

Appendix A

**JOINT INTERIM COMMITTEE ON
HIGHER EDUCATION EXCELLENCE FUNDING**
(pursuant to HB 1839, 77th Legislature)

Committee Membership

Senator Steve Ogden, Co-Chair
Representative Robert Junell, Co-Chair

| | |
|----------------------------|-----------------------------------|
| Senator Ken Armbrister | Representative Helen Giddings |
| Senator Gonzalo Barrientos | Representative Jim McReynolds |
| Senator Chris Harris | Representative Senfronia Thompson |
| Senator John Whitmire | Representative Irma Rangei |

Interim Charges

The committee shall implement the provisions of Section 5, HB 1839, 77th Legislature, and make recommendations regarding the structure and requirements for use of higher education excellence funding in Texas. The committee shall also review current higher education funding formulas and the Texas Higher Education Coordinating Board's procedures and recommendations regarding current formulas. The committee's report shall recommend ways to enhance the use of formula funding, including recommendations for implementation of a single excellence fund.

Reports

The committee shall file a report of the committee's activities, findings, and recommendations with the governor, the lieutenant governor, and the speaker of the house of representatives not later than December 1, 2002. The report shall include any recommendations for legislative or administrative action the committee considers appropriate.

Budget and Staff

The committee shall use existing House and Senate staff, with assistance from the Senate Committee on Finance and the House Committee on Appropriations. The Legislative Budget Board shall provide staffing and other assistance to the committee upon request. Where appropriate, the committee should request the assistance of legislative agencies. The committee may request information from the comptroller, the Texas Higher Education Coordinating Board, or any public institution of higher education in this state. The comptroller, coordinating board, and each public institution of higher education shall provide the requested information to the extent practicable.

Travel costs shall be paid from the operating budgets of House and Senate members, with all other costs borne by standing committees of the House and Senate. If extraordinary expenses are anticipated, the co-chairs shall prepare a budget and present a request for funding to the chair and vice chair of the legislative council.

Procedure

Pursuant to HB 1839, the committee is abolished January 1, 2003.

Appendix B

AN ACT

relating to research and excellence funding at certain institutions of higher education.

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

SECTION 1. Chapter 62, Education Code, is amended by adding Subchapter C to read as follows:

SUBCHAPTER C. TEXAS EXCELLENCE FUND

Sec. 62.051. PURPOSE. The Texas excellence fund is established 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. In this subchapter:

(1) "Eligible comprehensive research university" means an eligible general academic teaching institution that in each of the two most recent state fiscal years, as verified by the coordinating board:

(A) offered a full range of baccalaureate programs and a wide variety of graduate programs;

(B) awarded 45 or more doctor of philosophy degrees in the fields of science, agricultural science, engineering, and clinical and experimental psychology; and

(C) expended at least \$15 million in restricted research funds as reported in the institution's annual financial report for the applicable year.

(2) "Eligible general academic teaching institution" means a general academic teaching institution, as defined by Section 61.003, that is eligible to participate in the funding provided by Section 17, Article VII, Texas Constitution.

Sec. 62.053. ADMINISTRATION. (a) The Texas excellence fund is a fund outside the state treasury in the custody of the comptroller.

(b) The comptroller shall administer and invest the Texas excellence fund.

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

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

(c) The comptroller may accept gifts or grants from any public or private source for the Texas excellence fund.

(d) An institution may use money appropriated from the Texas excellence 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) In each state fiscal year, the comptroller shall distribute the total amount of all assets in the Texas excellence fund to eligible comprehensive research universities and other eligible general academic teaching institutions as follows:

(1) 80 percent of the amount distributed from the fund shall be distributed to the eligible comprehensive research universities and be allocated among those institutions in accordance with an equitable allocation formula based on the amount of restricted research funds expended by each institution as reported in each institution's annual financial report; and

(2) the remaining amount distributed from the fund shall be distributed to the eligible general academic teaching institutions, other than the eligible comprehensive research universities, and be allocated among those institutions in accordance with an equitable allocation formula based on the amount of restricted research funds expended by each institution as reported in each institution's annual financial report.

(b) Subsection (a) does not apply to the distribution of money from the Texas excellence fund for the state fiscal biennium ending August 31, 2003. Notwithstanding any other provision of this subchapter, for each fiscal year of the state fiscal biennium ending August 31, 2003, the comptroller shall distribute the money in the fund among the following general academic teaching institutions as follows:

FY2002

FY2003

| | | | |
|------|---|--------------------|--------------------|
| 3-25 | <u>University of Houston</u> | <u>\$5,533,185</u> | <u>\$6,651,584</u> |
| 3-26 | <u>Texas Tech University</u> | <u>\$4,769,654</u> | <u>\$5,733,723</u> |
| 3-27 | <u>University of North Texas</u> | <u>\$1,966,761</u> | <u>\$2,364,293</u> |
| 4-1 | <u>University of Houston-Clear Lake</u> | <u>\$633,661</u> | <u>\$761,740</u> |
| 4-2 | <u>Southwest Texas State University</u> | <u>\$710,519</u> | <u>\$854,133</u> |
| 4-3 | <u>Texas A&M University--Kingsville</u> | <u>\$379,568</u> | <u>\$456,288</u> |
| 4-4 | <u>Texas Southern University</u> | <u>\$245,801</u> | <u>\$295,484</u> |
| 4-5 | <u>Stephen F. Austin State University</u> | <u>\$189,169</u> | <u>\$227,405</u> |
| 4-6 | <u>Sam Houston State University</u> | <u>\$139,113</u> | <u>\$167,231</u> |
| 4-7 | <u>Texas Woman's University</u> | <u>\$178,415</u> | <u>\$214,477</u> |
| 4-8 | <u>Texas A&M University--Corpus Christi</u> | <u>\$163,492</u> | <u>\$196,538</u> |
| 4-9 | <u>Lamar University</u> | <u>\$85,502</u> | <u>\$102,784</u> |
| 4-10 | <u>University of Texas--Pan American</u> | <u>\$98,993</u> | <u>\$119,002</u> |
| 4-11 | <u>University of Houston--Downtown</u> | <u>\$49,445</u> | <u>\$59,439</u> |
| 4-12 | <u>Sul Ross State University</u> | <u>\$36,382</u> | <u>\$43,735</u> |
| 4-13 | <u>Texas A&M University--Commerce</u> | <u>\$24,646</u> | <u>\$29,627</u> |
| 4-14 | <u>Texas A&M International University</u> | <u>\$28,867</u> | <u>\$34,702</u> |
| 4-15 | <u>Angelo State University</u> | <u>\$43,511</u> | <u>\$52,306</u> |
| 4-16 | <u>West Texas A&M University</u> | <u>\$23,609</u> | <u>\$28,381</u> |
| 4-17 | <u>University of Texas at Brownsville</u> | <u>\$28,654</u> | <u>\$34,445</u> |
| 4-18 | <u>Midwestern State University</u> | <u>\$8,054</u> | <u>\$9,682</u> |

4-19 (c) For purposes of Subsection (b), "FY2002" means the state
 4-20 fiscal year ending August 31, 2002, and "FY2003" means the state
 4-21 fiscal year ending August 31, 2003. Subsection (b) and this
 4-22 subsection expire January 1, 2004.

