

SUBJECT: Authorizing funding procedures for the Texas University Fund

COMMITTEE: Higher Education — committee substitute recommended

VOTE: 10 ayes — Kuempel, Paul, Bucy, Burns, Clardy, Cole, M. González, Howard, Lalani, Raney

0 nays

1 absent — Burrows

WITNESSES: For — (*Registered, but did not testify:* Crystal Brown, Greater Houston Partnership; Jennifer Rodriguez, North Texas Commission; Maureen Milligan, Teaching Hospitals of Texas; Renzo Soto, Texas 2036; Stephanie Matthews, Texas Association of Business; Justin Yancy, Texas Business Leadership Council)

Against — None

On — Kelly Damphousse, Texas State University; Lawrence Schovane, Texas Tech University; Renu Khator, University of Houston System; Neal Smatresk, University of North Texas (*Registered, but did not testify:* Harrison Keller, Texas Higher Education Coordinating Board; Whitney Blanton, Anca Ion, Texas Treasury Safekeeping Trust Company)

DIGEST: CSHJR 3 would amend the Texas Constitution to rename the national research university fund as the Texas University Fund (TUF). The resolution would remove the provision stating that a state university that becomes eligible to receive a portion of the distributions from the national research university fund in a fiscal biennium remains eligible to receive additional distributions from the fund in any subsequent fiscal biennium.

The resolution would specify that money in TUF was dedicated by the constitution and an appropriation of state tax revenues for the purpose of depositing money to the credit of the fund would be treated as if it were an appropriation of revenues dedicated by the constitution.

The resolution would appropriate \$3.5 billion from the general revenue fund on January 1, 2024, to the comptroller of public accounts for the purpose of immediately depositing that amount to the credit of TUF. This provision would expire on February 1, 2024.

CSHJR 3 would amend certain provisions of the economic stabilization fund (ESF). The resolution would appropriate an amount from the ESF to the comptroller of public accounts for the purpose of immediate deposit to the credit of TUF. This appropriation would be made on the first business day occurring on or after the 90th day of each fiscal year and would be an amount equal to the interest income, dividends, and investment earnings attributable to the ESF for the preceding fiscal year. This amount would be computed by:

- determining the amount of interest and dividends due to the ESF for that fiscal year;
- adding to that amount an amount equal to the increase in the fair market value of the ESF between the last day of that fiscal year and the last day of the preceding fiscal year; and
- subtracting from that amount the amount of any expenses of managing the investments of money in the ESF that were paid from the ESF during that fiscal year.

The appropriation amount could not exceed \$100 million for the fiscal year beginning September 1, 2023. For a fiscal year beginning on or after September 1, 2024, the appropriation amount also could not exceed the amount for the preceding fiscal year adjusted by the increase in the rate of inflation during the preceding fiscal year, as determined by the comptroller of public accounts based on changes in the consumer price index.

The resolution would include a temporary provision that the appropriated amount for the fiscal year beginning September 1, 2023, would be appropriated from the ESF to the comptroller of public accounts for the purpose of immediate deposit to the credit of TUF on January 1, 2024.

The temporary provision would expire February 1, 2024.

The ballot proposal would be presented to voters at an election on November 7, 2023, and would read: “The constitutional amendment renaming the national research university fund as the Texas University Fund, providing for the appropriation of certain investment income from the economic stabilization fund to the Texas University Fund, excepting appropriations to and from the Texas University Fund from the constitutional limit on the rate of growth of appropriations, and appropriating money from the general revenue fund to the Texas University Fund for purposes of providing funding to certain public institutions of higher education to achieve national prominence as major research universities and drive the state economy.”

**SUPPORTERS
SAY:**

CSHJR 3 would help the state educationally and economically by authorizing the necessary funding to provide for more high quality research in Texas universities. The resolution would provide funding for more public higher education institutions to pursue high quality research and support the state’s Talent Strong Texas higher education strategic plan.

**CRITICS
SAY:**

No concerns identified.

NOTES:

According to the Legislative Budget Board, the cost to the state of the resolution for the biennium would be \$3,707,829,406.

CSHB 1595 by Bonnen, the enabling legislation for CSHJR 3, is set for second reading consideration today.