

BILL ANALYSIS

Senate Research Center

H.B. 3739
By: Greenberg (West)
Education
5/11/1999
Engrossed

DIGEST

Current law does not require consultants, advisors, brokers, or other persons providing services for the permanent school fund to file expenditure reports. H.B. 3739 sets forth ethics requirements in regard to management and investment of the permanent school fund.

PURPOSE

As proposed, H.B. 3739 sets forth ethics requirements in regard to management and investment of the permanent school fund.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 43, Education Code, by adding Section 43.0031-43.0034, as follows:

Sec. 43.0031. PERMANENT SCHOOL FUND ETHIC POLICY. Requires the State Board of Education (board) to adopt and enforce an ethics policy that provides standards of conduct relating to the management and investment of the permanent school fund. Requires the ethics policy to include provisions that address certain issues as they apply to the management and investment of the permanent school fund and to persons responsible for managing and investing the fund. Requires the policy to include provisions applicable to certain persons. Requires the board to submit a copy of the proposed policy, amendments, or review and comments, not later than a certain date. Requires the board to consider any comments from the commission or state auditor before adopting the proposed policy. Requires the provisions of the ethics policy that apply to a person who provides services to the board relating to the management or investment of the permanent school fund to be based on the Code of Ethics and the Standard of Professional Conduct prescribed by the Association of Investment Management and Research or other ethics standards adopted by another appropriate professional recognized entity. Requires the board to ensure that applicable provisions of the ethics policy are included in any contract under which a person provides services to the board relating to the management and investment of the permanent school fund.

Sec. 43.0032. CONFLICTS OF INTEREST. Requires certain persons to disclose their relationship in writing to the board. Requires the board's designee, in the ethics policy adopted under Section 43.0031, to define the kinds of relationship that may create a possible conflict of interest. Prohibits a person who files a statement under Subsection (a) disclosing a possible conflict of interest from giving advice or making decisions about a matter affected by the possible conflict of interest unless the board, after consultation with the general counsel of the agency, expressly waives this prohibition. Authorizes the board to delegate the authority to waive this prohibition.

Sec. 43.0033. REPORTS OF EXPENDITURES. Requires certain persons providing services to the board relating to the management and investment of the permanent school fund to file with the board regularly, as determined by the board, a report that describes in detail any expenditure of more than \$50 made by the person on behalf of certain persons.

Sec. 43.0034. FORMS; PUBLIC INFORMATION. Requires the board to prescribe forms for certain information. Provides that a statement, waiver, or report described by Subsection (a) is

public information. Requires the board to designate an employee of the agency to act as custodian of statements, waivers, and reports described by Subsection (a) for purposes of public disclosure.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Requires the board, not later than January 1, 2000, to adopt an ethics policy as required by Section 43.0031, Education Code, as added by this Act, and each form for a statement, waiver, or report described by Section 43.0034, Education Code, as added by this Act.

SECTION 4. Emergency clause.