PUBLIC EDUCATION AND WORKFORCE ENDOWMENT

A Permanent Promise to Our Kids

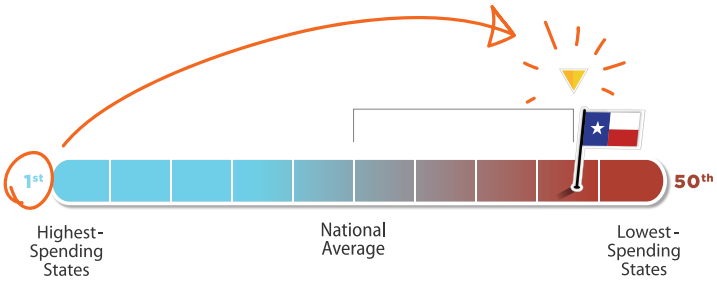
Raise Your Hand Texas is calling on Texas lawmakers to create a dedicated funding stream to strengthen public education, focused on high-priority Career and Technical Education (CTE) programs, without raising taxes. The **proposed sustainable funding source** could expand student opportunities and prepare them for high-demand careers while helping Texas meet critical workforce needs. If approved, the endowment would create the first new revenue stream for public education since 2006.

Why does Texas need to consider a public education and workforce endowment?

Texas has one of the nation's largest and most dynamic economies and has enjoyed years of sustained economic growth. Yet, our per-pupil school funding ranks in the bottom 10 in the United States. Many Texas leaders and everyday Texans agree we should have one of the best public school systems in the country. Meeting this shared goal will require significant investment.

The state needs a sustainable, long-term strategy to improve its school funding picture. By equipping our schools with reliable resources, we can prepare students for the jobs of tomorrow, secure our state's economic vitality, and put every Texas student on a path toward achieving the modern American dream.

Texas Ranks in the Bottom 10 in Per-Pupil Spending[1]



Why is the proposed public education and workforce endowment focused on CTE programs?

The endowment emphasizes CTE programs because they are the most direct pathway to addressing the state's severe workforce shortages. CTE programs are resource-intensive, often requiring specialized equipment, materials, and instructors; equipment also needs regular updates and replacements. Supplementing existing CTE resources with more state funds could allow school districts to redirect dollars to other priority areas while ensuring the state invests strategically in high-earning careers that will future-proof the Texas economy.

Don't we already have a permanent school fund?

Yes, we have the Permanent School Fund (PSF). It is constitutionally dedicated to supporting public education through distributions to the Available School Fund (ASF), funding for instructional materials and technology, and guaranteeing school bonds. The ASF provides a per-student payment to school districts and charter schools, but those dollars serve as a method of finance for the Foundation School Program. In other words, they help the state pay its existing school finance obligations; they are not supplemental funding beyond what districts are entitled to under formulas set by the Texas Legislature.

What would a new public education endowment give our state?

- **Strong schools fuel economic growth:** Texas students should be the primary pipeline for our trade and technical jobs. Equipping public schools to prepare their students to claim these opportunities and secure high-paying local jobs keeps our economy thriving.
- **Future-proof our economy:** Employers across critical sectors face severe workforce shortages. We must equip the next generation with the high-tech skills and industry certifications that artificial intelligence (AI) can't replace, preparing them for well-paying careers without a four-year degree.
- **Durability:** An endowment protects funding for generations, regardless of the economic climate.
- **Diversifies funding streams:** An endowment allows for new sources of long-term revenue streams.
- **Stability:** Texas schools can plan with confidence, relieving the constant uncertainty in state budget allocations.
- **Competitive investment:** An endowment sets Texas on the path towards keeping up with other states' investments in their public school students.
- **Legacy:** Establishing an endowment is a permanent promise to our kids and a down payment on quality education.

Texas' Annual Workforce Openings[2]

Our state's expanding economy and construction boom mean that by 2032, Texas will need thousands of new hires to future-proof our economy.

Each year, Texas will need:

- **7,800** Electricians
- **7,000** Plumbers, Pipefitters and Steamfitters
- **3,500-4,000** HVAC Technicians
- **15,000-20,000** Allied Healthcare Workers
- **6,500-7,000** Welders

How would a new endowment work?

A public education and workforce endowment would have the capacity to:

- **lock** in the corpus (principal) of the endowment so it cannot be spent—only invested
- **specify** that earnings must be used only for public education
- **prevent** the Texas Legislature from reducing general revenue funding because of the new fund (i.e., enforce "supplement, not supplant")
- **ensure** the fund does not count against the state's spending limit

What resources are available to fund a public education and workforce endowment?

