

BILL ANALYSIS

Senate Research Center

S.J.R. 59
By: Birdwell
Education K-16
6/26/2025
Enrolled

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. S.J.R. 59 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.

S.J.R. 59 establishes a constitutionally dedicated, permanent endowment to fund the capital infrastructure needs of career and technical education programs offered by TSTC.

Committee Substitute:

The committee substitute makes two technical changes suggested by the Office of the Comptroller of Public Accounts of the State of Texas. Both are in Section 1. The first, in Subsection (h), adds the line "in accordance with a distribution policy adopted by the comptroller." at the end of the first sentence, for further clarity. The second deletes subsection (n-1). Since the budget already has the appropriation for the endowment in it, this language would cause a double appropriation.

S.J.R. 59 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.

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 System (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 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 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 system and authorized to be spent in a subsequent state fiscal year for a purpose for which the appropriation was made.

(o) Prohibits the sum of the amount allocated to the system under Section 17 of this article and the amount distributed to the system under this section from exceeding:

(1) for the state fiscal year beginning September 1, 2025, \$52 million; and

(2) for a state fiscal year beginning on or after September 1, 2026, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the comptroller on the basis of changes in the most recent construction cost index published by the Engineering News-Record or, if that index is unavailable, a comparable cost index determined by the comptroller.

(p) Provides that, if the sum of the amounts described by Subsection (o) of this section would exceed the limit provided under Subsection (o) for a state fiscal year:

(1) the amount allocated to the system under Section 17 of this article is required to be reduced until the limit is met or the amount allocated is reduced to zero; and

(2) if necessary after the reduction under Subdivision (1) of this subsection, the amount distributed to the system under this section is required to be reduced until the limit is met or the amount distributed is reduced to zero.

SECTION 2. Amends Section 17(j), Article VII, Texas Constitution, as follows:

(j) Prohibits the state systems and institutions of higher education designated in this section from receiving any additional funds from the general revenue of the state, other than money appropriated under Section 21 of this article, 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 except in certain cases.

SECTION 3. Amends Section 18(c), Article VII, Texas Constitution, to prohibit an institution that is entitled to participate in dedicated funding provided by Section 17 or 21 of this article from being entitled to participate in the funding provided by this section, and to make nonsubstantive changes.

SECTION 4. 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.