

SUBJECT: Increasing certain 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:* 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; Robert Norris; Calvin Tillman; Al Zito)

Against — None

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

BACKGROUND: Texas Constitution Art. 7, sec. 5 and Education Code ch. 43 establish 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 that the board uses to purchase additional real estate and make investments that help fund public education through the ASF.

DIGEST: HB 4611 is the enabling legislation for HJR 151 by Huberty, which would double the cap in the Texas Constitution for distributions that the General Land Office or an entity with responsibility for managing Permanent School Fund land or other properties could at its sole discretion distribute to the Available School Fund. The bill would include the General Land

Office annual distributions as a component of the funds distributed from the PSF to the ASF.

The bill would take effect January 1, 2020, only if the constitutional amendment providing for increased distributions from the General Land Office to the ASF as proposed by HJR 151 was approved by voters.

**SUPPORTERS
SAY:**

HB 4611 would allow for improved public school funding should voters remove a constitutional cap on the amount of revenue that could be distributed to school districts through the Available School Fund (ASF) from assets managed by the School Land Board. Recent investment returns obtained by the land board have been sufficiently high to allow for annual distributions above the \$300 million cap. HJR 151 would double the cap to \$600 million, allowing for greater direct distributions to the ASF should the land board decide to pursue that option. The land board would retain discretion to distribute revenue levels below the cap should returns be lower in a given year.

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 increase revenue available through the ASF for instructional materials and other school funding needs.

**OPPONENTS
SAY:**

As provided by HJR 151, for which HB 4611 is the enabling legislation, increasing the amount of revenue that the land board could directly contribute to the ASF could exacerbate the complicated funding relationship between the School Land Board and the State Board of Education. The land board has regularly distributed the majority of its investment proceeds to the State Board of Education for placement in the PSF, thereby increasing the amount from which the education board makes its percentage-based required biennial distribution 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.

NOTES:

HB 4611 is the enabling legislation for HJR 151 by Huberty, which is on the Constitutional Amendments Calendar for second reading

consideration today.