

## **RESOLUTION ANALYSIS**

C.S.S.J.R. 81  
By: Birdwell  
Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Texas State Technical College (TSTC), Lamar Institute of Technology, Lamar State College--Orange, and Lamar State College--Port Arthur (the Lamar Colleges) historically have been underfunded, without consistent, adequate capital funding to allow for strategic growth in current or new campuses. With the record employment growth in Texas, the skilled labor shortage also continues to grow, and these institutions have a long history of proven performance in training highly skilled workers. Several associations and businesses have been pushing for the expansion of these institutions for access to training facilities that produce the skilled workforce needed in Texas. C.S.S.J.R. 81 seeks to create a reliable source of capital funding for these institutions to expand technical training in order to meet the growing skills gap in Texas and place more Texans in high-paying jobs. The resolution proposes a constitutional amendment providing for the creation of the permanent instruction in manufacturing and technical workforce operations fund and the available instruction in manufacturing and technical workforce operations fund to support the capital needs of education programs offered by TSTC and the Lamar Colleges.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this resolution does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this resolution does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.S.J.R. 81 proposes an amendment to the Texas Constitution to establish the permanent instruction in manufacturing and technical workforce operations fund and the available instruction in manufacturing and technical workforce operations fund as special funds in the state treasury outside the general revenue fund to be administered as provided by the resolution 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 (TSTC) System and certain component institutions of the Texas State University (TSU) System. The resolution establishes that the permanent fund and the available fund consist of the following:

- money appropriated, credited, transferred, or deposited to the credit of the fund under the resolution's provisions 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 resolution also includes among the components of the available fund money distributed to that fund from the permanent fund as provided by the resolution. The resolution requires the

amount of \$1,500,000,000 to be appropriated from the general revenue fund to the comptroller of public accounts on January 1, 2024, for the purpose of immediate deposit to the credit of the permanent fund.

C.S.S.J.R. 81 authorizes the comptroller, the TSTC system board of regents, or the TSU system board of regents to establish accounts in the available fund as necessary to administer the fund or pay for projects authorized under the resolution. The resolution requires the comptroller to hold, manage, and invest the permanent fund. In managing the permanent fund's assets, the comptroller may 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 in light of the purposes, terms, distribution needs, and other circumstances of the fund, taking into consideration the investment of all the assets of the fund rather than a single investment. The resolution requires the expenses of managing the investments of the fund to be paid from the fund.

C.S.S.J.R. 81 requires the comptroller to determine the amount available for distribution from the permanent fund to the available fund for each fiscal year in a manner intended to provide the available fund with a stable and predictable stream of annual distributions and to preserve over a rolling 10-year period the purchasing power of the permanent fund. The resolution caps the amount available for distribution at 5.5 percent of the fair market value of the investment assets of the permanent fund, as determined by the comptroller. The resolution requires the comptroller, for each state fiscal year, on request of the TSTC system board of regents or the TSU system board of regents, to distribute an amount that does not exceed the amount determined to be available from the permanent fund to the available fund.

C.S.S.J.R. 81 establishes that, out of the distribution from the permanent fund to the available fund, 50 percent is appropriated to the TSTC system board of regents and 50 percent is appropriated to the TSU system board of regents for the following:

- 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, including instructional equipment, virtual reality or augmented reality equipment, heavy industrial equipment, and vehicles;
- acquiring library books and materials, including digital or electronic 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 as such that is not spent during the state fiscal year for which the appropriation is made is retained by the TSTC system or the TSU system, as applicable, and may be spent in a subsequent state fiscal year for a purpose for which the appropriation was made.

C.S.S.J.R. 81 restricts the TSU system board of regents to using the appropriated money only for the benefit of the following entities:

- the Lamar Institute of Technology;
- Lamar State College--Orange;
- Lamar State College--Port Arthur; or
- pursuant to a majority vote of the legislature, an institution of higher education created as a part of or added to the system on or after January 1, 2024.

Other than any such component institution of the TSU system or a component institution of the TSTC system, the resolution excludes from entitlement to participate in funding under the resolution's provisions an institution that is entitled to participate in constitutionally dedicated funding to support agencies and institutions of higher education not supported by the available

university fund or constitutionally dedicated funding to support The Texas A&M University System and The University of Texas System.

C.S.S.J.R. 81 prohibits money from being appropriated or transferred from the permanent fund or the available fund except as provided by the resolution's provisions and expressly prohibits money appropriated from the available fund under the resolution's provisions from being used for the purpose of constructing, equipping, repairing, or rehabilitating buildings or other permanent improvements that are to be used for intercollegiate athletics or auxiliary enterprises. The resolution does not impair any obligation created by the issuance of bonds or notes in accordance with prior law, including bonds or notes issued under provisions of the Texas Constitution relating to dedicated funding to support agencies and institutions of higher education not supported by the available university fund, and all outstanding bonds and notes must be paid in full, both principal and interest, in accordance with their terms. If the resolution's provisions conflict with any other provision of the Texas Constitution, the resolution's provisions prevail.