4-23 (d) This section expires August 31, 2005.

4-24 Sec. 62.056. VERIFICATION OF ALLOCATION FACTORS. (a) For
 4-25 purposes of this subchapter, the coordinating board shall establish
 4-26 standards and accounting methods for determining the amount of
 4-27 restricted research funds expended by an eligible general academic
 5-1 teaching institution in a state fiscal year.

5-2 (b) The coordinating board, as soon as practicable in each
 5-3 state fiscal year, shall provide the comptroller with verified
 5-4 information relating to the amounts of restricted research funds
 5-5 expended and degrees awarded by eligible general academic teaching
 5-6 institutions as necessary to determine the allocations under this
 5-7 subchapter for that fiscal year.

5-8 (c) The coordinating board may audit the appropriate records
 5-9 of an eligible general academic teaching institution to verify
 5-10 information for purposes of this subchapter.

5-11 Sec. 62.057. ANNUAL REPORT. Each institution of higher
 5-12 education that receives money under this subchapter in a state
 5-13 fiscal year shall prepare a report at the end of that fiscal year
 5-14 describing the manner in which the institution used the money. The
 5-15 institution shall include in the report information regarding the
 5-16 use of money spent in that fiscal year that was received under this
 5-17 subchapter in a preceding fiscal year. The institution shall
 5-18 deliver a copy of the report to the coordinating board and the
 5-19 Legislative Budget Board not later than December 1 after the end of
 5-20 the fiscal year. The Legislative Budget Board may establish
 5-21 requirements for the form and content of the report.

5-22 SECTION 2. Section 62.025, Education Code, is amended by
 5-23 amending Subsections (a) and (c) and adding Subsections (d)-(f) to
 5-24 read as follows:

5-25 (a) Not later than November 1 of each state fiscal year, the
 5-26 comptroller shall deposit the first \$50 million that comes to the
 5-27 state at the beginning of each state fiscal year and that is not
 6-1 dedicated by other law as follows:

6-2 (1) except as provided by Subsections (d) and (e), an
 6-3 amount equal to the portion of the total return on all investment
 6-4 assets of the higher education fund in the preceding state fiscal
 6-5 year computed by multiplying that total return by the percentage of
 6-6 the total return on all investment assets of the permanent fund for
 6-7 tobacco education and enforcement that constitutes available
 6-8 earnings as determined by the comptroller under Section 403.1068,
 6-9 Government Code, in that year must be deposited to the credit of
 6-10 the Texas excellence fund established under Subchapter C; and

6-11 (2) the remaining amount must be deposited to the
 6-12 credit of the higher education fund.

6-13 (c) The deposit required by this section to the higher
 6-14 education fund expires on September 1 after the date the
 6-15 comptroller certifies that the value of the higher education fund
 6-16 is \$2 billion. In each state fiscal year that begins on or after
 6-17 that date, the comptroller shall deposit to the credit of the Texas
 6-18 excellence fund established under Subchapter C from the first money

6-19 that comes to the state at the beginning of that fiscal year an
 6-20 amount, not to exceed \$50 million, equal to the portion of the
 6-21 total return on all investment assets of the higher education fund
 6-22 in the preceding state fiscal year computed by multiplying that
 6-23 total return by the percentage of the total return on all
 6-24 investment assets of the permanent fund for tobacco education and
 6-25 enforcement that constitutes available earnings as determined by
 6-26 the comptroller under Section 403.1068, Government Code.

6-27 (d) In any state fiscal year for which the legislature has
 7-1 made an appropriation specifically for the purposes of the Texas
 7-2 excellence fund in an amount equal to or greater than the amount
 7-3 provided by Subsection (a)(1) or (c), as applicable to that state
 7-4 fiscal year, the deposit to the Texas excellence fund under
 7-5 Subsection (a)(1) or Subsection (c) may not be made.

7-6 (e) An amount may not be deposited to the Texas excellence
 7-7 fund under this section if Subchapter C expires or is repealed or
 7-8 if the Texas excellence fund is abolished.

7-9 (f) Notwithstanding S.B. No. 1, Acts of the 77th
 7-10 Legislature, Regular Session, 2001 (General Appropriations Act), in
 7-11 each year of the biennium, the comptroller shall reallocate a
 7-12 portion of the appropriation under S.B. No. 1 to be deposited to
 7-13 the credit of the higher education fund in the amount required by
 7-14 Subsection (a)(1) to be deposited to the credit of the Texas
 7-15 excellence fund in each fiscal year. This subsection expires
 7-16 September 1, 2003.

7-17 SECTION 3. Sections 62.026(b) and (d), Education Code, are
 7-18 amended to read as follows:

7-19 (b) The fund consists of the amount [~~\$50 million~~] deposited
 7-20 in the fund each state fiscal year under Section 62.025 [~~of this~~
 7-21 ~~code~~] and interest, dividends, and other income earned from the
 7-22 investment of the fund.

7-23 (d) The comptroller shall administer and invest the fund.
 7-24 In investing the fund, the comptroller has the same investment
 7-25 authority as that provided under Sections 11a and 11b, Article VII,
 7-26 Texas Constitution, or other law to the board of regents of The
 7-27 University of Texas System with respect to the investment of the
 8-1 permanent university fund. The investment authority granted to the
 8-2 comptroller under this subsection is in addition to that provided
 8-3 by Section 404.024, Government Code, or other law. The
 8-4 comptroller, in consultation with the presiding officers of the
 8-5 governing boards of the institutions eligible to benefit from the
 8-6 investment of the fund under Section 17, Article VII, Texas
 8-7 Constitution, shall invest the fund in a manner that maximizes the
 8-8 total return of the fund.

8-9 SECTION 4. Chapter 62, Education Code, is amended by adding
 8-10 Subchapter D to read as follows:

8-11 SUBCHAPTER D. UNIVERSITY RESEARCH FUND FOR CERTAIN
 8-12 PERMANENT UNIVERSITY FUND INSTITUTIONS

8-13 Sec. 62.071. PURPOSE. The university research fund is
 8-14 established to provide funding to promote increased research
 8-15 capacity and to develop institutional excellence at eligible
 8-16 general academic teaching institutions.

8-17 Sec. 62.072. DEFINITIONS. In this subchapter:

8-18 (1) "Eligible general academic teaching institution"
 8-19 means a general academic teaching institution, as defined by
 8-20 Section 61.003, that:

8-21 (A) is a component institution of The University
 8-22 of Texas System or The Texas A&M University System, other than The
 8-23 University of Texas at Austin, Texas A&M University, or Prairie
 8-24 View A&M University; and

8-25 (B) is eligible to participate in the funding
 8-26 provided by Section 18, Article VII, Texas Constitution.

