

By: Perry

S.J.R. No. 9

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, appropriating the portion transferred
7 to the national research university fund, and dedicating the
8 portion transferred to the general revenue fund to provide for the
9 support and maintenance of public institutions of higher education.

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

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

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

24 SECTION 2. Sections 18(b), (e), and (f), Article VII, Texas

1 Constitution, are amended to read as follows:

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

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

- 1 (10) The University of Texas Health Science Center at
2 Houston;
- 3 (11) The University of Texas Health Science Center at
4 San Antonio;
- 5 (12) The University of Texas System Cancer Center;
- 6 (13) The University of Texas Health Center at Tyler;
- 7 and
- 8 (14) The University of Texas Institute of Texan
9 Cultures at San Antonio.

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

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

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

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

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

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

23 SECTION 3. Sections 20(d) and (f), Article VII, Texas
24 Constitution, are amended to read as follows:

25 (d) In each state fiscal biennium, the legislature shall
26 appropriate the amount transferred to the fund under Section 18(f)
27 of this article and may appropriate as provided by Subsection (f) of

1 this section all or a portion of the total return on all investment
2 assets of the fund to carry out the purposes for which the fund is
3 established.

4 (f) The portion of the total return on investment assets of
5 the fund that is available for appropriation in a state fiscal
6 biennium under this section is the portion determined by the
7 legislature, or an agency designated by the legislature, as
8 necessary to provide as nearly as practicable a stable and
9 predictable stream of annual distributions to eligible state
10 universities and to maintain over time the purchasing power of fund
11 investment assets. If the purchasing power of fund investment
12 assets for any rolling 10-year period is not preserved, the
13 appropriations from the total return on investment assets of the
14 fund [~~distributions~~] may not be increased until the purchasing
15 power of the fund investment assets is restored. The amount
16 appropriated from the total return on investment assets of the fund
17 in any fiscal year may not exceed an amount equal to seven percent
18 of the average net fair market value of the investment assets of the
19 fund, as determined by law. Until the fund has been invested for a
20 period of time sufficient to determine the purchasing power over a
21 10-year period, the legislature may provide by law for means of
22 preserving the purchasing power of the fund.

23 SECTION 4. The following temporary provision is added to
24 the Texas Constitution:

25 TEMPORARY PROVISION. (a) This temporary provision applies to
26 the constitutional amendment proposed by the 87th Legislature, 3rd
27 Called Session, 2021, reducing The University of Texas System's

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

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

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

25 (2) the amounts allocated for transfer to the national
26 research university fund and the general revenue fund for a state
27 fiscal year under Subsection (f) of that section shall be

1 proportionately reduced by a total amount equal to the amount, if
2 any, by which the amount allocated for appropriation to The
3 University of Texas System is increased under Subdivision (1) of
4 this subsection for that fiscal year.

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

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