

EDUCATION CODE

TITLE 3. HIGHER EDUCATION

SUBTITLE B. STATE COORDINATION OF HIGHER EDUCATION

CHAPTER 63. PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS OF
HIGHER EDUCATION

SUBCHAPTER A. PERMANENT HEALTH FUND FOR HIGHER EDUCATION

Sec. 63.001. PERMANENT HEALTH FUND FOR HIGHER EDUCATION.

(a) The permanent health fund for higher education is a special fund in the treasury outside the general revenue fund.

(b) The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

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

(3) the returns received from investment of money in the fund.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Sec. 63.002. ADMINISTRATION AND USE OF FUND. (a) The board of regents of The University of Texas System shall administer the fund. The board may manage and invest the fund in the same manner as the board manages and invests other permanent endowments. In administering the fund, the board shall invest any funds in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions. The board shall determine the amount available for distribution from the fund in a manner consistent with the board's procedures for making distributions to other endowment beneficiaries. The amount available for distribution shall be determined by the investment and distribution policy for the fund's assets adopted by the board. Expenses of managing the fund's assets shall be paid from the fund.

(b) Except as provided by Subsections (c), (d), and (f), money in the fund may not be used for any purpose.

(c) The amount available for distribution from the fund may be appropriated only for programs that benefit medical research, health education, or treatment programs at the following

health-related institutions of higher education:

- (1) The University of Texas Health Science Center at San Antonio;
- (2) The University of Texas M. D. Anderson Cancer Center;
- (3) The University of Texas Southwestern Medical Center;
- (4) The University of Texas Medical Branch at Galveston;
- (5) The University of Texas Health Science Center at Houston;
- (6) The University of Texas Health Science Center at Tyler;
- (7) The University of Texas Health Science Center--South Texas and its component institutions, if established under Subchapter N, Chapter 74;
- (8) The Texas A&M University Health Science Center;
- (9) the University of North Texas Health Science Center at Fort Worth;
- (10) the Texas Tech University Health Sciences Center;
- (11) the Texas Tech University Health Sciences Center at El Paso;
- (12) the University of Houston College of Medicine;
- (13) the Sam Houston State University College of Osteopathic Medicine;
- (14) the Dell Medical School at The University of Texas at Austin; and
- (15) Baylor College of Medicine, if a contract between Baylor College of Medicine and the Texas Higher Education Coordinating Board is in effect under Section 61.092.

(d) The governing board of a health-related institution of higher education entitled to receive money under this subchapter may solicit and accept gifts and grants to the fund. A gift or grant to the fund shall be appropriated and distributed and may be used in the same manner as an amount appropriated under Section 63.003, subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(e) Sections 403.095 and 404.071, Government Code, do not apply to the fund. Section 404.094(d), Government Code, applies to the fund.

(f) An institution of higher education that has accepted a gift under Subchapter I, Chapter 51, that was conditioned on the receipt by the institution of state matching funds from the eminent scholars fund may use money the institution receives under this subchapter to provide the state matching funds, treating that amount as if it were a distribution to the institution from the eminent scholars fund for purposes of Subchapter I, Chapter 51.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1341 (S.B. 98), Sec. 4, eff. June 19, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 65 (S.B. 120), Sec. 14, eff. May 18, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 179 (H.B. 1844), Sec. 7, eff. September 1, 2013.

Acts 2019, 86th Leg., R.S., Ch. 8 (H.B. 826), Sec. 7, eff. May 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 294 (H.B. 2867), Sec. 7, eff. May 29, 2019.

Acts 2019, 86th Leg., R.S., Ch. 517 (S.B. 479), Sec. 3, eff. June 7, 2019.

Acts 2021, 87th Leg., R.S., Ch. 915 (H.B. 3607), Sec. 5.025, eff. September 1, 2021.