8-27 (2) "Eligible doctoral and research university" means
 9-1 an eligible general academic teaching institution that:

9-2 (A) in each of the two preceding state fiscal
 9-3 years, as verified by the coordinating board:

9-4 (i) offered a full range of baccalaureate
 9-5 programs and a wide variety of graduate programs; and

9-6 (ii) awarded 50 or more doctor of
 9-7 philosophy degrees; and

9-8 (B) in the three preceding state fiscal years,
 9-9 as verified by the coordinating board, expended an average of at
 9-10 least \$5 million per year in restricted research funds as reported
 9-11 in the institution's annual financial reports for the applicable
 9-12 years.

9-13 (3) "Eligible emerging doctoral and research
9-14 university" means an eligible general academic teaching institution
9-15 other than an eligible doctoral and research university that:
9-16 (A) in each of the two preceding state fiscal
9-17 years, as verified by the coordinating board:
9-18 (i) offered a full range of baccalaureate
9-19 programs and a wide variety of graduate programs; and
9-20 (ii) awarded one or more doctor of
9-21 philosophy degrees; and
9-22 (B) in the three preceding state fiscal years,
9-23 as verified by the coordinating board, expended an average of at
9-24 least \$5 million per year in restricted research funds as reported
9-25 in the institution's annual financial reports for the applicable
9-26 years.

9-27 Sec. 62.073. ADMINISTRATION. (a) The university research
10-1 fund is a fund outside the state treasury in the custody of the
10-2 comptroller.
10-3 (b) The comptroller shall administer and invest the
10-4 university research fund.

10-5 Sec. 62.074. FUNDING. (a) In each state fiscal year, the
10-6 legislature shall appropriate or provide for the transfer to the
10-7 credit of the university research fund of an amount equal to the
10-8 amount deposited to the credit of the Texas excellence fund under
10-9 Section 62.025 or 62.054 in that fiscal year. The comptroller may
10-10 not deposit money to the credit of the Texas excellence fund under
10-11 Section 62.025 or 62.054 and the legislature may not appropriate
10-12 money specifically for the purposes of the Texas excellence fund
10-13 under Section 62.025(d) unless an equal amount is deposited at the
10-14 same time to the credit of the university research fund.
10-15 (b) The comptroller shall deposit all interest, dividends,
10-16 and other income earned from investment of the university research
10-17 fund to the credit of the fund.
10-18 (c) The comptroller may accept gifts or grants from any
10-19 public or private source for the university research fund.
10-20 (d) In each state fiscal year, the comptroller shall
10-21 distribute all assets in the university research fund as soon as
10-22 practicable to eligible institutions in accordance with this
10-23 subchapter.
10-24 (e) All assets received by an institution under this
10-25 subchapter may be used only for the support and maintenance of
10-26 educational and general activities, including research and student
10-27 services, that promote increased research capacity and develop
11-1 institutional excellence at that institution.
11-2 (f) As soon as practicable in each fiscal year of the state
11-3 fiscal biennium ending August 31, 2003, the comptroller shall
11-4 transfer one-half of the \$33,774,000 appropriated by S.B. No. 1,
11-5 Acts of the 77th Legislature, Regular Session, 2001 (General
11-6 Appropriations Act) in the Contingency Appropriation for HB 1839 to
11-7 the credit of the university research fund. This subsection
11-8 expires September 1, 2003.

11-9 Sec. 62.075. ALLOCATION TO ELIGIBLE INSTITUTIONS. In each
11-10 state fiscal year, the comptroller shall distribute the total
11-11 amount of all assets in the university research fund as follows:
11-12 (1) \$1 million shall be distributed to the eligible
11-13 general academic teaching institutions, other than the eligible
11-14 doctoral and research universities and eligible emerging doctoral
11-15 and research universities, and allocated among those institutions
11-16 in equal amounts; and
11-17 (2) the total amount to be distributed less the amount
11-18 required to be distributed under Subdivision (1) shall be
11-19 distributed to the eligible doctoral and research universities and
11-20 eligible emerging doctoral and research universities as follows:
11-21 (A) 50 percent shall be apportioned among those
11-22 institutions based on the average amount of restricted research
11-23 funds expended per year by each institution in the three preceding
11-24 state fiscal years as reported in each institution's applicable
11-25 annual financial reports; and
11-26 (B) the remaining 50 percent shall be
11-27 apportioned among those institutions as follows:
12-1 (i) 75 percent based on the number of
12-2 doctor of philosophy degrees awarded by each institution in the
12-3 preceding state fiscal year; and
12-4 (ii) the remaining 25 percent based on the
12-5 number of master's degrees awarded by each institution in the
12-6 preceding state fiscal year.

12-7 (3) This section expires August 31, 2005.
12-8 Sec. 62.0751. ALLOCATION TO ELIGIBLE INSTITUTIONS FOR
12-9 2002-2003 FISCAL BIENNIUM. (a) Section 62.075 does not apply to
12-10 the distribution of the total amount of all assets in the
12-11 university research fund in the state fiscal biennium ending August
12-12 31, 2003. In each state fiscal year of that biennium, the
12-13 comptroller shall distribute the total amount of all assets in the
12-14 university research fund as soon as practicable as follows:
12-15 (1) \$1 million shall be distributed to the eligible
12-16 general academic teaching institutions, other than the eligible
12-17 doctoral and research universities and eligible emerging doctoral
12-18 and research universities, and apportioned among those institutions
12-19 in equal amounts;
12-20 (2) \$500,000 shall be distributed to the eligible
12-21 doctoral and research universities and apportioned among those
12-22 institutions in equal amounts;
12-23 (3) \$500,000 shall be distributed to the eligible
12-24 emerging doctoral and research universities and apportioned among
12-25 those institutions in equal amounts; and
12-26 (4) the total amount to be distributed less the
12-27 amounts required to be distributed under Subdivisions (1), (2), and
13-1 (3) shall be distributed to the eligible doctoral and research
13-2 universities and eligible emerging doctoral and research
13-3 universities as follows:
13-4 (A) 50 percent shall be apportioned among those
13-5 institutions based on the amount of restricted research funds
13-6 expended by each institution in the preceding state fiscal year as
13-7 reported in each institution's financial report for the applicable
13-8 year; and
13-9 (B) the remaining 50 percent shall be
13-10 apportioned among those institutions as follows:
13-11 (i) 75 percent based on the number of
13-12 doctor of philosophy degrees awarded by each institution in the
13-13 preceding state fiscal year; and
13-14 (ii) the remaining 25 percent based on
13-15 the number of master's degrees awarded by each institution in the
13-16 preceding state fiscal year.
13-17 (b) This section expires August 31, 2003.
13-18 Sec. 62.076. VERIFICATION OF ALLOCATION FACTORS. (a) For
13-19 purposes of this subchapter, the coordinating board shall establish
13-20 standards and accounting methods for determining the amount of
13-21 restricted research funds expended by an eligible general academic
13-22 teaching institution in a state fiscal year.
13-23 (b) The coordinating board, as soon as practicable in each
13-24 state fiscal year, shall provide the comptroller with verified
13-25 information relating to the amounts of restricted research funds
13-26 expended and degrees awarded by eligible general academic teaching
13-27 institutions as necessary to determine the allocations under this
14-1 subchapter for that fiscal year.
14-2 (c) The coordinating board may audit the appropriate records
14-3 of an eligible general academic teaching institution to verify
14-4 information for purposes of this subchapter.
14-5 Sec. 62.077. ANNUAL REPORT. Each institution of higher
14-6 education that receives money under this subchapter in a state
14-7 fiscal year shall prepare a report at the end of that fiscal year
14-8 describing the manner in which the institution used the money. The
14-9 institution shall include in the report information regarding the
14-10 use of money spent in that fiscal year that was received under this
14-11 subchapter in a preceding fiscal year. The institution shall
14-12 deliver a copy of the report to the coordinating board and the
14-13 Legislative Budget Board not later than December 1 after the end of
14-14 the fiscal year. The Legislative Budget Board may establish
14-15 requirements for the form and content of the report.
14-16 SECTION 5. (a) The lieutenant governor and speaker of the
14-17 house of representatives shall appoint a joint committee composed
14-18 of:
14-19 (1) five members of the senate appointed by the
14-20 lieutenant governor; and
14-21 (2) five members of the house of representatives
14-22 appointed by the speaker.
14-23 (b) The speaker and lieutenant governor shall jointly select
14-24 a presiding officer or co-presiding officers of the committee from
14-25 among the committee members. The committee may designate other
14-26 officers as the committee considers appropriate.
14-27 (c) The committee shall conduct a study to (i) examine the

