

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 15, 2023

TO: Honorable John Kuempel, Chair, House Committee on Higher Education

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SJR81 by Birdwell (Proposing a 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 career and technical education programs offered by the Texas State Technical College System.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR81, As Engrossed : a negative impact of (\$750,204,406) through the biennium ending August 31, 2025.

The above cost includes the \$204,406 cost to the state for publication of the resolution.

Appropriations:

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund 1</i>
2024	\$750,000,000
2025	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$750,204,406)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>
2024	(\$750,204,406)
2025	\$0
2026	\$0
2027	\$0
2028	\$0

Fiscal Analysis

The resolution would propose an amendment to Article VII of the Texas Constitution.

The proposed amendment would establish the Permanent Technical Institution Infrastructure Fund (PTIIF or permanent fund) and the Available Workforce Education Fund (AWEF or available fund) as special funds in the state treasury outside of the General Revenue fund for the purpose of providing funding for certain capital projects and equipment purchases related to career and technical education programs offered by the Texas State Technical College (TSTC) System. The amendment stipulates that the permanent fund would consist of money transferred or deposited to the fund and any interest or other earnings of the fund and would be administered by the Texas Comptroller of Public Accounts. The Legislature could not appropriate money from the permanent fund for any purpose.

The proposed amendment would require the Comptroller, each fiscal year, to determine the amount available for distribution from the permanent fund to the available fund. The distribution must preserve the purchasing power of the assets of the permanent fund over a full economic cycle and may not exceed 5.5 percent of the average fair market value of the investment assets of the permanent fund.

The amendment provides that the total amount of the distribution from the permanent fund to the available fund would be appropriated to the TSTC board of regents for the purposes of acquiring land, constructing and equipping buildings, major repair and rehabilitation of buildings, acquiring capital equipment, acquiring library books and materials, the payment of principal and interest due on bonds and notes issued by the board of regents to finance permanent improvements as authorized by other law, and any other purpose authorized by general law. Funds may not be 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 proposed amendment would direct the Comptroller, on January 1, 2024, to transfer \$750.0 million of the unencumbered balance of the General Revenue Fund to the comptroller of public accounts for immediate deposit to the credit of the permanent fund.

The proposed amendment would remove the TSTC System and its campuses from Higher Education Fund (HEF) eligibility. The transfer of the TSTC System from HEF to permanent fund, as provided by the proposed amendment, would apply with the fiscal year beginning September 1, 2025. Any HEF funds that would have been allocated to the TSTC System as of that date would be allocated to other HEF-eligible institutions proportionally, until the Legislature or designated agency eliminated the TSTC System from the HEF allocations.

The proposed amendment would be submitted to voters at an election to be held November 7, 2023.

Methodology

The resolution, contingent on enactment and voter approval, would authorize a \$750.0 million transfer from the General Revenue Fund to the Permanent Technical Institution Infrastructure Fund (PTIIF) in fiscal year 2024.

This analysis only addresses implications for the PTIIF represented by appropriated amounts into the PTIIF from the General Revenue Fund and any interest or investment earnings on the PTIIF fund balance are not considered.

The comptroller of public accounts has indicated that there will be no administrative costs for the agency.

Note: This legislation would create or recreate a dedicated account in the General Revenue Fund, create or recreate a fund either in, with, or outside of the Treasury, or dedicate or rededicate a revenue source. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 352 Bond Review Board, 719 Texas State Technical College System Administration, 781 Higher Education Coordinating Board

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