

# YES

## ON PROPOSITION 7

### Proposition 7 is good for public education.

Proposition 7 will be on the Nov. 5 constitutional amendments ballot: "The constitutional amendment allowing increased distributions to the Available School Fund."

### Background:

The Permanent School Fund (PSF) is an endowment trust of investment returns and proceeds from state land and mineral rights dedicated to the support of public schools. The State Board of Education and the School Land Board, an independent entity of the General Land Office, share management and investment responsibilities for the PSF and make distributions from the PSF to the Available School Fund (ASF). The ASF pays for instructional materials and classroom technology and provides **additional funding to school districts on a per-student basis**.

The State Board of Education manages the PSF's securities portfolio, and the School Land Board manages the fund's real assets investment portfolio. The School Land Board also oversees the management, sale and leasing of more than 13 million acres of PSF land. The PSF was valued at **\$44 billion** at the end of fiscal 2018.

The state constitution permits the General Land Office to distribute to the ASF as much as \$300 million each year in revenue derived during that year from the land or properties. Revenue not directly distributed to the ASF is plowed back

into the PSF to help grow the endowment, or the General Land Office can reinvest the revenue in real property.

### What happens if voters approve Proposition 7?

The **amount of revenue** the General Land Office would be authorized to distribute directly to the ASF **would double from \$300 million to \$600 million a year**.

### Why Proposition 7 is good for public education:

Beginning with the next session in 2021, **the Texas Legislature is going to need additional funding for public education**. House Bill 3, the new school finance law, is funded for only two years, and a contingency rider in the new state budget would allocate \$600 million for immediate school funding under House Bill 3 if voters approve Proposition 7.

The General Land Office would not be required to distribute the full amount to the Available School Fund, if such action wasn't advisable under existing economic conditions. But the Permanent School Fund's endowment now stands at a healthy \$44 billion, and increasing annual distributions to the Available School Fund, when economic conditions allow, would be a **prudent investment in the future of public education**.

Proposition 7 offers another revenue option for public school funding in the future.