15-1 feasibility of creating a single research enhancement fund to
 15-2 provide funding for institutions of higher education that have a
 15-3 proven research history, (ii) examine how institutions have
 15-4 historically utilized "excellence funds," and (iii) consider
 15-5 whether a portion of the annual distribution from the permanent
 15-6 university fund to the available university fund appropriated to
 15-7 The University of Texas System under Section 18(f), Article VII,
 15-8 Texas Constitution, should be appropriated or made available for
 15-9 appropriation for the support and maintenance of institutions of
 15-10 higher education in The University of Texas System other than The
 15-11 University of Texas at Austin. The committee shall consider the
 15-12 institutions or types of institutions that should be eligible to
 15-13 receive a portion, if any, of that appropriation to The University
 15-14 of Texas System, the methods by which any amount should be
 15-15 allocated among those institutions, and the purposes for which that
 15-16 amount should be used in the best interests of this state and The
 15-17 University of Texas System. The lieutenant governor and speaker may
 15-18 direct the committee to consider other matters related to the
 15-19 committee's charge under this subsection.

15-20 (d) The committee shall conduct any study or inquiry and
 15-21 make any findings or recommendations the committee considers
 15-22 appropriate regarding the matters within the committee's charge.

15-23 (e) The Legislative Budget Board shall provide staffing and
 15-24 other assistance to the committee on request. The committee may
 15-25 request information from the comptroller, the Texas Higher
 15-26 Education Coordinating Board, or any public institution of higher
 15-27 education in this state. The comptroller, coordinating board, and
 16-1 each public institution of higher education shall provide the
 16-2 requested information to the extent practicable.

16-3 (f) The expenses of the committee may be paid from any
 16-4 appropriate funds of the house of representatives, the senate, or a
 16-5 legislative agency.

16-6 (g) The committee shall file a report of the committee's
 16-7 activities, findings, and recommendations with the governor, the
 16-8 lieutenant governor, and the speaker of the house of
 16-9 representatives not later than December 1, 2002. The report shall
 16-10 include any recommendations for legislative or administrative
 16-11 action the committee considers appropriate.

16-12 (h) The committee is abolished and this section expires
 16-13 January 1, 2003.

16-14 SECTION 6. This Act takes effect September 1, 2001.

 President of the Senate

 Speaker of the House

I certify that H.B. No. 1839 was passed by the House on
 May 3, 2001, by a non-record vote; and that the House concurred in
 Senate amendments to H.B. No. 1839 on May 27, 2001, by a non-record
 vote.

 Chief Clerk of the House

I certify that H.B. No. 1839 was passed by the Senate, with
 amendments, on May 22, 2001, by a viva-voce vote.

 Secretary of the Senate

APPROVED: _____
 Date

 Governor

Appendix C

JOINT LEGISLATIVE COMMITTEE
NOTICE OF PUBLIC HEARING

COMMITTEE: Higher Education Excellence Funding

TIME & DATE: 10:00AM, Thursday, February 21, 2002

PLACE: E1.030

CHAIR: Senator Steve Ogden and Rep. Robert Junell

The Joint Interim Committee will meet to discuss Higher Education
General Academic Funding including Excellence Funding.

Legislative Budget Board
Higher Education Coordinating Board
The University of Texas at Austin
Texas A&M University

Only invited testimony will be taken.

JOINT LEGISLATIVE COMMITTEE
NOTICE OF PUBLIC HEARING

COMMITTEE: Higher Education Excellence Funding

TIME & DATE: 10:00AM, Wednesday, March 27, 2002

PLACE: E1.030

CHAIR: Senator Steve Ogden and Rep. Robert Junell

The Joint Interim Committee will meet to discuss Higher Education General Academic Funding including Excellence Funding. Invited testimony will be taken.

Legislative Budget Board
University of Houston System and University of Houston
Texas Tech University System and Texas Tech University
University of North Texas System and University of North Texas
The University of Texas System, 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.

JOINT LEGISLATIVE COMMITTEE
NOTICE OF PUBLIC HEARING

COMMITTEE: Higher Education Excellence Funding

TIME & DATE: 1:00PM, Thursday, April 25, 2002

PLACE: E1.030

CHAIR: Senator Steve Ogden and Rep. Robert Junell

The Joint Interim Committee will meet to discuss Higher Education
General Academic Funding including Excellence Funding.

Invited testimony will be taken.

Texas Woman's University

Texas Southern University

Stephen F. Austin University

Midwestern State University

Texas A&M University System, Tarleton State University, Texas A&M

University - Corpus Christi, Texas A&M University - Kingsville, Texas

A&M University at Galveston, Prairie View A&M University

Texas State University System, Sam Houston State University, Southwest

Texas State University

JOINT LEGISLATIVE COMMITTEE
NOTICE OF PUBLIC HEARING

COMMITTEE: Higher Education Excellence Funding

TIME & DATE: 10:00AM, Wednesday, May 22, 2002

PLACE: E1.036

CHAIR: Senator Steve Ogden and Rep. Robert Junell

The Joint Interim Committee will meet to discuss higher education funding, including formula funding.

Invited Testimony

Lt. Gov. Bill Ratliff

Higher Education Coordinating Board

Legislative Budget Board

Public Testimony

Appendix D

**SPECIAL PROVISIONS RELATING ONLY TO STATE AGENCIES
OF HIGHER EDUCATION
(Continued)**

1. **Instruction and Operations Formula.** The Instruction and Operations Formula shall provide funding for faculty salaries, including nursing, departmental operating expense, library, instructional administration, research enhancement, student services, and institutional support. These funds are distributed on a weighted semester credit hour basis. The rate per weighted semester credit hour for the 2002-03 biennium is \$56.65.

