

By: Perry

S.J.R. No. 14

A JOINT RESOLUTION

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

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

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

12 (c) Pursuant to a two-thirds vote of the membership of each
13 house of the legislature, institutions of higher education may be
14 created at a later date by general law, and, when created, such an
15 institution shall be entitled to participate in the funding
16 provided by this section if it is not created as a part of The
17 University of Texas System or The Texas A&M University System. An
18 institution that is entitled to participate in dedicated funding
19 provided by [Article VII,] Section 18[7] of this article, other
20 than funding transferred to the national research university fund
21 or general revenue fund under that section, [constitution] may not
22 be entitled to participate in the funding provided by this section.

23 SECTION 2. Sections 18(b), (e), and (f), Article VII, Texas
24 Constitution, are amended to read as follows:

1 (b) The Board of Regents of The University of Texas System
2 may issue bonds and notes not to exceed a total amount of 10 [~~20~~]
3 percent of the cost value of investments and other assets of the
4 permanent university fund (exclusive of real estate) at the time of
5 issuance thereof, and may pledge all or any part of its one-third
6 [~~two-thirds~~] interest in the available university fund to secure
7 the payment of the principal and interest of those bonds and notes,
8 for the purpose of acquiring land either with or without permanent
9 improvements, constructing and equipping buildings or other
10 permanent improvements, major repair and rehabilitation of
11 buildings and other permanent improvements, acquiring capital
12 equipment and library books and library materials, and refunding
13 bonds or notes issued under this section or prior law, at or for The
14 University of Texas System administration and the following
15 component institutions of the system:

- 16 (1) The University of Texas at Arlington;
- 17 (2) The University of Texas at Austin;
- 18 (3) The University of Texas at Dallas;
- 19 (4) The University of Texas at El Paso;
- 20 (5) The University of Texas of the Permian Basin;
- 21 (6) The University of Texas at San Antonio;
- 22 (7) The University of Texas at Tyler;
- 23 (8) The University of Texas Health Science Center at
24 Dallas;
- 25 (9) The University of Texas Medical Branch at
26 Galveston;
- 27 (10) The University of Texas Health Science Center at

1 Houston;

2 (11) The University of Texas Health Science Center at
3 San Antonio;

4 (12) The University of Texas System Cancer Center;

5 (13) The University of Texas Health Center at Tyler;
6 and

7 (14) The University of Texas Institute of Texan
8 Cultures at San Antonio.

9 (e) The available university fund consists of the
10 distributions made to it from the total return on all investment
11 assets of the permanent university fund, including the net income
12 attributable to the surface of permanent university fund land. The
13 amount of any distributions to the available university fund shall
14 be determined by the board of regents of The University of Texas
15 System in a manner intended to provide the available university
16 fund with a stable and predictable stream of annual distributions
17 and to maintain over time the purchasing power of permanent
18 university fund investments and annual distributions to the
19 available university fund. The amount distributed to the available
20 university fund in a fiscal year must be not less than the amount
21 needed to pay the principal and interest due and owing in that
22 fiscal year on bonds and notes issued under this section and to meet
23 any obligation under this section that amounts be transferred in
24 that fiscal year to the national research university fund and the
25 general revenue fund. If the purchasing power of permanent
26 university fund investments for any rolling 10-year period is not
27 preserved, the board may not increase annual distributions to the

1 available university fund until the purchasing power of the
2 permanent university fund investments is restored, except as
3 necessary to pay the principal and interest due and owing on bonds
4 and notes issued under this section. An annual distribution made by
5 the board to the available university fund during any fiscal year
6 may not exceed an amount equal to seven percent of the average net
7 fair market value of permanent university fund investment assets as
8 determined by the board, except as necessary to pay any principal
9 and interest due and owing on bonds issued under this section. The
10 expenses of managing permanent university fund land and investments
11 shall be paid by the permanent university fund.

12 (f) Out of one-third of the annual distribution from the
13 permanent university fund to the available university fund, there
14 shall be appropriated an annual sum sufficient to pay the principal
15 and interest due on the bonds and notes issued by the Board of
16 Regents of The Texas A&M University System under this section and
17 prior law, and the remainder of that one-third of the annual
18 distribution to the available university fund shall be appropriated
19 to the Board of Regents of The Texas A&M University System which
20 shall have the authority and duty in turn to appropriate an
21 equitable portion of the same for the support and maintenance of The
22 Texas A&M University System administration, Texas A&M University,
23 and Prairie View A&M University. The Board of Regents of The Texas
24 A&M University System, in making just and equitable appropriations
25 to Texas A&M University and Prairie View A&M University, shall
26 exercise its discretion with due regard to such criteria as the
27 board may deem appropriate from year to year. Out of one third [~~the~~

1 ~~either two-thirds~~] of the annual distribution from the permanent
2 university fund to the available university fund there shall be
3 appropriated an annual sum sufficient to pay the principal and
4 interest due on the bonds and notes issued by the Board of Regents
5 of The University of Texas System under this section and prior law,
6 and the remainder of that one-third [~~such two-thirds~~] of the annual
7 distribution to the available university fund, shall be
8 appropriated for the support and maintenance of The University of
9 Texas at Austin and The University of Texas System administration.
10 Out of the remaining one-third of the annual distribution from the
11 permanent university fund to the available university fund, the
12 Board of Regents of The University of Texas System, in the manner
13 prescribed by the comptroller of public accounts, shall annually
14 transfer:

15 (1) 25 percent of that one-third to the national
16 research university fund established under Section 20 of this
17 article; and

18 (2) 75 percent of that one-third to the general
19 revenue fund, to be appropriated only for the support and
20 maintenance of public institutions of higher education according to
21 equitable formulas prescribed by law.

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

24 TEMPORARY PROVISION. (a) This temporary provision applies to
25 the constitutional amendment proposed by the 87th Legislature, 2nd
26 Called Session, 2021, reducing The University of Texas System's
27 share of the income and other benefits of the permanent university

1 fund, transferring to the national research university fund and
2 general revenue fund a portion of the annual distribution made from
3 the permanent university fund to the available university fund, and
4 dedicating the portion transferred to the general revenue fund to
5 provide for the support and maintenance of public institutions of
6 higher education.

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

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

23 (2) the amounts allocated for transfer to the national
24 research university fund and the general revenue fund for a state
25 fiscal year under Subsection (f) of that section shall be
26 proportionately reduced by a total amount equal to the amount, if
27 any, by which the amount allocated for appropriation to The

1 University of Texas System is increased under Subdivision (1) of
2 this subsection for that fiscal year.

3 (c) This section expires June 1, 2052.

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