

SUBJECT: Allowing increased distributions to the Available School Fund

COMMITTEE: Public Education — favorable, without amendment

VOTE: 13 ayes — Huberty, Bernal, Allen, Allison, Ashby, K. Bell, Dutton, M. González, K. King, Meyer, Sanford, Talarico, VanDeaver

0 nays

WITNESSES: For — (*Registered, but did not testify*: Chris Masey, Coalition of Texans with Disabilities; Priscilla Camacho, Dallas Regional Chamber; Mary Cullinane, League of Women Voters of Texas; Will Holleman, Texas Association of School Boards; Paige Williams, Texas Classroom Teachers Association; Mark Terry, Texas Elementary Principals and Supervisors Association; Christy Rome, Texas School Coalition; Calvin Tillman; Al Zito)

Against — None

On —Rusty Martin, School Land Board; Keven Ellis; (*Registered, but did not testify*: Eric Marin and Mike Meyer, Texas Education Agency)

BACKGROUND: Texas Constitution Art. 7, sec. 5 and Education Code ch. 43 contain requirements for the Permanent School Fund (PSF) and distributions made from it to the Available School Fund (ASF). The State Board of Education manages financial assets for the PSF and the School Land Board, an independent entity of the General Land Office, oversees the management, sale, and leasing of more than 13 million acres of PSF land. This land generates revenue the board uses to purchase additional real estate and make investments that help fund public education through the ASF.

DIGEST: HJR 151 would amend the Texas Constitution to increase from \$300 million to \$600 million the amount that the General Land Office or an entity other than the State Board of Education could in its sole discretion distribute to the Available School Fund each year in revenue derived

during that year from the land or properties it manages.

The ballot proposal would be presented to voters at an election on November 5, 2019, and would read: "The constitutional amendment allowing increased distributions from the available school fund."

**SUPPORTERS
SAY:**

HJR 151 would improve funding for public schools by doubling the constitutionally authorized annual distribution from the School Land Board to the Available School Fund (ASF). Recent investment returns realized by the land board would have allowed greater annual direct distributions to the ASF were it not for the \$300 million cap in the Texas Constitution. As the Permanent School Fund's assets managed by the land board grow and improve in their performance, the Legislature should take advantage of the opportunity to make more revenue available through the ASF for school districts to purchase instructional materials and meet other funding needs.

While some have raised concerns that the proposed constitutional amendment could result in less overall school funding coming from the PSF to the ASF, the Legislature has made it clear that it expects the School Land Board and the State Board of Education to work together to maximize funding for the schoolchildren of Texas.

**OPPONENTS
SAY:**

By increasing the amount of revenue the land board could directly contribute to the ASF, HJR 151 could exacerbate the complicated funding relationship between the School Land Board and the State Board of Education, each of which have responsibilities for managing the PSF. The land board has regularly distributed the majority of its investment proceeds to the State Board of Education (SBOE) for placement in the PSF, thereby increasing the amount from which SBOE makes its percentage-based required biennial distributions to the ASF. Were the land board to send a larger amount directly to the ASF, such an action could result in lower overall school funding.

As the Legislature considers restructuring the management of the PSF this session, it should amend HJR 151 to allow flexibility should the State

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Board of Education or another entity be placed solely in charge of managing PSF assets.

NOTES:

HB 4611 by Huberty, the enabling legislation for HJR 151, is on the Major State Calendar for second reading consideration today.

According to the Legislative Budget Board, HJR 151 would have a cost of \$177,289 in general revenue in fiscal 2020 to publish the resolution.