Weighting is determined by the following matrix:

| | Lower Division | Upper Division | Masters | Doctoral | Special Professional |
|---------------------|----------------|----------------|---------|----------|----------------------|
| Liberal Arts | 1.00 | 1.96 | 3.94 | 12.04 | |
| Science | 1.53 | 3.00 | 7.17 | 19.29 | |
| Fine Arts | 1.85 | 3.11 | 6.51 | 17.47 | |
| Teacher Ed | 1.28 | 1.96 | 3.23 | 9.95 | |
| Agriculture | 2.05 | 2.54 | 6.64 | 16.37 | |
| Engineering | 3.01 | 3.46 | 8.20 | 21.40 | |
| Home Economics | 1.58 | 2.12 | 4.34 | 10.79 | |
| Law | | | | | 3.22 |
| Social Services | 1.64 | 1.84 | 5.80 | 11.92 | |
| Library Science | 1.45 | 1.52 | 4.22 | 12.26 | |
| Vocational Training | 1.45 | 2.59 | | | |
| Physical Training | 1.36 | 1.36 | | | |
| Health Services | 2.87 | 3.46 | 6.47 | 15.98 | |
| Pharmacy | 4.00 | 4.64 | 9.00 | 19.11 | 9.00 |
| Business Admin | 1.41 | 1.59 | 4.59 | 13.91 | |
| Optometry | | | 5.46 | 19.12 | 7.00 |
| Teacher Ed Practice | 2.43 | 2.57 | | | |
| Technology | 1.99 | 2.56 | 6.61 | | |
| Nursing | 4.91 | 5.32 | 6.49 | 16.32 | |
| Developmental Ed | 1.00 | | | | |

2. **Teaching Experience Supplement.** For the 2002-03 biennium, an additional weight of ten percent is added to lower division and upper division semester credit hours taught by tenured and tenure-track faculty. Furthermore, it is the intent of the Legislature that the weight shall increase by 10 percent per biennium, up to 50 percent.

Appendix E

Appendix C
FORMULA ADVISORY COMMITTEE FOR 2004-2005 BIENNIUM

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| Dr. Charles A. Hines President | (04) | Prairie View A&M University PO Box 188 Prairie View, TX 77446-0188 | juanita_turner@pvamu.edu (936) 857-2111 FAX (936) 857-3928 |
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| Dr. Ann Stuart President | (02) Texas Woman's University PO Box 425587 Denton, TX 76204-5587 | a_stuart@twu.edu (940) 898-3201 FAX (940) 898-3216 |
| Dr. Linda Vaden-Goad Assoc. Professor Psychology | (02) University of Houston-Downtown One Main Street Houston, TX 77002 | vaden-goad@dt.uh.edu (713) 221-8958 FAX (713) 221-8144 |

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| Ms. Myra McDaniel Partner | (06) Bickerstaff, Heath, Smiley, Pollan, Kever & McDaniel, L.L.P. 1700 Frost Bank Plaza 816 Congress Ave. Austin, TX 78701-1443 | mmcdanie@bickerstaff.com (512) 472-8021 FAX (512) 320-5638 |

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|---|---|---|

Note: Terms end August 31 in the year indicated in parenthesis

**INSTRUCTION & OPERATION FORMULA STUDY COMMITTEE
FOR 2004-2005 BIENNIUM**

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| Dr. Karen S. Haynes (*) President | (04) | University of Houston-Victoria 3007 N. Ben Wilson Victoria, TX 77901 | HaynesK@jade.vic.uh.edu (361) 788-6204 FAX (361) 570-4334 |
| Dr. Charles A. Hines (*) President | (04) | Prairie View A&M University PO Box 188 Prairie View, TX 77446-0188 | juanita_turner@pvamu.edu (936) 857-2111 FAX (936) 857-3928 |
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| Dr. Ann Stuart (*) President | (02) | Texas Woman's University PO Box 425587 Denton, TX 76204-5587 | a_stuart@twu.edu (940) 898-3201 FAX (940) 898-3216 |
| Dr. Linda Vaden-Goad (*) Assoc. Professor Psychology | (02) | University of Houston-Downtown One Main Street Houston, TX 77002 | vaden-goad@dt.uh.edu (713) 221-8958 FAX (713) 221-8144 |

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|--|---|--|

Note: Terms end August 31 in the year indicated in parenthesis
 (*) Formula Advisory Committee Member

**INFRASTRUCTURE FORMULA STUDY COMMITTEE
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Note: Terms end August 31 in the year indicated in parenthesis
(*) Formula Advisory Committee Member

Appendix C

PUBLIC COMMUNITY & TECHNICAL COLLEGE FORMULA ADVISORY COMMITTEE FOR 2004-2005 BIENNIUM

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| Dr. William Crowe President | (02) Tyler Junior College PO Box 9020 Tyler, TX 75711-9020 | bcro@tjc.tyler.cc.tx.us (903) 510-2380 FAX (903) 510-2266 |
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|--|---|---|

Note: Terms end August 31 in the year indicted in parenthesis.

Appendix C

HEALTH-RELATED INSTITUTIONS FORMULA ADVISORY COMMITTEE FOR 2004-2005 BIENNIUM

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| Name/Title | Institution/Address | Email/Phone/Fax |
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Appendix F

Texas Higher Education Coordinating Board

Formula Funding Recommendations April 18, 2002

Summary of Financial Implications

| Sector | Current Formula Appropriation | Recommended Appropriation | Increase over Current Formula Appropriation |
|--|----------------------------------|------------------------------|---|
| Community and Technical Colleges | \$1,691 million | \$1,889.4 million | 11.7% |
| Dramatic Enrollment Growth | | 12.7 million | |
| Projected Growth (7.45%) | | 129.0 million | |
| Closing the Gaps Supplement | | 86.0 million | |
| Total | | \$2,117.1 million | 25.2% |
| Universities | \$3,580 million | \$3,976.0 million | 11.1% |
| Projected Growth (4.4%) | | 157.6 million | 4.4% |
| Total | | \$4,133.7 million | 15.5% |
| Health-Related Institutions | \$1,233 million | \$1,349.0 million | 9.4% |
| Statewide Total Formula Appropriation | \$6,504 million | \$7,599.8 million | 16.9% |

