

BILL ANALYSIS

Senate Research Center
77R2248 ESH-D

S.J.R. 17
By: Duncan
Education
3/1/2001
As Filed

DIGEST AND PURPOSE

Currently, interest and dividend income from the Texas Permanent School Fund (PSF), along with other revenue, flows into the Available School Fund (ASF), which is distributed to local school districts based on average daily attendance. Over the past few years, there has been a steady decline in income generated by PSF in both nominal and real terms. To deal with fluctuations like this, some financial experts suggest managing PSF as a total return fund which would make distributions from a prudent portion of its total return, regardless of how the return is generated. As proposed, S.J.R. 17 requires a constitutional amendment be put before the voters to allow PSF to be managed as a total return fund and capture the additional revenue generated into a newly created Education Excellence Supplemental Fund.

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, to require the available school fund (ASF) to consist of the distributions made to it from the total return on all investment assets of the permanent school fund (PSF), rather than all the interest derivable from PSF. Requires the educational excellence supplemental fund (supplemental fund) to consist of distributions made to it from the total return on all investment assets of PSF. Provides that the total amount distributed from PSF to ASF and the supplemental fund in each fiscal year must meet certain conditions.

(b) Requires ASF to be distributed to the several school districts, rather than the several counties. Provides that if the total amount to be distributed from PSF to ASF and the supplemental fund under Subsection(a) for a fiscal year, together with certain other taxes and amounts, is sufficient, the distribution from ASF to a school district for that fiscal year must equal the distribution from ASF the school district received for the state fiscal year beginning September 1, 2001, as adjusted for certain conditions. Provides that if the total amount to be distributed under Subsection (a) for a fiscal year, together with certain taxes and amounts, is not sufficient to make distributions to school districts as required by this subsection, the total amount under Subsection (a) for that fiscal year must be distributed to ASF for distribution to the several school districts according to their scholastic population.

(c) Provides that the supplemental fund consists of certain amounts. Authorizes the supplemental fund to be used only as directed by the legislature and only for a purpose related to improving public education, including the provision of a group health insurance program for active or retired employees of the public schools.

(d) Deletes wording related to using the income from PSF to guarantee bonds.

(e) Authorizes the legislature to appropriate part of PSF, rather than ASF, for administration of PSF or of a bond guarantee program established under this section.

(g) Provides that the total distribution from PSF to ASF and the supplemental fundEESF, notwithstanding Subsection (a)(1) of this section, for the state fiscal years beginning September 1, 2002, and September 1, 2003, must equal a certain amount. Provides that this subsection expires December 1, 2004.

SECTION 2. Requires that this constitutional amendment be put before the voters in an election on November 6, 2001. Requires the ballot be printed to permit a person to vote for or against the proposition and sets forth specific wording to be contained on the ballot.