

## **BILL ANALYSIS**

Senate Research Center  
77R642 ESH-D

S.J.R. 19  
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Education  
3/2/2001  
As Filed

### **DIGEST AND PURPOSE**

Since 1990, the permanent school fund (PSF) has grown by over 100% with a significant increase in both realized and unrealized capital gains. As proposed, S.J.R. 19 requires the submission to the voters of a constitutional amendment to use a portion of the income and application of a the permanent school fund to provide and administer a group health program for active and retired public school employees.

### **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 Section 5, Article VII, Texas Constitution, as follows:

Sec. 5. Provides that the permanent school fund consists of all land appropriated for public schools by this constitution or the other laws of this state and other properties belonging to the permanent school fund. Provides that the available school fund consists of the distributions made to it from the total return on all investment assets of the permanent school fund, rather than from the principal of all bonds and other funds and the principal arising from the sale of lands or interest derivable, the taxes authorized by this constitution or general law to be part of the available school fund, and appropriations made to the available school fund by the legislature. Provides that the public school employee health insurance fund consists of the distributions made to it from the total return on all investment assets of the permanent school fund and appropriations made to the public school employee health insurance fund by the legislature. Requires the total amount distributed from the permanent school employee health insurance fund in each fiscal year to be an amount equal to the lesser of five percent of the average of the market value of the permanent school fund on the first day of the fiscal year and the market value of the permanent school fund on the first day of the two preceding fiscal years or a portion of the total return on all investment assets of the permanent school fund such that the portion of the total return retained in the permanent school fund is sufficient, as determined by the comptroller of public accounts, to preserve the purchasing power of the permanent school fund for the current fiscal year and the next nine fiscal years. Requires eighty percent of the annual distribution from the permanent school fund under this section to be transferred to the available school fund, and twenty percent to be transferred to the public school employee health insurance fund. Prohibits the legislature, except as provided by this section, from enacting a law appropriating any part of the permanent school fund or available school fund to any other purpose. Prohibits the permanent school fund and the available school fund from being appropriated to or used for the support of any sectarian school. Requires the available school fund to be distributed to the several counties according to their scholastic population and applied in the manner provided by law. Provides that the public school employee health insurance fund is to be used only for providing and administering a group health program for active and retired public school employees. Requires the legislature by general law to designate an agency to provide and administer that program. Prohibits the legislature by law from

providing the income from the permanent school fund to guarantee bonds issued by school districts or by the state for the purpose of making loans to or purchasing the bonds of school districts for the purpose of acquisition, construction, or improvement of instructional facilities including all furnishings thereto. Prohibits the legislature from appropriating part of the available school fund for administration of the permanent school fund.

SECTION 2. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 6, 2001. Requires the ballot to be printed to permit voting for or against the proposition and contains the language for the ballot.