Sec. 63.003. ALLOCATION OF DISTRIBUTION. (a) The legislature shall appropriate the amount available for distribution from the fund to the health-related institutions of higher education listed in Section 63.002(c). The amount appropriated shall be distributed as follows:

(1) 70 percent shall be distributed in equal amounts to each institution; and

(2) the remaining amount shall be distributed in equal amounts for each of the following categories, with each institution receiving a share in each category proportionate to the amount that

the institution spent in that category in the preceding fiscal biennium as determined by the institution's annual financial report, compared to the total spending of every institution listed in Section 63.002(c) in that category in the preceding biennium:

- (A) instructional expenditures;
- (B) research expenditures; and
- (C) unsponsored charity care.

(b) The amount appropriated under Subsection (a) shall be distributed quarterly by the comptroller to each health-related institution of higher education.

(c) The Legislative Budget Board shall make any necessary determination of each institution's portion of an amount appropriated under Subsection (a)(2) and shall provide that information to the legislature and the comptroller.

(d) Expired.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1049 (S.B. 5), Sec. 9.01(b)(9), eff. September 1, 2013.

SUBCHAPTER B. PERMANENT FUNDS FOR HEALTH-RELATED INSTITUTIONS

Sec. 63.101. CREATION OF FUNDS. (a) A separate permanent endowment fund is established for the benefit of each of the following institutions of higher education:

- (1) The University of Texas Health Science Center at San Antonio;
- (2) The University of Texas M. D. Anderson Cancer Center;
- (3) The University of Texas Southwestern Medical Center;
- (4) The University of Texas Medical Branch at Galveston;
- (5) The University of Texas Health Science Center at Houston;
- (6) The University of Texas Health Science Center at Tyler;

- (7) The University of Texas at El Paso;
- (8) The Texas A&M University Health Science Center;
- (9) the University of North Texas Health Science Center at Fort Worth;
- (10) the components of the Texas Tech University Health Sciences Center located in El Paso;
- (11) the components of the Texas Tech University Health Sciences Center at locations other than El Paso;
- (12) the regional academic health center established under Section [74.611](#); and
- (13) Baylor College of Medicine, if a contract between Baylor College of Medicine and the Texas Higher Education Coordinating Board is in effect under Section [61.092](#).

(b) Each separate permanent endowment fund is a special fund in the treasury outside the general revenue fund.

(c) Each separate permanent endowment fund is composed of:

- (1) money transferred to the fund at the direction of the legislature;
- (2) gifts and grants contributed to the fund; and
- (3) the returns received from investment of money in the fund.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 179 (H.B. [1844](#)), Sec. 8, eff. September 1, 2013.

Sec. 63.102. ADMINISTRATION AND USE OF FUNDS. (a) The governing board of an institution or component for which a fund is established under this subchapter may administer the fund of that institution. If a governing board elects not to administer the fund, the comptroller shall administer the fund. The administrator of a fund established under this subchapter shall invest the fund in a manner intended to preserve the purchasing power of the fund's assets and the fund's annual distributions. Annual distributions for any fund shall be determined by the investment and distribution policy adopted by the administrator of the fund for the fund's assets. Expenses of managing the assets of a fund shall be paid

from the fund. If a governing board administers a fund, the governing board may manage and invest the fund in the same manner as the board manages and invests other permanent endowments, and the board shall make distributions from the fund in a manner consistent with the board's procedures for making distributions to other endowment beneficiaries. If the comptroller administers a fund, the comptroller may acquire, exchange, sell, supervise, manage, or retain, through procedures and subject to restrictions the comptroller considers appropriate, any kind of investment of the fund's assets that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing, taking into consideration the investment of all the assets of the fund rather than a single investment.

(b) Except as provided by Subsections (c), (d), and (f), money in a fund established under this subchapter may not be used for any purpose.