C.S.S.J.R. 81 establishes that, for the purposes of the constitutional limit on the rate of growth of appropriations, money in the permanent fund and the available fund is considered dedicated by the constitution and an appropriation of state tax revenues for the purpose of depositing money to the credit of the permanent fund or the available fund is to be treated as if it were an appropriation of constitutionally dedicated revenues. If a board of regents of a higher education system, higher education system, institution of higher education, or state office referenced in the resolution's provisions is merged with another entity or dissolved or otherwise eliminated by law, the rights, privileges, benefits, entitlements, funding, duties, and obligations assigned to that board of regents, system, institution, or state office pass to its successor in function.

C.S.S.J.R. 81 repeals Section 17(d-1), Article VII, Texas Constitution, which caps the amount of the annual appropriation of constitutionally dedicated funding for agencies and institutions of higher education not supported by the available university fund that may be allocated to the TSTC system and its campuses each fiscal year at 2.2 percent of the total appropriation.

### **ELECTION DATE**

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 7, 2023.

### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.J.R. 81 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the resolution.

Whereas the engrossed established the permanent technical institution infrastructure fund and the available workforce education fund to provide a dedicated source of funding for capital projects and equipment purchases related to career and technical education programs offered by the TSTC system, the substitute establishes the permanent instruction in manufacturing and technical workforce operations fund and the available instruction in manufacturing and technical workforce operations fund to support the capital needs of educational programs offered by the TSTC system and certain component institutions of the TSU system.

Whereas the engrossed provided for the total amount of the distribution from the permanent fund to the available fund to be appropriated to the TSTC system board of regents, the substitute provides for 50 percent to be appropriated to that board and 50 percent to be appropriated to the TSU system board of regents. Accordingly, the substitute includes the following provisions that were not in the engrossed:

- provisions authorizing the TSU system board of regents to establish accounts in the available fund and request the comptroller to make a distribution from the permanent fund to the available fund for a state fiscal year; and
- a provision specifying the component institutions of the TSU system for which the appropriated money may be used.

Whereas the engrossed prohibited the legislature from appropriating or transferring money from the permanent fund for any purpose, the substitute prohibits money from being appropriated or transferred from the permanent fund or the available fund except as provided by the resolution.

Whereas the engrossed required the amount available for distribution from the permanent fund to the available fund for each fiscal year to be determined in a manner intended to preserve the purchasing power of the permanent fund's assets over a full economic cycle, the substitute requires that the amount be determined in a manner intended to preserve over a rolling 10-year period the purchasing power of the permanent fund.

The substitute increases the amount to be appropriated to the comptroller for the purpose of immediate deposit to the credit of the permanent fund from \$750 million, as in the engrossed, to \$1,500,000,000.

The substitute includes the following provisions that were not in the engrossed:

- a provision establishing that money appropriated under the resolution that is not spent during the applicable state fiscal year is retained by the TSTC system or the TSU system, as applicable, and may be spent in a subsequent state fiscal year for a purpose for which the appropriation was made;
- a provision extending the rights, privileges, benefits, entitlements, funding, duties, and obligations to an applicable entity's successor if that entity is merged with another entity or dissolved or otherwise eliminated by law; and
- a specification that, for purposes of constitutional limit on the rate of growth of appropriations, money in the available fund is considered dedicated by the constitution and an appropriation of state tax revenues for the purpose of depositing money to the credit of the available fund is treated as if it were an appropriation of constitutionally dedicated revenues.

The engrossed prohibited an institution from participating in both the dedicated funding provided to support agencies and institutions of higher education not supported by the available university fund and the dedicated funding provided by the resolution and set out procedures for the transfer of the TSTC system from the former type of funding to the latter. The substitute instead makes a component institution of the TSTC system and an applicable component institution of the TSU system entitled to participate in both types of dedicated funding. The substitute omits a provision of the engrossed that revised the list of agencies and institutions of higher education eligible to receive dedicated funding to support agencies and institutions of higher education not supported by the available university fund.

The engrossed established that the resolution's provisions do not impair any obligations created by the issuance of bonds or notes issued under prior law, including bonds or notes issued before January 1, 2024, under provisions of the Texas Constitution relating to dedicated funding to support agencies and institutions of higher education not supported by the available university fund. The substitute revises this provision by omitting the January 1, 2024, specification.

The substitute revises the ballot language set out by the engrossed.