

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 2, 2025

TO: Honorable Brandon Creighton, Chair, Senate Committee on Education K-16

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SJR59** by Birdwell (Proposing 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 repealing the limitation on the allocation to that system and its campuses of the annual appropriation of certain constitutionally dedicated funding for public institutions of higher education.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR59, As Introduced: a negative impact of (\$850,191,689) through the biennium ending August 31, 2027.

The cost to the state for publication of the resolution is \$191,689.

Appropriations:

<i>Fiscal Year</i>	<i>Appropriation out of General Revenue Fund 1</i>
2026	\$850,000,000
2027	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2026	(\$850,191,689)
2027	\$0
2028	\$0
2029	\$0
2030	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Probable Revenue Gain/(Loss) from Permanent Technical Institution Infrastructure Fund</i>
2026	(\$850,191,689)	\$850,000,000
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$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 (Permanent Fund) and the Available Workforce Education Fund (Available Fund) as special funds in the state treasury outside of the General Revenue Fund to support the Texas State Technical College (TSTC) System for the purposes of: (1) acquiring land; (2) constructing or equipping buildings; (3) major repair and rehabilitation; (4) acquiring capital equipment; (5) acquiring library books and materials; (6) payment of the principal and interest due on the bonds and notes issued by the respective board of regents to finance permanent improvements; and (7) any other purpose authorized by general law. 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 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 rolling 10-year period and may not exceed 5.5 percent of the average fair market value of the investment assets of the Permanent Fund.

The amendment would appropriate \$850.0 million from the General Revenue Fund to the Comptroller of Public Accounts on January 1, 2026, for immediate deposit to the credit of the Permanent Fund.

The amendment would provide that an institution, except for a component of the TSTC System, entitled to participate in dedicated funding provided by the Higher Education Fund (HEF) or Available University Fund (AUF) could not be entitled to participate in funding from the Permanent or Available Fund. The amendment would repeal a provision limiting the allocation of the annual appropriation from the HEF to the TSTC System to 2.2 percent of the total appropriation.

The proposed amendment would be submitted to voters at an election to be held November 4, 2025.

Methodology

The resolution, contingent on enactment and voter approval, would appropriate \$850.0 million from the General Revenue Fund to the Permanent Fund in fiscal year 2026. This analysis only addresses the implications for the Permanent Fund represented by appropriated amounts into the Permanent Fund from the General Revenue Fund. Any future distributions from or interest or investment earnings on the Permanent Fund balance are not considered. While the amendment would repeal a provision limiting HEF allocations to the TSTC System, the TSTC System would still be eligible for HEF funding and this analysis assumes maintaining current HEF allocations.

It is assumed there would not be administrative costs for the Comptroller of Public Accounts.

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 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, 758 Texas State University System, 781 Higher Education Coordinating Board

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