

**Report of the State Board of Education
Committee on School Finance/Permanent School Fund
Thursday, August 31, 2023**

The State Board of Education Committee on School Finance/Permanent School Fund met at 10:00 a.m. on Thursday, August 31, 2023, in Room #1-104 of the William B. Travis Building, 1701 N. Congress Avenue, Austin, Texas. Attendance was noted as follows:

Present: Tom Maynard, chair; Keven Ellis; Patricia Hardy; Aaron Kinsey; Marisa B. Perez-Diaz

Public Testimony

The Committee on School Finance/Permanent School Fund received no presentations of public testimony.

DISCUSSION ITEMS

1. Per Capita Apportionment Rate for the 2023-2024 School Year

(Board agenda page III-1)

Mike Meyer, deputy commissioner, office of finance, explained the background of the per capita apportionment rate and provided information about the rate. He stated that the preliminary 2023–2024 per capita apportionment rate is set at \$414.884.

2. Rule Review of 19 TAC Chapter 33, Statement of Investment Objectives, Policies, and Guidelines of the Texas Permanent School Fund, Subchapter A, State Board of Education Rules, and Subchapter B, Texas Permanent School Fund Corporation Rules

(Board agenda page III-2)

Mr. Meyer explained the purpose of the rule review of 19 TAC Chapter 33, Subchapters A and B. He provided an informational overview of the rule. He also discussed possible changes to the rule the board may wish to consider at a future meeting.

3. Discussion of Proposed Amendment to 19 TAC Chapter 109, Budgeting, Accounting, and Auditing, Subchapter C, Adoptions By Reference, §109.41, Financial Accountability System Resource Guide

(Board agenda page III-32)

David Marx, senior director, financial compliance division, explained that this item presents a proposed amendment to 19 Texas Administrative Code (TAC) Chapter 109, Budgeting, Accounting, and Auditing, Subchapter C, Adoptions By Reference, §109.41, Financial Accountability System Resource Guide. The proposed amendment would adopt by reference the updated version of the *Financial Accountability System Resource Guide* (FASRG). Mr. Marx explained the purpose of the FASRG and the types of changes being made.

ACTION ITEM

4. Determination Regarding Whether Transfers May be Made from the Permanent School Fund to the Available School Fund

(Board agenda page III-36)

[Consent agenda item #(1)]

Mark Shewmaker, senior investment officer and director of special projects, provided an overview of the required annual affirmation that distributions from the Texas Permanent School Fund Corporation for the upcoming fiscal year are in compliance with the constitutional limit of the 10-year test. The test requires that over a 10-year period the total amount of distributions may not exceed the total return on the investment assets. Mr. Shewmaker stated that the test was satisfied, allowing for a distribution from the Texas Permanent School Fund Corporation to the Available School Fund for fiscal year 2024.

Mr. Shewmaker stated that Rhett Humphreys, partner, NEPC, LLC, and Keith Stronkowsky, principal, NEPC, LLC, agreed with Texas Permanent School Fund Corporation investment team recommendations.

MOTION AND VOTE: *By unanimous consent, the committee recommended that the State Board of Education approve a distribution to the Available School Fund of approximately \$1.556 billion for fiscal year 2024.*

The meeting of the Committee on School Finance/Permanent School Fund adjourned at 10:26 a.m.