

BILL ANALYSIS

Senate Research Center
79R9628 KEL-D

S.B. 1695
By: Duncan
Finance
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As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Higher Education Assistance Fund (HEAF) was created by constitutional amendments as a counterpart to the Permanent University Fund (PUF) for Texas public institutions of higher education not receiving funds from the PUF. Distributions are made to eligible institutions via formula allocation. The formula is based on three elements: space deficit, facility condition, and institutional complexity.

Once every five years, the legislature is authorized to update the institutional formula elements and reallocate HEAF distributions. In addition, every 10 years the legislature is authorized to increase the HEAF appropriation to ensure the fund's purchasing power is maintained.

From fiscal year 1986 through fiscal year 1995, the legislature appropriated \$100 million each year for distribution. Based on recommendations from the Texas Higher Education Coordinating Board (board), the 76th Legislature increased the annual HEAF appropriation to \$175 million where it remains today.

The board recommended in October, 2004, that the annual HEAF allocation be increased by \$87.5 million.

As proposed, S.B. 1695 implements this recommendation to allow HEAF institutions to keep pace with PUF institutions in dealing with space deficits and inflation.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 62.021(a), Education Code, to amend the amounts allocated by the formula in accordance with this section from funds appropriated by Section 17(a), Article VII, Texas Constitution, to eligible institutions of higher education.

SECTION 2. Amends Section 62.024, Education Code, to provide that, in accordance with Section 17(a), Article VII, Texas Constitution, the amount of the annual constitutional appropriation under that subsection is increased to \$262.5 million, rather than \$175 million. Makes nonsubstantive changes.

SECTION 3. Amends Section 62.027(c), Education Code, to provide that the increase provided by the amendment to Section 62.024 enacted by the 79th Legislature, Regular Session, 2005, in the amount of the appropriation made under Section 17(a), Article VII, Texas Constitution, is valid and effective beginning September 1, 2005, rather than 1995.

SECTION 4. Repealer: Section 62.021(e) (relating to allocations to certain public institutions), Education Code.

SECTION 5. Provides that the amounts allocated under Section 62.021, Education Code, as amended by this Act, apply to each state fiscal year beginning with the state fiscal year beginning September 1, 2005.

SECTION 6. (a) Effective date: September 1, 2005, except as provided by Subsection (b) of this section.

(b) Provides that Section 2 and 3 of this Act take effect only if this Act is approved by a two-thirds vote in each house of the legislature.