A JOINT RESOLUTION

proposing a constitutional amendment reducing The University of Texas System's share of the income and other benefits of the permanent university fund, transferring to the national research university fund and general revenue fund a portion of the annual distribution made from the permanent university fund to the available university fund, and dedicating the portion transferred to the general revenue fund to provide for the support and maintenance of public institutions of higher education.

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

SECTION 1. Section 17(c), Article VII, Texas Constitution, is amended to read as follows:

(c) Pursuant to a two-thirds vote of the membership of each house of the legislature, institutions of higher education may be created at a later date by general law, and, when created, such an institution shall be entitled to participate in the funding provided by this section if it is not created as a part of The University of Texas System or The Texas A&M University System. An institution that is entitled to participate in dedicated funding provided by [Article VII,] Section 18[.] of this article, other than funding transferred to the national research university fund or general revenue fund under that section, [constitution] may not be entitled to participate in the funding provided by this section.

SECTION 2. Sections 18(b), (e), and (f), Article VII, Texas Constitution, are amended to read as follows:
The Board of Regents of The University of Texas System may issue bonds and notes not to exceed a total amount of 10 [20] percent of the cost value of investments and other assets of the permanent university fund (exclusive of real estate) at the time of issuance thereof, and may pledge all or any part of its one-third [two-thirds] interest in the available university fund to secure the payment of the principal and interest of those bonds and notes, for the purpose of acquiring land either with or without permanent improvements, constructing and equipping buildings or other permanent improvements, major repair and rehabilitation of buildings and other permanent improvements, acquiring capital equipment and library books and library materials, and refunding bonds or notes issued under this section or prior law, at or for The University of Texas System administration and the following component institutions of the system:

1. The University of Texas at Arlington;
2. The University of Texas at Austin;
3. The University of Texas at Dallas;
4. The University of Texas at El Paso;
5. The University of Texas of the Permian Basin;
6. The University of Texas at San Antonio;
7. The University of Texas at Tyler;
8. The University of Texas Health Science Center at Dallas;
9. The University of Texas Medical Branch at Galveston;
10. The University of Texas Health Science Center at
Houston;

(11) The University of Texas Health Science Center at San Antonio;
(12) The University of Texas System Cancer Center;
(13) The University of Texas Health Center at Tyler;
and
(14) The University of Texas Institute of Texan Cultures at San Antonio.

(e) The available university fund consists of the distributions made to it from the total return on all investment assets of the permanent university fund, including the net income attributable to the surface of permanent university fund land. The amount of any distributions to the available university fund shall be determined by the board of regents of The University of Texas System in a manner intended to provide the available university fund with a stable and predictable stream of annual distributions and to maintain over time the purchasing power of permanent university fund investments and annual distributions to the available university fund. The amount distributed to the available university fund in a fiscal year must be not less than the amount needed to pay the principal and interest due and owing in that fiscal year on bonds and notes issued under this section and to meet any obligation under this section that amounts be transferred in that fiscal year to the national research university fund and the general revenue fund. If the purchasing power of permanent university fund investments for any rolling 10-year period is not preserved, the board may not increase annual distributions to the
available university fund until the purchasing power of the permanent university fund investments is restored, except as necessary to pay the principal and interest due and owing on bonds and notes issued under this section. An annual distribution made by the board to the available university fund during any fiscal year may not exceed an amount equal to seven percent of the average net fair market value of permanent university fund investment assets as determined by the board, except as necessary to pay any principal and interest due and owing on bonds issued under this section. The expenses of managing permanent university fund land and investments shall be paid by the permanent university fund.

(f) Out of one-third of the annual distribution from the permanent university fund to the available university fund, there shall be appropriated an annual sum sufficient to pay the principal and interest due on the bonds and notes issued by the Board of Regents of The Texas A&M University System under this section and prior law, and the remainder of that one-third of the annual distribution to the available university fund shall be appropriated to the Board of Regents of The Texas A&M University System which shall have the authority and duty in turn to appropriate an equitable portion of the same for the support and maintenance of The Texas A&M University System administration, Texas A&M University, and Prairie View A&M University. The Board of Regents of The Texas A&M University System, in making just and equitable appropriations to Texas A&M University and Prairie View A&M University, shall exercise its discretion with due regard to such criteria as the board may deem appropriate from year to year. Out of one third [the
other two-thirds] of the annual distribution from the permanent university fund to the available university fund there shall be appropriated an annual sum sufficient to pay the principal and interest due on the bonds and notes issued by the Board of Regents of The University of Texas System under this section and prior law, and the remainder of that one-third [such two-thirds] of the annual distribution to the available university fund, shall be appropriated for the support and maintenance of The University of Texas at Austin and The University of Texas System administration.

Out of the remaining one-third of the annual distribution from the permanent university fund to the available university fund, the Board of Regents of The University of Texas System, in the manner prescribed by the comptroller of public accounts, shall annually transfer:

(1) 25 percent of that one-third to the national research university fund established under Section 20 of this article; and

(2) 75 percent of that one-third to the general revenue fund, to be appropriated only for the support and maintenance of public institutions of higher education according to equitable formulas prescribed by law.

SECTION 3. The following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) This temporary provision applies to the constitutional amendment proposed by the 87th Legislature, 2nd Called Session, 2021, reducing The University of Texas System's share of the income and other benefits of the permanent university
fund, transferring to the national research university fund and
general revenue fund a portion of the annual distribution made from
the permanent university fund to the available university fund, and
dedicating the portion transferred to the general revenue fund to
provide for the support and maintenance of public institutions of
higher education.

(b) The amendment to Section 18, Article VII, of this
constitution does not impair any obligation created by the issuance
of bonds or notes by the board of regents of The University of Texas
System in accordance with that section before May 7, 2022, and all
outstanding bonds and notes validly issued by the board under that
section remain valid, enforceable, and binding and shall be paid in
full, both principal and interest, in accordance with their terms
and from the sources pledged to their payment. In order to ensure
that the amendment of that section does not impair any obligation
created by the issuance of those bonds and notes, notwithstanding
the amendments to Subsections (e) and (f) of that section:

(1) the amount allocated for appropriation to The
University of Texas System for a state fiscal year under Subsection
(f) of that section shall be increased, if necessary, to the amount
necessary to pay the principal and interest due and owing during
that fiscal year on those bonds and notes; and

(2) the amounts allocated for transfer to the national
research university fund and the general revenue fund for a state
fiscal year under Subsection (f) of that section shall be
proportionately reduced by a total amount equal to the amount, if
any, by which the amount allocated for appropriation to The
University of Texas System is increased under Subdivision (1) of this subsection for that fiscal year.

(c) This section expires June 1, 2052.

SECTION 4. This proposed constitutional amendment shall be submitted to the voters at an election to be held May 7, 2022. The ballot shall be printed to permit voting for or against the proposition: "The constitutional amendment reducing The University of Texas System's share of the income and other benefits of the permanent university fund, transferring to the national research university fund and general revenue fund a portion of the annual distribution made from the permanent university fund to the available university fund, and dedicating the portion transferred to the general revenue fund to provide for the support and maintenance of public institutions of higher education."