(c) The amount available for distribution from each fund may be appropriated only for research and other programs that are conducted by the institution or components for which the fund is established and that benefit the public health. The comptroller or the governing board shall report to the legislature the amount of funds that are eligible for appropriation. An amount appropriated from the fund established for The University of Texas Health Science Center at San Antonio may be used to establish, maintain, and operate a children's cancer center. An amount appropriated from the funds established for the component institutions of The University of Texas System may be used to maintain, operate, and conduct health education programs and other related work at the system's multi-institution center in the city of Laredo. An amount appropriated from the funds established for the components of the Texas Tech University Health Sciences Center located in El Paso and for The University of Texas at El Paso may be used for the establishment and operation of an institute of public health in El Paso. An amount appropriated from the fund established for the components of the Texas Tech University Health Sciences Center at

locations other than El Paso may be used for research and other programs that benefit the public health in areas outside El Paso. An amount appropriated from the fund established for The Texas A&M University Health Science Center may be used for the establishment and operation of the Coastal Bend Health Education Center in Corpus Christi.

(d) The comptroller or the governing board of an institution or component may solicit and accept gifts and grants to the institution's or component's fund. A gift or grant to the fund may be expended and used in the same manner as an amount distributed from the fund under Subsection (c), subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(e) Sections 403.095 and 404.071, Government Code, do not apply to a fund established under this subchapter. Section 404.094(d), Government Code, applies to the fund.

(f) An institution of higher education that has accepted a gift under Subchapter I, Chapter 51, that was conditioned on the receipt by the institution of state matching funds from the eminent scholars fund may use money the institution receives under this subchapter to provide the state matching funds, treating that amount as if it were a distribution to the institution from the eminent scholars fund for purposes of Subchapter I, Chapter 51.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 156 (S.B. 884), Sec. 6, eff. September 1, 2021.

SUBCHAPTER C. PERMANENT FUND FOR HIGHER EDUCATION NURSING, ALLIED HEALTH, AND OTHER HEALTH-RELATED PROGRAMS

Sec. 63.201. PERMANENT FUND FOR HIGHER EDUCATION NURSING, ALLIED HEALTH, AND OTHER HEALTH-RELATED PROGRAMS. (a) The permanent fund for higher education nursing, allied health, and other health-related programs is a special fund in the treasury outside the general revenue fund.

(b) The fund is composed of:

- (1) money transferred to the fund at the direction of the legislature;
- (2) gifts and grants contributed to the fund; and
- (3) the returns received from investment of money in the fund.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

For expiration of Subsections (f) and (g), see Subsection (g).

Sec. 63.202. ADMINISTRATION AND USE OF FUND. (a) The comptroller may contract with the governing board of any institution or component that is eligible to receive a grant under Subsection (c) to administer the fund. If a governing board administers the fund, the governing board may manage and invest the money in the fund in the same manner as the board manages and invests other permanent endowments. The administrator of the fund shall invest any fund in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions.

(b) Except as provided by Subsections (c) and (d), money in the fund established under this subchapter may not be used for any purpose.

(c) The investment returns of the fund may be appropriated to the Texas Higher Education Coordinating Board for the purpose of providing grants to public institutions of higher education that offer upper-level academic instruction and training in the field of nursing, allied health, or other health-related education. The coordinating board shall adopt rules relating to the award of grants under this subchapter and may, in awarding grants, consider the impact the grant will have on academic instruction and training in the field of nursing, allied health, or other health-related education in this state. An institution or component that is eligible to receive funding under Subchapter A or B is not eligible to receive a grant under this subchapter. The comptroller or the governing board shall report to the legislature the amount of funds that are available for appropriation under this section.

(d) The comptroller or the governing board that administers the fund may solicit and accept gifts and grants for the benefit of the fund. A gift or grant to the fund may be expended and used in

the same manner as the investment returns of the fund under Subsection (c), subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(e) Sections [403.095](#) and [404.071](#), Government Code, do not apply to a fund established under this subchapter.

