

BILL ANALYSIS

Senate Research Center
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S.B. 512
By: Duncan
Finance
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DIGEST AND PURPOSE

Currently, the Texas Constitution assigns responsibility for investment of the Permanent School Fund (PSF) to the State Board of Education (SBOE). As proposed, S.B. 512 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 Chapter 43, Education Code, by adding Section 43.0011, as follows:

Sec. 43.0011. PERMANENT SCHOOL FUND INVESTMENT BOARD. Provides that the Permanent School Investment Board consists of the persons appointed as provided by Section 5(d), Article VII, Texas Constitution, and the commissioner of education (commissioner), who serves as a nonvoting ex officio member. Requires the governor to designate the presiding officer of the board from among the appointed members. Provides that the presiding officer serves in that capacity at the will of the governor. Authorizes the board to perform certain duties.

SECTION 2. Amends Sections 43.0031(a) and (b), Education Code, to require the Permanent School Investment Board, rather than the State Board of Education, 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 applicable to members of the Permanent School Investment Board, rather than the State Board of Education and to the executive director and other employees of the board.

SECTION 3. Amends Section 43.0032, Education Code, to require a person to whom this section applies who has a business, commercial, or other relationship that could reasonably be expected to diminish the person's independence of judgment in the performance of the person's responsibilities relating to the management or investment of the fund to disclose the relationship in writing to the board. Makes conforming changes.

SECTION 4. Amends Section 43.0033, Education Code, to make conforming changes.

SECTION 5. Amends Section 43.0034(a), Education Code, to make conforming changes.

SECTION 6. Amends Section 43.004(a), Education Code, to make a conforming change.

SECTION 7. Amends Section 43.005, Education Code, to make conforming changes.

SECTION 8. Amends Sections 43.006(a) and (d)-(f), Education Code, to make conforming changes.

SECTION 9. Amends Section 43.007, Education Code, to make conforming changes.

SECTION 10. Amends Sections 43.008(a) and (b), Education Code, to make conforming changes.

SECTION 11. Amends Sections 43.009(a)-(c), Education Code, to make conforming changes.

SECTION 12. Amends Sections 43.010(a), (c), and (d), Education Code, to make conforming changes.

SECTION 13. Amends Sections 43.011(a)-(e), Education Code, to make conforming changes.

SECTION 14. Amends Sections 43.012(a) and (c)-(f), Education Code, to make conforming changes.

SECTION 15. Amends the heading of Section 43.014, Education Code, to read as follows:

Sec. 43.014. DUTIES OF COMPTROLLER RELATING TO AVAILABLE SCHOOL FUND.

SECTION 16. Amends Section 43.014(a), Education Code, to make a conforming change.

SECTION 17. Amends the heading to Section 43.015, Education Code, as follows:

Sec. 43.015. New heading: ADDITIONAL DUTIES OF COMPTROLLER.

SECTION 18. Amends Sections 43.015(b), (e), and (f), Education Code, to make conforming changes.

SECTION 19. Amends Sections 43.017-43.019, Education Code, to make conforming changes.

SECTION 20. Amends Section 45.051(1), Education Code, to redefine “board.”

SECTION 21. Amends Section 7.108(a), Education Code, to delete text regarding a person selling bonds.

SECTION 22. Repealer: Section 7.102(c)(31) (State Board of Education Powers and Duties), Education Code and Section 43.003 (Investment of Permanent School Fund), Education Code.

SECTION 23. Provides for the portability of certain policies, forms, and objectives. Provides that all contracts of the State Board of Education relating to the management and investment of the permanent school fund are transferred to the Permanent School Fund Investment Board on the date of the first meeting of the Permanent School Fund Investment Board.

SECTION 24. Provides that a reference in law to the State Board of Education that relates to management or investment of the permanent school fund means the Permanent School Fund Investment Board.

SECTION 25. Effective date: January 1, 2002, contingent on the passage of the necessary constitutional amendment.