School
Pleasanton High School

Senate Committee
Education

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Reagan Hilburn

House Committee
Economic Development

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Texas Next Generation of Workforce Act

HB 27 – SB 24

Bill Analysis

BACKGROUND & PURPOSE

Texas Technical College (TTC) historically has been underfunded, with no consistently adequate capital funding to allow for strategic growth in current or new campuses. With the continued growth of employment opportunities in Texas, the shortage of skilled labor also continues to grow.

TTC has a long history of proven performance in training highly skilled workers. This is why businesses and industry associations have pushed for the expansion of technical education into some of the fastest-growing regions of Texas, providing access to training facilities that produce the skilled workforce needed by employers.

This Act creates a reliable source of capital funding for TTC to expand technical training, address the growing skills gap in Texas, and place more Texans in good-paying jobs.

The Act also requires TTC to establish five primary campuses strategically located across Texas to serve regions with significant workforce development needs. These campuses will be located in Starr County, Atascosa County, the Permian Basin, the Greater Houston area, and the Dallas–Fort Worth area.

The Rio Grande Valley Campus, located in Starr County, will serve Starr, Hidalgo, Cameron, and Willacy Counties, while the South Central Texas Campus, located in Atascosa County, will serve Atascosa, Wilson, Live Oak, McMullen, Bexar, and Karnes Counties. The remaining campuses will serve the Permian Basin, Greater Houston, and North Texas regions.

By establishing these regional campuses, the Act seeks to expand access to technical education in both rural and metropolitan communities, strengthen partnerships with local employers, and provide training tailored to the workforce needs of each region.

This Act establishes a constitutionally dedicated, permanent endowment to fund the capital infrastructure needs of career and technical education programs offered by TTC while requiring the development of five regional campuses to expand workforce training opportunities throughout Texas.

RULEMAKING AUTHORITY

This act does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

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SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article VII, Texas Constitution, by adding Section 21, as follows:

Sec. 21. (a) Defines "available fund" and "permanent fund."

(b) Provides that the permanent technical institution infrastructure fund (permanent fund) and the available workforce education fund (available fund) are established as special funds in the state treasury outside the general revenue fund to be administered as provided by this section without further appropriation for the purpose of providing a dedicated source of funding for capital projects and equipment purchases related to educational programs offered by the Texas Technical College System (system).

(c) Provides that the permanent fund consists of certain monies.

(d) Provides that the available fund consists of certain monies.

(e) Authorizes the Comptroller of Public Accounts of the State of Texas (comptroller) or the board of regents of the system (board) to establish accounts in the available fund as necessary to administer the fund or pay for projects authorized under this section.

(f) Requires the comptroller to hold, manage, and invest the permanent fund. Authorizes the comptroller, in managing the assets of the fund, to acquire, exchange, sell, supervise, manage, or retain any kind of investment that a prudent investor, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution needs, and other circumstances of the fund, taking into consideration the investment of all the assets of the fund rather than a single investment. Requires that the expenses of managing the investments of the fund be paid from the fund.

(g) Prohibits money from being appropriated or transferred from the permanent fund or the available fund except as provided by this section.

(h) Requires the comptroller to determine the amount available for distribution from the permanent fund to the available fund for each fiscal year in accordance with a distribution policy adopted by the comptroller. Provides that the amount available for distribution is:

(1) required to be determined in a manner intended to provide the available fund with a stable and predictable stream of annual distributions and preserve over a rolling 10-year period the purchasing power of the permanent fund; and

(2) prohibited from exceeding 5.5 percent of the fair market value of the investment assets of the permanent fund, as determined by the comptroller.

(i) Requires the comptroller, for each state fiscal year, on request of the board, to distribute an amount that does not exceed the amount determined under Subsection (h) of this section from the permanent fund to the available fund for purposes of this section.

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(j) Provides that the amount distributed from the permanent fund to the available fund under Subsection (i) of this section is appropriated to the board for certain purposes, including land acquisition, construction, building repairs, instructional equipment, industrial equipment, technology, library materials, and payment of certain bonds and notes.

(k) Prohibits money appropriated from the available fund under this section, notwithstanding any other provision of this section, from being used for the purpose of constructing, equipping, repairing, or rehabilitating buildings or other permanent improvements that are to be used for intercollegiate athletics or auxiliary enterprises.

