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Permanent School Fund sees strong finish to fiscal year

AUSTIN – Strong management and a sound process have resulted in an outstanding return on the investments of the Permanent School Fund for the most recent fiscal year, the Texas Education Agency announced today.

For the 2011-12 Fiscal Year, the fund reached a year-end value of \$25.5 billion and saw a high return of 9.44 percent on its investments.

Barbara Cargill, chair of the State Board of Education, said, “This is outstanding news. The SBOE takes its fiduciary duties seriously and works hard to maintain and grow this important endowment. We are proud of this outcome. We have a strong process in place that provides funds for all public school children in Texas.”

The fund provided \$1.2 billion in revenue for Texas public schools this past biennium. A distribution is made every year from the fund to help pay some of the cost of education in each school district in the state. The fund also provides a guarantee for bonds issued by local school districts.

“It is gratifying to see such a high return in these volatile markets,” Cargill added. “Solid and prudent planning has enabled the State Board to make investments resulting in strong returns that beat the benchmark.”

The fund outperformed its policy benchmark by 57 basis points.

Michael L. Williams, Commissioner of Education, congratulated both the board and the PSF staff on achieving this financial accomplishment.

“We have an outstanding team, the internal PSF staff and the members of the SBOE, work together to provide funds that benefit Texas school children,” Williams said.

The Permanent School Fund was established in 1854 with a \$2 million state investment. The fund helps to pay for textbooks and other educational expenses. Since 1960, the fund has provided more than \$22 billion in financial support to Texas public schools. It is the second largest education endowment in the country, only behind Harvard’s.