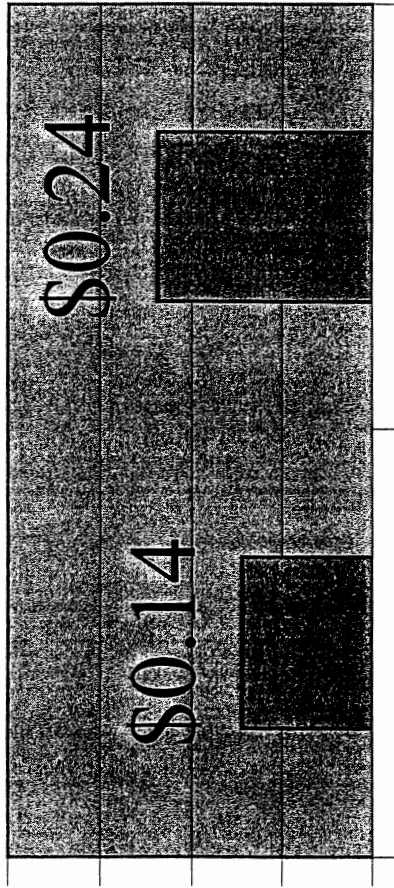
Appendix G

Review of HB 1839 Allocations for FY 2002 compared to Research Expenditures

| A | B | C | D | E | F | G | H |
|----|---|------------------------|--|--|--|--|---|
| 1 | This file focuses on FY 2002 only, and uses Coordinating Board data. | | | | | | |
| 2 | UH System analysis used Student Headcount--Fall 2001, and Restricted Research--FY 2000. | | | | | | |
| 3 | A&M System analysis used Restricted Research--FY 2001, doctoral degrees--FY 2001, student enrollment and weighted SCR. | | | | | | |
| 4 | | FY2001 FTSE | FY2001 Restricted Funds (1) | FY2002 TEF in Statute (2) | FY2002 URF Allocation (3) | Dollars of HB 1839 per FTSE | Pennies of HB 1839 per \$1 of Research Expenditure |
| 5 | UT Arlington | 16,573 | \$11,620,600 | | \$ 4,609,636 | \$278 | \$0.40 |
| 6 | UT Austin | 45,000 | \$216,046,412 | | | | |
| 7 | UT Dallas | 8,937 | \$11,541,271 | | \$ 4,142,289 | \$463 | \$0.36 |
| 8 | UT El Paso | 12,292 | \$20,852,009 | | \$ 3,890,951 | \$317 | \$0.19 |
| 9 | UT Pan American | 10,921 | \$1,235,991 | \$ 98,993 | | \$9 | \$0.08 |
| 10 | UT Brownsville | 1,913 | \$562,274 | \$ 28,654 | | \$15 | \$0.05 |
| 11 | UT Permian Basin | 1,785 | \$374,775 | | \$ 250,000 | \$140 | \$0.67 |
| 12 | UT San Antonio | 15,071 | \$8,169,413 | | \$ 1,694,125 | \$112 | \$0.21 |
| 13 | UT Tyler | 2,675 | \$120,210 | | \$ 250,000 | \$93 | \$2.08 |
| 14 | Texas A&M U | 40,287 | \$39,445,533 | | | | |
| 15 | TAMU Galveston | 1,295 | \$1,654,273 | | \$ 250,000 | \$193 | \$0.15 |
| 16 | Prairie View A&M U | 6,242 | \$6,141,878 | | | | \$0.00 |
| 17 | Tarleton State U | 6,647 | \$3,954,104 | | \$ 250,000 | \$38 | \$0.06 |
| 18 | TAMU Commerce | 6,166 | \$223,389 | \$ 24,646 | | \$4 | \$0.11 |
| 19 | TAMU Corpus Christi | 5,883 | \$2,779,362 | \$ 163,492 | | \$28 | \$0.06 |
| 20 | TAMU Kingsville | 5,400 | \$4,262,266 | \$ 379,568 | | \$70 | \$0.09 |
| 21 | Texas A&M Internat'l | 2,422 | \$212,177 | \$ 28,867 | | \$12 | \$0.14 |
| 22 | TAMU Texarkana | 826 | | | | | |
| 23 | WTAMU | 5,688 | \$2,226,454 | \$ 23,609 | | \$4 | \$0.01 |
| 24 | U of Houston | 27,277 | \$30,780,625 | \$ 5,533,185 | | \$203 | \$0.18 |
| 25 | UH Clear Lake | 5,401 | \$10,908,350 | \$ 633,661 | | \$117 | \$0.06 |
| 26 | UH Downtown | 6,726 | \$532,075 | \$ 49,445 | | \$7 | \$0.09 |
| 27 | UH Victoria | 1,184 | | | | | |
| 28 | Midwestern State U | 4,913 | | \$ 8,054 | | \$2 | #DIV/0! |
| 29 | U of North Texas | 23,355 | \$11,739,706 | \$ 1,966,761 | | \$84 | \$0.17 |
| 30 | Stephen F Austin State | 10,833 | \$2,085,740 | \$ 189,169 | | \$17 | \$0.09 |
| 31 | Texas Southern U | 6,238 | \$3,048,521 | \$ 245,801 | | \$39 | \$0.08 |
| 32 | Texas Tech U | 22,904 | \$22,224,128 | \$ 4,769,654 | | \$208 | \$0.21 |
| 33 | Texas Woman's U | 6,620 | \$1,501,320 | \$ 178,415 | | \$27 | \$0.12 |
| 34 | Angelo State U | 5,678 | \$529,840 | \$ 43,511 | | \$8 | \$0.08 |
| 35 | Lamar U | 7,242 | \$1,082,717 | \$ 85,502 | | \$12 | \$0.08 |
| 36 | Sam Houston State U | 11,223 | \$1,073,769 | \$ 139,113 | | \$12 | \$0.13 |
| 37 | Southwest Texas State | 19,858 | \$8,712,107 | \$ 710,519 | | \$36 | \$0.08 |
| 38 | Sul Ross State U | 2,545 | \$387,779 | \$ 36,382 | | \$14 | \$0.09 |
| 39 | TOTAL/AVERAGE | 358,020 | \$426,029,068 | \$ 15,337,001 | \$15,337,001 | \$43 | \$0.04 |
| | Total/Average w/out | | | | | | |
| 40 | UT Austin, A&M, and Prairie View | 266,491 | \$164,395,245 | \$ 15,337,001 | \$15,337,001 | \$58 | \$0.19 |
| 42 | Total/Average for TEF | 199,206 | \$106,108,590 | \$ 15,337,001 | | \$77 | \$0.14 |
| 43 | Total/Average for URF | 71,517 | \$ 64,428,533 | | \$15,337,001 | \$214 | \$0.24 |
| 45 | (1) Provided from Coordinating Board (Frank Dubose 6/7/02)--From the restricted funds research expenditures reported in the institutions' annual reports on Exhibit C, Current Funds Revenues and Expenditures. | | | | | | |
| 46 | (2) TEF allocation was made in statute (HB 1839). The basis for the statutory allocation is 80% of "comprehensive" institutions (UH, TX Tech and UNT). The remaining eligible institutions shared 20%. | | | | | | |
| 47 | (3) The actual URF allocation is based on research in FY 2001, and master's and doctoral degrees awarded. The allocation reflects the total URF allocation. | | | | | | |

Pennies of HB 1839 per \$1 of Research Expenditure

\$0.40
\$0.30
\$0.20
\$0.10
\$0.00



Average for TEF Average for URF

■ Pennies
of HB 1839
per \$1 of
Research

Appendix H

Permanent University Fund (PUF) Higher Education Assistance Fund (HEAF)

Overview

General

All public institutions of higher education except community colleges and the Texas A&M University System College of Dentistry receive funding for construction and other capital purposes from the Permanent University Fund (PUF) or the Higher Education Assistance Fund (HEAF). Most institutions in The University of Texas System and the Texas A&M University System benefit from the PUF. Institutions, other than those mentioned above, that are not included in the PUF benefit from the HEAF. The University of Texas at Austin, Texas A&M University, and Prairie View A&M University may also use income from the PUF to supplement state appropriations for operating purposes.

