



OVERVIEW

November 3, 2009, Constitutional Amendment Election

Proposition 4 to establish the National Research University Fund

What is Proposition 4?

Proposition 4 proposes a constitutional amendment to "re-purpose" the constitutional [Higher Education Fund \(HEF\)](#) as the National Research University Fund (NRUF). The change is proposed to assist the state in developing more public universities into national research universities.

Official ballot language:

The constitutional amendment establishing the National Research University Fund to enable emerging research universities in this state to achieve national prominence as major research universities and transferring the balance of the Higher Education Fund to the National Research University Fund.

What is the Higher Education Fund (HEF)?

The HEF is an existing constitutional fund designed to fund eligible institutions for a number of purposes such as land acquisition, construction, capital equipment, and library materials in the using the fund's interest only. The Constitution requires the HEF corpus to reach \$2 billion before earnings can be distributed. Since the corpus has not reached this level, the Legislature has funded HEF allocations (Higher Education Assistance Funds) to the institutions through general revenue instead. It is anticipated the HEF constitutional fund will not be sufficient for its intended purpose for many years and the Texas Legislature will continue to fund any HEF allocations through general revenue.

How did Proposition 4 come about?

Proposition 4 is the result of House Bill 51, authored by Representative Dan Branch and sponsored by Senator Judith Zaffirini, in the 81st Texas Legislature. HB 51 is primarily intended to raise the excellence of public universities. One section of the legislation focuses on setting the structures in place to develop, fund, and maintain research universities in Texas, which will be implemented if Proposition 4 is passed. Debate on the bill indicated that legislators believed Texas had too few national research universities in comparison to other states and that more Texas students should have the benefit of access to such universities in their home state.

What is House Joint Resolution 14?

While HB 51 authorizes the voter referendum to change the constitution, HJR 14 proposes the actual amendments to Article VII of the Texas Constitution by adding Section 20 establishing the NRUF. HJR 14 describes the NRUF as a "dedicated, independent, and equitable source of funding to enable emerging research universities in this state to achieve national prominence as major research universities." HJR 14 goes on to lay out other parameters of the NRUF, including:

- Distributions from the fund may be used only for the support and maintenance of educational and general activities that promote increased research capacity.
- Distribution limitations are imposed based on specified conditions of the purchasing power and fair market value of fund investment assets.
- The University of Texas at Austin and Texas A&M University are not eligible for NRUF distributions.
- The HEF would be eliminated by a date established by the Legislature and any amount in or payable to the currently dormant HEF would be transferred to the NRUF.

What distinguishes a national research university from an emerging research university?

The Texas Higher Education Coordinating Board characterizes national research universities as offering a wide range of baccalaureate, master's, and doctoral degree programs and serve a student population from within and outside their region; annually award over 200 doctoral degrees in a comprehensive range of programs; and annually generate more than \$150 million in research expenditures. Texas currently has two public institutions of higher education (IHEs) that are classified as national research universities: The University of Texas at Austin and Texas A&M University.

Emerging research universities also offer a wide range of baccalaureate and master's programs, have doctoral degree-granting authority, serve a student population from within and outside their region, award 20 or more doctoral degrees annually in targeted areas of excellence that span at least 10 disciplines, and place significant emphasis on research and creative activities and generate research expenditures in the tens of millions of dollars. There are currently seven public IHEs in Texas that are considered emerging research universities: The University of Houston, the University of North Texas, The University of Texas at El Paso, The University of Texas at San Antonio, The University of Texas at Arlington, The University of Texas at Dallas, and Texas Tech University.

If Proposition 4 passes, how will funds from the NRUF be distributed?

The creation of the NRUF repurposes the currently unused HEF and dedicates that fund to the seven emerging research institutions. It does not absorb new funds. The enabling legislation, HB 51 does not specify how the NRUF funds will be distributed. However, the legislation does state that no NRUF funds may be distributed before September 1, 2011, (Fiscal Year 2012) and funds will be based on an institution meeting benchmarks based on the following:

- Expenditure of at least \$45 million in restricted research; and
- Meet four of the following six criteria:
 - ✓ \$400 million endowment;
 - ✓ 200 Ph.D.'s awarded annually;
 - ✓ freshmen class with high academic achievement;
 - ✓ membership in Association of Research Libraries, Phi Beta Kappa or equivalent national recognition;
 - ✓ high quality faculty;
 - ✓ commitment to high quality graduate education.

What is the Result if Proposition 4 does not pass?

The NRUF will not be created. The HEF constitutional fund will stay in place and remain unused for the foreseeable future.

For more information:

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