SUBJECT: Establishing funds for the Texas State Technical College System

COMMITTEE: Higher Education — favorable, without amendment

VOTE: 9 ayes — Wilson, Howard, A. Davis, Lambert, V. Perez, Shaheen, Shofner, VanDeaver, Ward Johnson

1 nay — Tinderholt

1 absent — Lalani

SENATE VOTE: On final passage (May 8) — 29 - 2

WITNESSES: None (*Considered in a formal meeting on May 20*)

BACKGROUND: Some have suggested that, in order for the Texas State Technical College System to effectively address the growing demand for a skilled workforce in key sectors, stable and long-term funding is needed to support strategic planning for and ensure the sustainability of the system.

DIGEST: SJR 59 would establish the Permanent Technical Institution Infrastructure Fund and the Available Workforce Education Fund as special funds in the state treasury outside the general revenue fund to be administered without further appropriation for the purpose of providing a dedicated source of funding for capital projects and equipment purchases related to educational programs offered by the Texas State Technical College System. The permanent fund would have to consist of:

- money appropriated, credited, transferred, or deposited to the credit of the fund by the resolution or as authorized by other law;
- any interest or other earnings attributable to the investment of money in the fund; and
- gifts, grants, and donations made to the fund.

The available fund would consist of:

- money distributed to the fund from the permanent fund as provided by the resolution;
- money appropriated, credited, transferred, or deposited to the credit of the fund by the resolution or as authorized by other law;
- any interest or other earnings attributable to the investment of money in the fund; and
- gifts, grants, and donations made to the fund.

The comptroller of public accounts or the board of regents of the Texas State Technical College System could establish accounts in the available fund as necessary to administer the fund or pay for projects authorized under the resolution. The comptroller would be required to hold, manage, and invest the permanent fund. In managing the assets of the fund, the comptroller could acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain. The expenses of managing the investments of the fund would have to be paid from the fund.

Money could not be appropriated or transferred from either fund except as provided by the resolution. The comptroller would be required to determine the amount available for distribution from the permanent fund to the available fund for each fiscal year in accordance with a distribution policy adopted by the comptroller. The amount available for distribution:

- would have to be determined in a manner intended to provide the available fund with a stable and predictable stream of annual distributions and preserve over a rolling 10-year period the purchasing power of the permanent fund; and
- could not exceed 5.5 percent of the fair market value of the investment assets of the permanent fund, as determined by the comptroller.

For each fiscal year, on request of the board of regents of the Texas State Technical College System, the comptroller would have to distribute an amount that did not exceed the amount from the permanent fund to the available fund. The amount distributed from the permanent fund to the

available fund would have to be appropriated to the board of regents of the Texas State Technical College System for:

- acquiring land;
- constructing and equipping buildings or other permanent improvements;
- major repair and rehabilitation of buildings and other permanent improvements;
- acquiring capital equipment;
- acquiring library books and materials;
- payment of the principal and interest due on the bonds and notes issued by the respective board of regents to finance permanent improvements as authorized by other law; and
- any other purpose authorized by general law.

Money appropriated from the available fund could not be used for the purpose of constructing, equipping, repairing, or rehabilitating buildings or other permanent improvements that were to be used for intercollegiate athletics or auxiliary enterprises.

An institution, other than a component institution of the Texas State Technical College System, that was entitled to participate in dedicated funding could not be entitled to participate in the funding provided by the resolution.

The resolution would not impair any obligation created by the issuance of bonds or notes in accordance with prior law and all outstanding bonds and notes would have to be paid in full, both principal and interest, in accordance with their terms. If the resolution conflicted with another provision of the Texas Constitution, the resolution would prevail.

Money appropriated under the resolution that was not spent during the fiscal year for which it was made would have to be retained by the Texas State Technical College System and could be spent in a subsequent fiscal year for a purpose for which the appropriation was made.

The resolution would make conforming changes to relevant constitutional provisions on state funding for institutions of higher education to reflect this change.

The resolution would repeal Texas Constitution art. 7, sec. 17(d-1), which prohibits the allocation of the annual appropriation to Texas State Technical College System and its campuses from exceeding 2.2 percent of the total appropriation each fiscal year.

The ballot proposal would be presented to voters at an election on November 4, 2025, and would read: "The constitutional amendment providing for the creation of the permanent technical institution infrastructure fund and the available workforce education fund to support the capital needs of educational programs offered by the Texas State Technical College System and repealing the limitation on the allocation to the system and its campuses of the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education."

NOTES:

According to the Legislative Budget Board, the resolution would have no significant fiscal implication to the state other than the cost of publication, which would be $191,689.