The amount of funds allocated for each PUF institution is determined by the Boards of Regents of The University of Texas System and Texas A&M University System each year. The allocation of HEAF funds to each institution is determined by the Legislature and may be revised every five years. See below for a table of institutions benefiting from each fund.

Permanent University Fund

The Permanent University Fund (PUF) is a public endowment contributing to the support of institutions of The University of Texas System and the Texas A&M University System that were parts of those systems when the HEAF was created. The PUF provides support to 24 institutions of the UT and A&M Systems, including the health-related institutions of both systems and the Texas A&M land grant research and service agencies.

The PUF was established in the Texas Constitution of 1876 through the appropriation of land grants previously given to The University of Texas at Austin plus one million acres. The land grants to the PUF were completed in 1883 with the contribution of an additional one million acres of land. Today, the PUF still owns approximately 2.1 million acres of land located in 24 counties primarily in West Texas, but at this time most of its assets are securities held by the fund.

PUF income derived from investments is deposited in a separate account, the Available University Fund (AUF). Two-thirds is appropriated to The University of Texas System and one-third is appropriated to the Texas A&M University System. After payment of debt service on PUF bonds, the remainder is allocated by the Boards of Regents to The University of Texas at Austin, Texas A&M University at College Station, Prairie View A&M University, and the two systems offices where it is used to support a wide range of projects intended to develop excellence at those institutions.

The PUF is managed by the Board of Regents of the UT System. The UT System contracts with the University of Texas Investment Management Company (UTIMCO), a nonprofit investment organization, to provide day-to-day management of the PUF and for advice on investment matters. At the end August 2001, net investment assets of the PUF had a market value of \$7.5 billion. In 1999, the Legislature liberalized the manner in which investment income is determined. Over \$300 million per year is currently transferred to the AUF for appropriation by the Legislature to The University of Texas System and Texas A&M University System.

Higher Education Assistance Fund and Higher Education Fund

Amendments to the Texas Constitution in 1984 and 1993 allow the Legislature to provide appropriations to universities, health-related institutions, and Texas State Technical College institutions that do not share PUF income. This appropriation, the Higher Education Assistance Fund (HEAF), is used for many of the same purposes as the PUF. The institutions can acquire land; construct, repair, and rehabilitate buildings; and purchase capital equipment and library materials with HEAF funds. From 1986 through 1995, the Legislature appropriated \$100 million in HEAF funds each year. The annual appropriation increased to \$175 million each year beginning in 1996.

Based on the 1984 amendment, the Legislature created a dedicated endowment fund in 1996 for the benefit of non-PUF institutions, the Higher Education Fund (HEF). Each year between 1996 and 2001, the HEF endowment received appropriations of \$50 million per year. Starting in Fiscal Year 2002, the \$50 million appropriated to the HEF endowment was reduced by the amount of interest earned by the HEF, and a corresponding amount was transferred to the Texas Excellence Fund for the benefit of HEAF-eligible institutions.

The Constitution requires that investment returns of the HEF be credited back to the fund until such time as the fund balance reaches \$2 billion. As is the case with the PUF, the corpus of HEF can never be spent. Each year after the HEF balance reaches \$2 billion, annual appropriations to the HEAF will end; 10 percent of the income from investments is to be added back to the fund and become part of the corpus of the HEF; and the remainder of the annual income, if any, is to be appropriated to HEAF institutions.

| PUF Institutions | HEAF Institutions |
|---|---|
| <p>The University of Texas at Arlington The University of Texas at Austin The University of Texas at Dallas The University of Texas at El Paso The University of Texas of the Permian Basin The University of Texas at San Antonio The University of Texas at Tyler Texas A&M University Texas A&M University – Galveston Prairie View A&M University Tarleton State University Texas A&M University Services Agencies The University of Texas SWMC – Dallas The University of Texas Medical Branch – Galveston The University of Texas HC – Tyler The University of Texas HSC – Houston The University of Texas MD Anderson Cancer Center The University of Texas HSC – San Antonio Texas A&M University System HSC The University of Texas System Administration Texas A&M University System Administration</p> | <p>Texas A&M University – Corpus Christi Texas A&M International University Texas A&M University – Kingsville Texas A&M University – Commerce Texas A&M University – Texarkana West Texas A&M University Lamar University Lamar State College – Orange Lamar State College – Port Arthur Sul Ross State University Sul Ross State University – Rio Grande College Angelo State University Sam Houston State University Southwest Texas State University University of Houston University of Houston – Clear Lake University of Houston – Downtown University of Houston – Victoria The University of Texas – Pan American The University of Texas at Brownsville Midwestern State University Stephen F. Austin State University Texas Southern University Texas Woman’s University Texas Tech University Texas Tech University HSC University of North Texas University of North Texas HSC Texas State Technical College System</p> |

Appendix I

Spring 2002 Semester Cost

English - Freshman

Based on 16 hrs.

Biology - Junior

Based on 15 hrs.

Electrical Engineering - Junior

Based on 15 hrs.

