

BILL ANALYSIS

Senate Research Center
77R5184 KSD-D

S.B. 737
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Finance
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DIGEST AND PURPOSE

Currently, Texas ranks second in the nation in the total number of high-tech jobs and first in terms of jobs created since 1990. Important to these high-tech industries is scientific research in which new technologies are developed and commercialized and spin-off companies are formed. There is a need to expand upon the current research taking place at major research universities such as the University of Texas at Austin and Texas A&M University. S.B. 737 creates the Texas Excellence Fund to promote increased research capacity and to develop institutional excellence at universities participating in the Higher Education Fund.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 62, Education Code, by adding Subchapter C, as follows:

SUBCHAPTER C. TEXAS EXCELLENCE FUND

Sec. 62.051. PURPOSE. Establishes the Texas excellence fund (fund) to provide funding to promote increased research capacity and to develop institutional excellence at eligible general academic teaching institutions in order to ensure that Texas and its workforce remain at the forefront of scientific and technological innovation.

Sec. 62.052. DEFINITIONS. Defines “eligible comprehensive research university” and “eligible general academic teaching institution.”

Sec. 62.053. ADMINISTRATION. Provides that the fund is a fund outside the state treasury in the custody of the comptroller. Requires the comptroller to administer and invest the fund.

Sec. 62.054. FUNDING. (a) Authorizes the legislature to appropriate or provide for the transfer of any available money to the credit of the fund.

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

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

(d) Authorizes an institution to use money appropriated from the fund only for the support and maintenance of educational and general activities, including research and student services, that promote increased research capacity and develop institutional excellence at the institution.

Sec. 62.055. APPROPRIATION AND ALLOCATION OF FUND TO ELIGIBLE INSTITUTIONS. (a) Authorizes the legislature, in each state fiscal year, to appropriate all or part of the money in the fund to eligible comprehensive research universities and other eligible general academic teaching institutions in a specified manner.

(b) Provides that Subsection (a) does not apply to the allocation of money appropriated from the fund for the state fiscal biennium ending August 31, 2003. Provides that for each fiscal year in the state fiscal biennium ending August 31, 2003, the money appropriated from the fund is allocated among the eligible general academic teaching institutions, including eligible comprehensive research universities, as provided by the General Appropriations Act. Provides that this subsection expires January 1, 2004.

SECTION 2. Amends Sections 62.025(a) and (c), Education Code, as follows:

(a) Adds language to set forth the manner in which the comptroller is required to deposit the first \$50 million that comes in the state at the beginning of each state fiscal year and that is not dedicated by other law.

(c) Adds language to specify that the deposit required by the section be made to the higher education fund. Requires the comptroller, in each state fiscal year that begins on or after the date the higher education fund reaches a value of \$2 billion, to deposit to the credit of the fund established under Subchapter C from the first money that comes to the state at the beginning of that fiscal year an amount equal to the income earned from investment of the higher education fund in the preceding state fiscal year as certified by the comptroller, not to exceed \$50 million.

SECTION 3. Amends Sections 62.026(b) and (d), Education Code, as follows:

(b) Changes reference of “\$50 million” to “amount.”

(d) Adds language to require the comptroller, in consultation with the presiding officers of the governing boards of the institutions eligible to benefit from the income from the investment of the fund under Section 17, Article VII, Texas Constitution, to invest the fund in a manner that maximizes the amount of income earned and gains realized from the investment of the fund.

SECTION 4. Effective date: September 1, 2001.