(f) Notwithstanding the limitation provided by Subsection (b), grants awarded under Subsection (c) for the state fiscal biennium ending on August 31, 2025, and the fiscal biennium ending on August 31, 2027, by the Texas Higher Education Coordinating Board shall be awarded to programs preparing students for initial licensure as registered nurses or programs preparing qualified faculty members with a master's or doctoral degree for the program, including programs at two-year institutions of higher education, four-year general academic teaching institutions, health science centers, and independent or private institutions of higher education, or to the nursing resource section established under Section [105.002\(b\)](#), Health and Safety Code. In awarding grants under this subsection, the coordinating board may:

(1) give priority to institutions proposing to address the shortage of registered nurses by promoting innovation in education, recruitment, and retention of nursing students and qualified faculty;

(2) award grants on a competitive basis;

(3) consider the availability of matching funds; and

(4) fund a study by the nursing resource section to evaluate the competencies of clinical judgment and behaviors that professional nursing students should possess at the time of graduation.

(g) Subsection (f) and this subsection expire September 1, 2027.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Amended by Acts 2001, 77th Leg., ch. 1489, Sec. 11, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 728, Sec. 2, eff. June 20, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 534 (S.B. [992](#)), Sec. 1, eff. June 16, 2007.

Acts 2009, 81st Leg., R.S., Ch. 999 (H.B. [3961](#)), Sec. 15, eff.

June 19, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 407 (S.B. 794), Sec. 1, eff.

June 17, 2011.

Acts 2015, 84th Leg., R.S., Ch. 215 (H.B. 495), Sec. 1, eff.

May 29, 2015.

Acts 2019, 86th Leg., R.S., Ch. 1068 (H.B. 1401), Sec. 1, eff.

June 14, 2019.

Acts 2023, 88th Leg., R.S., Ch. 1034 (S.B. 25), Sec. 8, eff.

June 18, 2023.

Sec. 63.203. REPORTING REQUIREMENT. The Texas Higher Education Coordinating Board shall provide a report on the permanent fund established under this subchapter to the Legislative Budget Board no later than November 1 of each year. The report shall include the total amount of money distributed from the fund, the names of the institutions receiving grants, the purpose for which the grants were used, and any additional information that may be requested by the Legislative Budget Board.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

SUBCHAPTER D. PERMANENT FUND FOR MINORITY HEALTH RESEARCH AND
EDUCATION

Sec. 63.301. PERMANENT FUND FOR MINORITY HEALTH RESEARCH AND EDUCATION. (a) The permanent fund for minority health research and education is a special fund in the treasury outside the general revenue fund.

(b) The fund is composed of:

(1) money transferred to the fund at the direction of the legislature;

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

(3) the returns received from investment of money in the fund.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.

Sec. 63.302. ADMINISTRATION AND USE OF FUND. (a) The comptroller may contract with the governing board of any

institution or component that is eligible to receive a grant under Subsection (c) to administer the fund. If a governing board administers the fund, the governing board may manage and invest the money in the same manner as the board manages and invests other permanent funds. The administrator of the fund shall invest any fund in a manner that preserves the purchasing power of the fund's assets and the fund's annual distributions.

(b) Except as provided by Subsections (c) and (e), money in the fund established under this subchapter may not be used for any purpose.

(c) The investment returns of the fund may be appropriated to the Texas Higher Education Coordinating Board for the purpose of providing grants to institutions of higher education, including Centers for Teacher Education, that conduct research or educational programs that address minority health issues or form partnerships with minority organizations, colleges, or universities to conduct research and educational programs that address minority health issues.

(d) The coordinating board shall adopt rules relating to the award of grants under this subchapter.

(e) The comptroller or governing board that administers the fund may solicit and accept gifts and grants for the benefit of the fund. A gift or grant to the fund may be expended and used in the same manner as the investment returns of the fund under Subsection (c), subject to any limitation or requirement placed on the gift or grant by the donor or granting entity.

(f) The coordinating board shall report to the legislature annually the total amount of funds awarded and a brief description of each grant, including the name of the institution receiving the grant, the amount and purpose of the grant, and the partnership formed to conduct the research or educational programs authorized under Subsection (c).

(g) Sections [403.095](#) and [404.071](#), Government Code, do not apply to a fund established under this subchapter.

Added by Acts 1999, 76th Leg., ch. 1402, Sec. 1, eff. Aug. 30, 1999.