

BILL ANALYSIS

Senate Research Center
77R3279 ESH-D

C.S.S.J.R. 20
By: Duncan
Finance
4/3/2001
Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, the Texas Constitution assigns responsibility for investment of the permanent school fund to the State Board of Education. Since 1989, members have been elected from 15 single-member districts with the governor designating the chairman; however, no members are required to have experience in investment management. C.S.S.J.R. 20 transfers the authority to manage and invest the permanent school fund from the State Board of Education to the Texas Education Agency to be governed by an investment board with appropriate financial expertise.

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 4, Article VII, Texas Constitution, to change a reference from "Public Free School fund" to "permanent school fund." Requires that the proceeds of sales of land of the permanent school fund to be used to acquire other land for the fund as provided by law or the proceeds are required to be invested by the comptroller of public accounts, as may be directed by the Permanent School Fund Investment Board (investment board), rather than the State Board of Education, provided for by Section 5(d) of this article.

SECTION 2. Amends Section 5, Article VII, Texas Constitution, by amending Subsection (d) and by adding Subsections (d-1), (d-2),(e), (f), (g), and (h), as follows:

(d) Requires the investment board to invest and manage the assets of the permanent school fund. Provides that the investment board consists of two members appointed by the governor, one member by the lieutenant governor, one member by the speaker of the house of representatives, and one member by the State Board of Education. Requires those members appointed by the governor to be subject to confirmation by the Senate. Requires the chief executive officer of the state agency responsible for public education to serve as an ex officio member. Provides that in order to be eligible for appointment to the investment board, a person must have appropriate expertise in investing institutional funds. Provides that appointed members serve staggered terms of four years, with the terms of two or three members expiring February 1 of each odd-numbered year.

(d-1) Sets forth certain criteria in making the initial appointments to the investment board.

(d-2) Provides that Subsection (d-1) of this section and this subsection expire January 1, 2003.

(e) Provides that an individual appointed to serve on the Permanent School Fund Investment Board serves at the pleasure of the appointing entity and is authorized to be removed for good cause.

(f) Defines “good cause.”

(g) Provides that for the purposes of Subsection (f) of this section, failure to attend any meetings of the governing board over a period of six months, if more than one meeting is held during that period, constitutes persistent failure to perform the board member’s duties as a member of the board.

(h) Makes a conforming change.

SECTION 3. 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.

SUMMARY OF COMMITTEE CHANGES

Differs from the original in SECTION 2 by requiring those members appointed by the governor to be subject to confirmation by the Senate. Adds new Subsection (e) to provide that an individual appointed to serve on the Permanent School Fund Investment Board serves at the pleasure of the appointing entity and is authorized to be removed for good cause, and adds a new Subsection (f) to define “good cause.” Also adds a new Subsection (g) to provide that for the purposes of Subsection (f) of this section, failure to attend any meetings of the governing board over a period of six months, if more than one meeting is held during that period, constitutes persistent failure to perform the board member’s duties as a member of the board. Reletters Subsection (e) of the original as Subsection (h).