- **The Economic Stabilization Fund** is projected to hold approximately $28.5 billion at the end of FY 2027. The fund has already reached its constitutional cap, leaving Texas with substantial reserves that could be considered for long-term investments.
- **State General Revenue**, which the Texas Legislature can allocate to strengthen the endowment
- **Dedicated share of sales tax growth**, committing a portion of annual sales tax revenue to provide a steady funding stream
- **State savings due to local school district value growth**, directing part of the reduced state share of school finance into the endowment when local property values rise
- **Private donations, gifts, and grants** from individuals, foundations, and businesses, with options for state-matched incentives

What is needed to enact a new endowment?

Legislative votes required

- Spending from the Economic Stabilization Fund requires a supermajority vote in both chambers.

Voter approval for a constitutional amendment

- Lawmakers must place a constitutional amendment on the ballot.
- Texas voters then decide with a simple majority.

Existing Texas Endowments

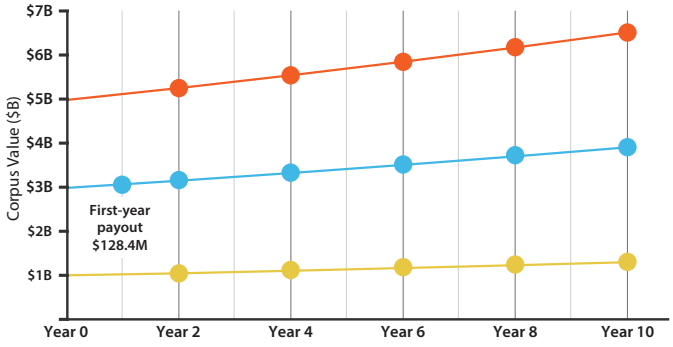
Texas has proven it can manage multi-billion-dollar long-term investments responsibly. A similar public education and workforce endowment would ensure every dollar is carefully tracked, rigorously audited, and protected. This tried-and-true, strictly governed model would secure our state's economic and education sovereignty.

- In 2025, Texas voters approved Proposition 1, establishing an $850 million endowment dedicated to the **Texas State Technical College (TSTC)** System. It is a prime example of successfully leveraging a dedicated endowment to modernize technical training, expand program capacity, and directly address critical workforce shortages.
- The **PSF** finances a portion of the Foundation School Program entitlement, but it supplants rather than supplements school funding. It does not provide additional dollars to raise the basic allotment or fund new education priorities.
- In 2023, Texas voters established the Texas Water Fund with $1 billion via Proposition 6, then overwhelmingly expanded it in 2025 through Proposition 4 to authorize up to $20 billion for long-term water projects over the next two decades.

What would the anticipated return or payout be from a proposed endowment?

7% return, 4% payout

Corpus Growth Over 10 Years with Annual Distribution



	Year 0	Year 2	Year 4	Year 6	Year 8	Year 10
$1B Seed	$44.0M	$46.4M	$48.9M	$51.6M	$54.5M	
$3B Seed	$131.9M	$139.2M	$146.8M	$154.9M	$163.5M	
$5B Seed	$219.8M	$231.9M	$244.7M	$258.2M	$272.5M	

Corpus (Seed $1B) Corpus (Seed $3B) Corpus (Seed $5B)

What Other States Are Doing

Texas	Permanent School Fund	1845	Generates revenue from oil, gas, and mineral royalties on state-owned lands and from investments, using these returns to support public education.
Alabama	Education Trust Fund / Advancement & Technology Fund	1927 (ETF) / 2013 (Tech Fund)	Dedicated education budget separate from general revenue. The Advancement and Technology Fund supports facilities, technology, and capital projects.
Louisiana	Education Excellence Fund	1999	Endowment created from Louisiana's share of the 1998 national tobacco settlement. Annual earnings support K–12 and early childhood education.
Nebraska	Education Future Fund	2023	Created with a $1 billion general revenue deposit and $250 million annual contributions. Supports education initiatives and teacher pay.
Michigan	School Aid Fund	1994	Created through Proposal A to shift school funding from local property taxes to statewide sales, income, and other dedicated taxes.

Sources: [1] *National Education Association's 2025 Rankings and Estimates Report* [2] *Texas Workforce Investment Council and Texas Workforce Commission*

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