(l) Prohibits an institution, other than a component institution of the system, that is entitled to participate in dedicated funding provided by Section 17 or 18 of Article VII, Texas Constitution, from being entitled to participate in the funding provided by this section.

(m) Provides that this section does not impair any obligation created by the issuance of bonds or notes in accordance with prior law, including bonds or notes issued under Section 17 of this article, and all outstanding bonds and notes are required to be paid in full, both principal and interest, in accordance with their terms. Provides that, if this section conflicts with any other provision of this constitution, this section prevails.

(n) Provides that money appropriated under Subsection (j) of this section that is not spent during the state fiscal year for which the appropriation is made is retained by the system and authorized to be spent in a subsequent state fiscal year for a purpose for which the appropriation was made.

(o) Prohibits the sum of the amount allocated to the system under Section 17 of this article and the amount distributed to the system under this section from exceeding:

(1) for the state fiscal year beginning September 1, 2027, $52 million; and

(2) for a state fiscal year beginning on or after September 1, 2028, the amount determined under this subsection for the preceding state fiscal year adjusted by the increase, if any, in the rate of inflation during the preceding state fiscal year, as determined by the comptroller on the basis of changes in the most recent construction cost index published by the Engineering News-Record or, if that index is unavailable, a comparable cost index determined by the comptroller.

(p) Provides that, if the sum of the amounts described by Subsection (o) of this section would exceed the limit provided under Subsection (o) for a state fiscal year:

(1) the amount allocated to the system under Section 17 of this article is required to be reduced until the limit is met or the amount allocated is reduced to zero; and

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(2) if necessary after the reduction under Subdivision (1) of this subsection, the amount distributed to the system under this section is required to be reduced until the limit is met or the amount distributed is reduced to zero.

(q) Requires the Texas Technical College System to establish and maintain five primary campus locations to provide technical education, workforce training, and career development programs in designated regions of Texas, as follows:

(1) Rio Grande Valley Campus: Requires one primary campus to be located in Starr County and designated as the Rio Grande Valley Campus, serving Starr, Hidalgo, Cameron, and Willacy Counties, as well as surrounding South Texas communities.

(2) South Central Texas Campus: Requires one primary campus to be located in Atascosa County and designated as the South Central Texas Campus, serving Atascosa, Wilson, Live Oak, McMullen, Bexar, and Karnes Counties.

(3) Permian Basin Campus: Requires one primary campus to be located in the Permian Basin region of West Texas to serve communities and industries throughout the Permian Basin.

(4) Houston Area Campus: Requires one primary campus to be located in the Greater Houston metropolitan area to serve the technical education and workforce development needs of Houston and surrounding communities.

(5) Dallas–Fort Worth Campus: Requires one primary campus to be located in the Dallas–Fort Worth metropolitan area to serve the technical education and workforce development needs of North Texas.

(r) Requires the board to determine the specific location of each primary campus within the regions designated under Subsection (q), taking into consideration regional workforce demands, population, accessibility, existing educational resources, and opportunities for partnerships with local employers and industries.

Requires that the Rio Grande Valley Campus be located in Starr County and that the South Central Texas Campus be located in Atascosa County.

(s) Requires each primary campus established under Subsection (q) to offer technical education and workforce training programs designed to meet the needs of industries and employers within its designated service region.

Provides that these programs may include training in energy production, manufacturing, construction, agriculture, transportation, healthcare, information technology, and other high-demand occupations, as applicable to each region.

(t) Authorizes the board to establish additional instructional sites, satellite campuses, or training facilities as necessary to expand access to workforce education.

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Provides that the establishment of additional facilities does not relieve the system of its obligation to maintain the five primary campus locations required under Subsection (q).

SECTION 2. Amends Section 17(j), Article VII, Texas Constitution, as follows:

(j) Prohibits the state systems and institutions of higher education designated in this section from receiving any additional funds from the general revenue of the state, other than money appropriated under Section 21 of this article, for acquiring land with or without permanent improvements, for constructing or equipping buildings or other permanent improvements, or for major repair and rehabilitation of buildings or other permanent improvements except in certain cases.

SECTION 3. Amends Section 18(c), Article VII, Texas Constitution, to prohibit an institution that is entitled to participate in dedicated funding provided by Section 17 or 21 of this article from being entitled to participate in the funding provided by this section, and to make nonsubstantive changes.

SECTION 4. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 4, 2027. Sets forth the required language of the ballot.