

BILL ANALYSIS

Senate Research Center

S.C.R. 15
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Finance
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As Filed

DIGEST

Currently, three separate external investment firms manage \$3.5 billion of the \$13 billion Permanent School Fund (PSF) assets. According to the Comptroller's Office, internal managers have consistently outperformed the three external firms in rates of return. The external managers' performance further decreases once the impact of fees is assessed. The net savings that would be generated by S.C.R. 15 is estimated by the comptroller to be close to \$9 million annually. Under this resolution, the PSF internal managers would be required to increase their staff size by approximately eight persons. This resolution would direct the State Board of Education to contract with PSF Management Company to perform all investment management of PSF.

PURPOSE

As proposed, S.C.R. 15 submits the following resolutions:

To urge the State Board of Education to directly manage all investments of the Permanent School Fund through the Texas Permanent School Fund Management Company.

To forward official copies of this resolution to all members of the State Board of Education and the commissioner of the Texas Education Agency.