~~

~~(c) [(b)]~~

SECTION 14. Sections 62.148 is amended. Among other provisions, Subsection (b) is amended to read as follows:

(b) The total amount appropriated from the fund for any state fiscal year may not exceed an amount equal to 7.0 ~~[4.5]~~ percent of the average net market value of the investment assets of the fund, ~~as determined by the comptroller, for a period set by comptroller rule [the 12 consecutive state fiscal quarters ending with the last quarter of the preceding state fiscal year, as determined by the comptroller].~~

SECTION 15. Subchapter G, Chapter 62, Education Code, is amended. Among other provisions, Section 62.1481 is added to read as follows:

Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND RESEARCH BASE FUNDING.

(a) For each state fiscal year, an eligible institution is entitled

SENATE VERSION (IE)

~~including the election of faculty members to national academies; and
[(F) for each of those two academic years, the institution has demonstrated a commitment to high-quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to 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].~~

~~(c) [(b)]~~ Same as House version.

SECTION 17. Same as House version except the period is to be set by comptroller *policy*.

SECTION 18. Subchapter G, Chapter 62, Education Code, is amended. Among other provisions, Section 62.1481 is added to read as follows:

Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND RESEARCH BASE FUNDING.

(a) For each state fiscal year, an eligible institution is entitled

CONFERENCE

~~including the election of faculty members to national academies; and
[(F) for each of those two academic years, the institution has demonstrated a commitment to high-quality graduate education, as determined according to standards prescribed by the coordinating board by rule, including standards relating to 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].~~

~~(c) [(b)]~~ ~~(c) [(b)]~~ Same as House version.

SECTION 16. Same as Senate version.

SECTION 17. Subchapter G, Chapter 62, Education Code, is amended. Among other provisions, Section 62.1481 is added to read as follows:

Sec. 62.1481. PERMANENT ENDOWMENT FOR EDUCATION AND RESEARCH BASE FUNDING.

(a) Same as House version.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

to a distribution of a portion of the total amount allocated for the permanent endowment for education and research base funding under Section 62.148(c)(1) for that fiscal year. The portion to which an eligible institution is entitled is a fraction computed as follows:

(1) subject to Subsection (c), for an institution that spent at least **the amount determined under Subsection (b)** in federal and private research funds in each of the preceding two state fiscal years, an amount computed by dividing two by the sum of:

(A) the number of institutions entitled to receive a distribution under this subdivision multiplied by two; and

(B) the number of institutions to which Subdivision (2) applies; or

(2) for an institution not described by Subdivision (1), half the amount to which an institution to which Subdivision (1) applies is entitled.

(b) For purposes of Subsection (a)(1), the minimum amount in federal and private research funds required to be spent in each of the preceding two state fiscal years is:

(1) for the state fiscal year beginning September 1, 2023, \$45 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in the **rate of inflation** during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

SENATE VERSION (IE)

to a distribution of a portion of the total amount allocated for the permanent endowment for education and research base funding under Section 62.148(c)(1) for that fiscal year. The portion to which an eligible institution is entitled is a fraction computed as follows:

(1) subject to Subsection (b), for an institution that spent at least **\$45 million** in federal and private research funds in each of the preceding two state fiscal years, an amount computed by dividing two by the sum of:

(A) the number of institutions entitled to receive a distribution under this subdivision multiplied by two; and

(B) the number of institutions to which Subdivision (2) applies; or

(2) for an institution not described by Subdivision (1), half the amount to which an institution to which Subdivision (1) applies is entitled.

No equivalent provision.

CONFERENCE

(b) For purposes of Subsection (a)(1), the minimum amount in federal and private research funds required to be spent in each of the preceding two state fiscal years is:

(1) for the state fiscal year beginning September 1, 2023, \$45 million; or

(2) for a state fiscal year beginning on or after September 1, 2024, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in the **general price level** during the preceding state fiscal year, as determined by the coordinating board on the basis of changes in the consumer price index published by the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

(c) An eligible institution is entitled to receive a distribution under Subsection (a)(1) only if:

(1) in each of the state fiscal years beginning September 1, 2020, and September 1, 2021, the institution spent at least the amount in federal and private research funds described by **Subsection (b)(1)**; or

(2) the legislature appropriates money to the fund in an amount **sufficient to ensure that, for the first state fiscal year for which the institution would receive a distribution under that subdivision, the market value of each other eligible institution's share of the distribution under that subdivision for that fiscal year is at least the same as the market value of that share for the state fiscal year immediately preceding the state fiscal year in which the institution becomes eligible for a distribution under that subdivision.**

(d)

SECTION 16. Sections 62.149(a) and (b), Education Code, are amended.

SECTION 17. Subchapter G, Chapter 62, Education Code, is amended.

SECTION 18. Repealers.

SECTION 19. This Act takes effect **September 1, 2023**.

(b) An eligible institution is entitled to receive a distribution under Subsection (a)(1) only if:

(1) in each of the state fiscal years beginning September 1, 2020, and September 1, 2021, the institution spent at least the amount in federal and private research funds described by **that subdivision**; or

(2) the legislature appropriates money to the fund in an amount **required by Section 62.145(b)(2)**. [FA1(5)]

(c) Same as House version.

SECTION 19. Same as House version.

SECTION 20. Same as House version.

SECTION 21. Same as House version.

SECTION 22. [Deleted by FA1(6)]

SECTION __. This Act takes effect **January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, relating to the Texas**

(c) Same as Senate version.

(d) Same as House version.

SECTION 18. Same as House version.

SECTION 19. Same as House version.

SECTION 20. Same as House version.

SECTION 21. Same as Senate version.

House Bill 1595
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

University Fund, which provides funding to certain institutions of higher education to achieve national prominence as major research universities and drive the state economy is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.
[FA1(6)]

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 27, 2023

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1595 by Bonnen (Relating to the administration and investment of, and distribution and use of money from, certain constitutional and statutory funds to support general academic teaching institutions in achieving national prominence as major research universities and driving the state economy.), **Conference Committee Report**

The fiscal implications of the bill cannot be determined at this time because the timing and amounts of any appropriations from the Texas University Fund are unknown.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would redesignate the National Research University Fund as the Texas University Fund and amend the administration and investment, eligibility criteria, and distribution methodology of the fund to eligible institutions. The bill also would increase the maximum amount of money that may be distributed from the fund in a fiscal year.

The bill would require the Texas Higher Education Coordinating Board (THECB), by rule, to establish a method for determining the distribution amounts to eligible institutions.

The bill would require the Legislative Budget Board, in consultation with the THECB, to determine the amount of each distribution from the Texas University Fund to eligible institutions and report the determinations to the Legislature and the Comptroller.

The bill would amend the name, eligibility requirements, and allocation methodology for the Core Research Support Fund. The bill would also amend the allocation methodology for the Texas Comprehensive Research Fund.

The fiscal implications of the bill cannot be determined at this time because the timing and amounts of any appropriations from the Texas University Fund are unknown.

Based on analysis from the THECB and Comptroller, there would be no administrative cost to either agency to implement the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

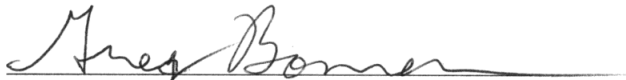
Source Agencies: 304 Comptroller of Public Accounts, 781 Higher Education Coordinating Board

LBB Staff: JMc, CMA, JSM, CFI, SD, KK, MOc, NV

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not a sustainable point of order.

I certify that a copy of the conference committee report on HB 1595 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before paper copies of the report were submitted to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.


(Signature)

5/28/2023
(Date)