

## **RESOLUTION ANALYSIS**

C.S.H.J.R. 5  
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Higher Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, the Texas State Technical College (TSTC) system cannot collect property taxes to support capital needs, and the higher education assistance fund established by the state constitution is the most consistent source of funding for TSTC to obtain essential needs, such as land acquisition, construction and equipping of buildings, major repairs or renovations, and the purchase of capital equipment, library books, and materials. However, that fund is constitutionally capped at 2.2 percent for the TSTC system, and while the legislature provides additional funding through capital construction assistance projects, this funding may vary from session to session. The author has informed the committee that, for TSTC to effectively address the growing demand for a skilled workforce in key sectors, stable and long-term funding is essential to support strategic planning and ensure sustainability. C.S.H.J.R. 5 seeks to address this issue by establishing the permanent technical institution infrastructure fund and the available workforce education fund for purposes of funding the capital infrastructure needs of career and technical education programs offered by the TSTC system.

### **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.H.J.R. 5 proposes an amendment to the Texas Constitution to establish the permanent technical institution infrastructure fund and the available workforce education fund as special funds in the state treasury outside the general revenue fund to be administered 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. The resolution establishes that the two funds each 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 establishes that the available workforce education fund also consists of money distributed to the available workforce education fund from the permanent technical institution infrastructure fund. The comptroller of public accounts or the TSTC system's board of regents may establish accounts in the available workforce education fund as necessary to administer the

fund or pay for authorized projects. The resolution prohibits money from being appropriated or transferred from either fund except as provided by the resolution's provisions.

C.S.H.J.R. 5 requires the comptroller to hold, manage, and invest the permanent technical institution infrastructure fund. In managing the assets of the permanent technical institution infrastructure fund, 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 those investments of the fund to be paid from the fund. The comptroller must determine the amount of funds available for distribution from the permanent technical institution infrastructure fund to the available workforce education fund for each fiscal year in accordance with a distribution policy adopted by the comptroller. The resolution sets out the following provisions regarding the amount available for distribution:

- requires the amount to be determined in a manner intended to provide the available workforce education fund with a stable and predictable stream of annual distributions and preserve over a rolling 10-year period the purchasing power of the permanent technical institution infrastructure fund; and
- caps the amount at 5.5 percent of the fair market value of the investment assets of the permanent technical institution infrastructure fund, as determined by the comptroller.

C.S.H.J.R. 5 requires the comptroller, for each state fiscal year and on the request of the TSTC system board of regents, to distribute from the permanent technical institution infrastructure fund to the available workforce education fund an amount that does not exceed the amount determined by the comptroller to be available for distribution. The resolution establishes that the amount distributed from the permanent technical institution infrastructure fund to the available workforce education fund is appropriated to the TSTC system's board of regents for the following purposes:

- 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 for these purposes that is not spent during the state fiscal year for which the appropriation is made is retained by the TSTC system and may be spent in a subsequent state fiscal year for a purpose for which the appropriation was made. The resolution prohibits the appropriated money from the available workforce education fund 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.

C.S.H.J.R. 5 establishes that an eligible public institution of higher education entitled to participate in certain constitutionally dedicated funding, other than a component institution of the TSTC system, may not be entitled to participate in the funding provided by the resolution's provisions. The resolution expressly establishes that it does not impair any obligation created by the issuance of bonds or notes in accordance with prior law, including bonds or notes issued to support agencies and institutions of higher education not supported by the available university fund under constitutional provisions relating to constitutionally dedicated funding. The resolution requires all outstanding bonds and notes to be paid in full, both principal and interest, in accordance with their terms. The resolution establishes that the resolution prevails if the resolution conflicts with any other provision of the Texas Constitution. Subsequently, the

resolution removes the TSTC system and its campuses, excluding its extension centers or programs, from the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education not supported by the available university fund.

C.S.H.J.R. 5 adds a temporary provision set to expire December 31, 2026, appropriating \$850 million on January 1, 2026, from the general revenue fund to the comptroller for the purpose of immediate deposit to the credit of the permanent technical institution infrastructure fund.

C.S.H.J.R. 5 repeals Section 17(d-1), Article VII, Texas Constitution, which caps the allocation of the annual appropriation of certain constitutionally dedicated funding for institutions of higher education not supported by the available university fund to the TSTC system and its campuses at 2.2 percent of the total appropriation each fiscal year.

C.S.H.J.R. 5 adds a temporary provision set to expire September 1, 2027, establishing that the resolution's provisions amending constitutional provisions providing for certain constitutionally dedicated funding for public institutions of higher education not supported by the available university fund take effect September 1, 2026.

### **ELECTION DATE**

The constitutional amendment proposed by this joint resolution will be submitted to the voters at an election to be held November 4, 2025.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.J.R. 5 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the resolution.

While both the substitute and the introduced require the comptroller to determine the amount of funds available for distribution from the permanent technical institution infrastructure fund to the available workforce education fund for each fiscal year, the substitute specifies that the comptroller must do so in accordance with a distribution policy adopted by the comptroller, whereas the introduced did not do so.

The substitute omits provisions from the introduced that did the following:

- for purposes of the constitutional restriction on the rate of growth of appropriations:
  - established that money in the permanent technical institution infrastructure fund and the available workforce education fund is dedicated by the state constitution; and
  - established that an appropriation of state tax revenues for the purpose of depositing money to the credit of the permanent technical institution infrastructure fund or the available workforce education fund is treated as if it were an appropriation of revenues dedicated by the state constitution; and
- established that, if a higher education system's board of regents, a higher education system, an institution of higher education, or a 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.

The substitute includes provisions absent from the introduced that do the following:

- remove the TSTC system and its campuses from the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education not supported by the available university fund; and
- in a temporary provision, establish that certain of the resolution's provisions take effect September 1, 2026.

Accordingly, the substitute does not include the provision that appeared in the introduced clarifying that money appropriated under the resolution's provisions is exempt from the prohibition against designated state systems and institutions of higher education receiving additional funds from the general revenue of the state for acquiring land with or without permanent improvements, for constructing or equipping buildings or other permanent improvements, or for major repair and rehabilitation of buildings or other permanent improvements.

The substitute revises the proposed ballot language as set out by the introduced.