

Texas School Investments Yield Record Funding to Public Schools; Could Soon See An Additional \$1 Billion Every Year

Innovative reforms adopted by the Texas Legislature pay off in big returns for Texas public schools

AUSTIN, TX, UNITED STATES, November 21, 2024 /EINPresswire.com/ -- The Texas Permanent School Fund (PSF), the state's investment fund for public schools, received preliminary authorization today for a record distribution to Texas public schools, increasing funding available for public schools by \$512 million over the previous biennial distribution.



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This record distribution comes as a result of investment returns that are outperforming expectations. According to the Texas PSF Corporation, the entity that manages the PSF, the Texas PSF could add [another \\$1 billion per year to its asset base in upcoming years](#).

On Friday, the Texas State Board of Education (SBOE) will hold a final vote to approve an amount, when combined with a \$1.2 billion distribution made by the Texas PSF Corporation in September, totals a record-high \$4.8 billion biennial disbursement from the PSF to help fund Texas public schools. This represents a \$512 million increase over

the SBOE's biennial disbursement decision in 2022. The SBOE preliminarily approved this distribution on Thursday.

“By using data to anticipate future challenges, the Texas PSF has been able to reduce risk and increase investment returns for Texas public schools without the Legislature increasing taxes or making difficult tradeoffs,” said John Hryhorchuk, Texas 2036 senior vice president of policy and advocacy. “While the long-term benefits will be substantial, this reform puts immediate dollars

into our public schools, helping students achieve their full potential.”

Why This Record-Breaking Distribution Matters

Established in the Texas Constitution of 1845, the Texas PSF pays for things like textbooks for schoolchildren and guarantees bonds issued by local school districts. Investment returns from the Texas PSF can be transferred into the Available School Fund, which is a source of general educational funding as well.

[In 2021, research by the Center for Houston’s Future and Texas 2036](#)

found that the PSF’s historic inability to balance its investment portfolio to account for oil and gas volatility jeopardized billions of dollars in potential investment returns.

Later that year, the Texas Legislature adopted Senate Bill 1232, introduced by Rep. Greg Bonnen (R-Friendswood) and Sen. Larry Taylor (R-Friendswood), which created the Texas PSF Corporation to streamline the management of the fund, ensuring it is properly diversified and structured for resilience against market volatility while simultaneously creating a path toward increased distributions.

The bill was signed into law by Gov. Greg Abbott following unanimous approval by the Texas Senate and near-unanimous support in the Texas House. Texas 2036 provided legislative assistance to the bill authors as they crafted this complex financial reform and was the only group to testify in support of the legislation.

“This is a good example of how Texas 2036 seeks to integrate its substantive agenda in areas like education with policies that make sure the state’s resources are used to the greatest possible effect,” said David Leebron, president and CEO of Texas 2036 and former president of Rice University.

“These structural and investment policy changes will increase funds available for the public schools of Texas, without any additional burdens on taxpayers, by billions of dollars over the next decades,” Leebron added. “This in turn will help ensure that we are able to meet the needs of our students and prepare them for the future opportunities that are vital for both their success and the success of our state.”

Biennial PSF Distributions to the ASF	
FY	Total Distribution
1996-97	\$1,432,996,574
1998-99	\$1,353,000,000
2000-01	\$1,492,000,000
2002-03	\$1,661,810,915
2004-05	\$1,759,963,932
2006-07	\$1,685,015,658
2008-09	\$1,433,068,307
2010-11	\$1,153,509,024
2012-13	\$2,342,000,000
2014-15	\$1,677,284,560
2016-17	\$2,111,622,000
2018-19	\$2,771,244,000
2020-21	\$3,403,339,141
2022-23	\$4,336,415,616
2024-25	\$4,312,000,000
2026-27	\$4,824,000,000

Biennial PSF Distributions

Turning Data into Dollars for Texas Schools

Initial estimates were that the new structure would increase expected returns by \$100 million per year. Thanks to progress made in professionalizing the investment management and operations of the PSF at the Corporation, that number has more than doubled. In February 2024, the Texas PSF Corp. announced an asset reallocation that increased expected investment returns of \$250 million annually.

The Texas PSF Corporation predicts these higher annual investment returns will continue to grow, adding up to \$1 billion per year in annual expected return, potentially allowing for even larger distributions in the future.

Texas PSF Corporation CEO/CIO Bob Borden credited the 87th Texas Legislature for passing Senate Bill 1232 in 2021, which created the Corporation and unified the PSF's investment assets and governance structure.

"SB 1232 took a huge step to professionalize the management of the PSF, eliminating investment inefficiencies and laying the groundwork for us to redeploy assets to maximize returns," Borden added. "That legislation, along with the SBOE's and PSF Corporate board's steady stewardship of the Fund, has made this historic opportunity possible."

For more information about Texas 2036 and its initiatives, please visit www.texas2036.org.

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Merrill Davis
Texas 2036
+1 713-213-7297
[email us here](#)

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