| Institution | Tuition & Fees | Total (I) | Tuition & Fees | Total (I) | Tuition & Fees | Total (I) |
|--|---------------------|--------------------|----------------|--------------------|----------------|--------------------|
| UT Arlington | 1,963 | 4,663 | 2,031 | 4,731 | 1,870 | 4,570 |
| UT Austin | 2,394 | 5,590 | 2,560 | 5,757 | 2,770 | 5,967 |
| UT Dallas | 2,567 | 6,083 | 2,402 | 5,918 | 2,462 | 5,978 |
| UT El Paso | 1,789 | 4,644 | 1,745 | 4,600 | 1,720 | 4,575 |
| UT Pan American | 1,439 | 3,780 | 1,365 | 3,650 | 1,415 | 3,857 |
| UT Brownsville | 1,375 | No student housing | 1,303 | No student housing | 1,303 | No student housing |
| UT Permian Basin | 1,709 | 4,086 | 1,601 | 3,978 | Not offered | N/A |
| UT San Antonio | 2,013 | 5,335 | 2,005 | 5,327 | 1,977 | 5,299 |
| UT Tyler | 1,807 | 4,757 | 1,851 | 4,801 | 1,736 | 4,686 |
| Texas A&M University | 2,142 | 5,008 | 2,155 | 5,183 | 1,919 | 4,823 |
| Texas A&M Univ. at Galveston | Not offered | N/A | Not offered | N/A | 1,627 | 4,473 |
| Prairie View A&M University | 1,683 | 4,708 | 1,716 | 4,881 | 1,746 | 4,949 |
| Tarleton State University | 1,553 | 4,018 | 1,455 | 3,920 | 1,435 | 3,900 |
| Texas A&M University - Corpus Christi | 1,653 | 4,628 | 1,569 | 4,615 | Not offered | N/A |
| Texas A&M University - Kingsville | 1,518 | 3,814 | 1,442 | 3,738 | 1,431 | 3,727 |
| Texas A&M International University | 1,351 | 4,597 | 1,331 | 4,576 | Not offered | N/A |
| West Texas A&M University | 1,477 | 3,587 | 1,425 | 3,448 | Not offered | N/A |
| Texas A&M - Commerce | 1,482 | 4,387 | 1,408 | 4,313 | 1,403 | 4,308 |
| Texas A&M - Texarkana | Upper-division only | N/A | 1,204 | No student housing | Not offered | N/A |
| University of Houston | 1,967 | 5,168 | 1,786 | 4,987 | 1,903 | 5,104 |
| UH-Clear Lake | Upper-division only | N/A | 1,502 | No student housing | 1,647 | No student housing |
| UH-Downtown | 1,396 | No student housing | 1,348 | No student housing | Not offered | N/A |
| UH-Victoria | Upper-division only | N/A | 1,380 | No student housing | Not offered | N/A |
| Lamar University | 1,488 | 4,244 | 1,418 | 4,174 | 1,440 | 4,196 |
| Midwestern State University | 1,643 | 4,272 | 1,591 | 4,446 | Not offered | N/A |
| University of North Texas | 1,838 | 4,322 | 2,013 | 4,511 | Not offered | N/A |
| Stephen F. Austin State Univ. | 1,567 | 4,226 | 1,503 | 4,296 | Not offered | N/A |
| Texas Southern University | 1,488 | 4,678 | 1,429 | 4,619 | Not offered | N/A |
| Texas Tech University | 1,929 | 4,112 | 1,911 | 4,251 | 1,876 | 4,126 |
| Texas Woman's University | 1,585 | 4,159 | 1,645 | 4,219 | Not offered | N/A |
| Angelo State University | 1,452 | 3,976 | 1,376 | 3,900 | Not offered | N/A |
| Sam Houston State University | 1,545 | 4,380 | 1,467 | 4,302 | Not offered | N/A |
| Southwest Texas State Univ. | 1,972 | 5,347 | 1,873 | 5,248 | Not offered | N/A |
| Sul Ross State University | 1,479 | 3,724 | 1,420 | 3,665 | Not offered | N/A |
| Sul Ross State University Rio Grande College | Upper-division only | N/A | Not offered | N/A | Not offered | N/A |

1 Total includes Tuition, Fees, Room, Board and Book costs as provided by each institution for a residential student living on campus.

2 Marine Systems Engineering

3 Industrial Engineering

4 Computer Information Systems

Appendix J

TEXAS HIGHER EDUCATION COORDINATING BOARD

P.O. Box 12788 Austin, Texas 78711



RECEIVED

MEMORANDUM
January 10, 2002

OCT 22 2002

THECB/GRPI

Pamela P. Williford
CHAIR
Martin Bassalus, M.D.
VICE CHAIR

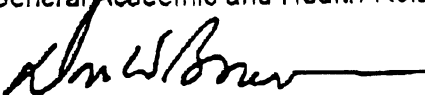
Nesi W. Adams
Ricardo G. Cigarroa, M.D.
Marc Cisneros
Kevin P. Elife
Jerry Farrington
Raul B. Fernandez
Cathy Obriotti Green
Jerry Griffin
Cary Hobbs
Lair Margo
Jossaine Perryman
Curtis Ransom
Victor de J. Ruiz, Ph.D.
Robert W. Shepard
Windy Sitton
Verdema L. Ussery II

Don W. Brown
COMMISSIONER
OF HIGHER EDUCATION

512/427-6101
Fax 512/427-6127

Web site:
<http://www.thecb.state.tx.us>

TO: Chancellors and Presidents,
Texas Public General Academic and Health-Related Institutions

FROM: Don W. Brown 

SUBJECT: Tuition Rate for Nonresident Students
for Academic Year 2002-2003

As directed by Section 54.051(d) of the Texas Education Code, we have determined that the tuition rate for nonresident students enrolled in general academic teaching institutions and health-related institutions for the academic year 2002-2003 will be set at \$262 per semester credit hour plus any designated tuition (the old general use fee) and, when appropriate, Board-authorized graduate tuition charged by your institution. Exceptions are the tuition rates for nonresident students enrolled in medicine, veterinary medicine, dentistry, and law. The tuition rates for those students are provided in other paragraphs of Section 54.051 of the Texas Education Code.

Nonresident set-asides for the Texas Public Educational Grant Program (TPEG) should be 3 percent of the basic nonresident rate of \$262 per hour. TPEG set-asides are not subtracted from designated tuition or board-authorized tuition.

A description of the nonresident tuition rate calculation and a copy of the relevant statutes are enclosed. If you would like more information about the figures, please contact me or Lois Hollis, Assistant Commissioner for Student Services, at 512-427-6465 or at her e-mail address, Lois.Hollis@thecb.state.tx.us.

Enclosures

c: Chief Fiscal Officer

AN EQUAL OPPORTUNITY EMPLOYER

**Texas Higher Education Coordinating Board
Calculation of Nonresident Student Tuition Rates for Fall 2002**

Section 54.051(d) of the Texas Education Code requires that nonresident student tuition equal the average tuition charged a Texas resident attending a public state university in each of the five most populous states of the United States. Because most states do not differentiate between tuition and fees, we interpret the Legislature's directive to mean that the combination of base tuition, designated tuition and fees in Texas should be equal to the average of tuition and fees in the other five most populous states.

The five most populous states other than Texas and their reported average nonresident tuition and fee figures for 30 hours for the 2001-2002 academic year are as follows:

| | |
|-----------------------------|-----------------|
| California | \$ 9,279 |
| New York | 8,981 |
| Florida | 10,439 |
| Pennsylvania | 10,305 |
| Illinois | 8,425 |
| Total | \$47,429 |
| Average (\$47,429/5) | \$ 9,486 |

The base nonresident tuition for Texas was calculated as follows:

- Average tuition and fees for the five most populous states \$9,486
- Less:
 - Average Chapter 55 (designated) tuition (old general use fee) - 876
 - Average fees for 30 hours - 760
- Average nonresident tuition, less fees and designated tuition \$7,850
- Base Texas nonresident tuition per credit hour (\$7,850/30 hours) \$ 262

To the base nonresident tuition, each institution should add designated tuition and, when appropriate, Board-authorized graduate tuition to compute total nonresident tuition.

Nonresident tuition = \$262 per semester credit hour plus designated tuition plus Board-authorized graduate tuition

Tuition and fee figures for the five most populous states other than Texas are taken from a report by the Higher Education Coordinating Board of the State of Washington.

Section 54.051(d) of the Texas Education Code provides:

Unless a different rate is specified by this section, tuition for a nonresident student at a general academic teaching institution or medical and dental unit is an amount per semester credit hour equal to the average of the nonresident undergraduate tuition charged to a resident of this state at a public state university in each of the five most populous states other than this state, as computed by the coordinating board under this section. The coordinating board shall set the tuition rate provided by this subsection for each academic year and report that rate to each appropriate institution not later than January 1 of the calendar year in which the academic year begins, or as soon after the January 1 date as practicable. In computing the tuition rate, the coordinating board shall use the nonresident tuition rates for the other states in effect for the academic year in progress when the board makes the computation.