

BILL ANALYSIS

Senate Research Center
89R20594 KJE-F

H.J.R. 5
By: Lambert et al. (Birdwell)
Education K-16
5/5/2025
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Texas State Technical College (TSTC) historically has been underfunded, with no consistently adequate capital funding to allow for strategic growth in current or new campuses. With the record growth of employment rates in Texas, the skilled labor shortage also continues to grow. TSTC has a long history of proven performance in training highly skilled workers. This is why a large group of associations and businesses have been pushing for the expansion of TSTC into the fastest-growing regions of Texas for access to training facilities that produce the skilled workforce needed. H.J.R. 5 creates a reliable source of capital funding for TSTC to expand technical training in order to meet the growing skills gap in Texas and place more Texans in great-paying jobs.

H.J.R. 5 establishes a constitutionally dedicated, permanent endowment to fund the capital infrastructure needs of career and technical education programs offered by TSTC.

H.J.R. 5 proposes a constitutional amendment providing for the creation of funds to support the capital needs of educational programs offered by the Texas State Technical College System and removing that system and its campuses from the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VII, Texas Constitution, by adding Section 21, as follows:

Sec. 21. (a) Defines "available fund" and "permanent fund."

(b) Provides that the permanent technical institution infrastructure fund (permanent fund) and the available workforce education fund (available fund) are established as special funds in the state treasury outside the general revenue fund to be administered as provided by this section 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.

(c) Provides that the permanent fund consists of certain monies.

(d) Provides that the available fund consists of certain monies.

(e) Authorizes the Comptroller of Public Accounts of the State of Texas (comptroller) or the board of regents of the TSTC System (board) to establish accounts in the available fund as necessary to administer the fund or pay for projects authorized under this section.

(f) Requires the comptroller to hold, manage, and invest the permanent fund. Authorizes the comptroller, in managing the assets of the fund, to 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. Requires that the expenses of managing the investments of the fund be paid from the fund.

(g) Prohibits money from being appropriated or transferred from the permanent fund or the available fund except as provided by this section.

(h) Requires the comptroller to determine the amount available for distribution from the permanent fund to the available fund for each fiscal year in accordance with a distribution policy adopted by the comptroller. Provides that the amount available for distribution is:

(1) required to be determined in a manner intended to provide the available fund with a stable and predictable stream of annual distributions and preserve over a rolling 10-year period the purchasing power of the permanent fund; and

(2) prohibited from exceeding 5.5 percent of the fair market value of the investment assets of the permanent fund, as determined by the comptroller.

(i) Requires the comptroller, for each state fiscal year, on request of the board, to distribute an amount that does not exceed the amount determined under Subsection (h) of this section from the permanent fund to the available fund for purposes of this section.

(j) Provides that the amount distributed from the permanent fund to the available fund under Subsection (i) of this section is appropriated to the board for certain purposes.

(k) Prohibits money appropriated from the available fund under this section, notwithstanding any other provision of this section, 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.

(l) Prohibits an institution, other than a component institution of the TSTC System (system), that is entitled to participate in dedicated funding provided by Section 17 (Funding to Support Agencies and Institutions of Higher Education Not Supported by Available University Fund) or 18 (Funding to Support Texas A&M University System and University of Texas System; Available University Fund) of Article VII (Education) from being entitled to participate in the funding provided by this section.

(m) Provides that this section does not impair any obligation created by the issuance of bonds or notes in accordance with prior law, including bonds or notes issued under Section 17 of this article, and all outstanding bonds and notes are required to be paid in full, both principal and interest, in accordance with their terms. Provides that if this section conflicts with any other provision of this constitution, this section prevails.

(n) Provides that money appropriated under Subsection (j) of this section that is not spent during the state fiscal year for which the appropriation is made is retained by the TSTC System and is authorized to be spent in a subsequent state fiscal year for a purpose for which the appropriation was made.

(n-1) Provides that, on January 1, 2026, the amount of \$850 million is appropriated from the general revenue fund to the comptroller for the purpose of immediate deposit to the credit of the permanent fund. Provides that this subsection expires December 31, 2026.

SECTION 2. Amends Sections 17(b) and (c), Article VII, Texas Constitution, as follows:

(b) Deletes existing text requiring that the funds appropriated under Subsection (a) (relating to the appropriation of funding to support agencies and institutions of higher education not supported by available university fund) of this section be for the use of certain eligible agencies and institutions of higher education (even though their names may be changed), including the system and its campuses, but not its extension centers or programs.

(c) Prohibits an institution that is entitled to participate in dedicated funding provided by Section 18 or 21, rather than prohibiting an institution that is entitled to participate in dedicated funding provided by Article VII, Section 18, of this constitution from being entitled to participate in the finding provided by this section, of this article from being entitled to participate in the funding provided by this section. Makes a nonsubstantive change.

SECTION 3. Amends Section 18(c), Article VII, Texas Constitution, to make conforming and nonsubstantive changes.

SECTION 4. Repealer: Section 17(d-1) (relating to prohibiting the allocation of the annual appropriation to the TSTC System and its campuses from exceeding 2.2 percent of the total appropriation each fiscal year), Article VII, Texas Constitution.

SECTION 5. Provides that the following temporary provision is added to the Texas Constitution:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 89th Legislature, Regular Session, 2025, providing for the creation of the permanent fund and the available fund to support the capital needs of educational programs offered by the TSTC System and removing that system and its campuses from the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education.

(b) Provides that the amendments to Section 17, Article VII, of this constitution take effect September 1, 2026.

(c) Provides that this temporary provision expires September 1, 2027.

SECTION 6. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2025. Sets forth the required language of the ballot.