

TEXAS EDUCATION CODE  
TITLE 2. PUBLIC EDUCATION  
SUBTITLE I. SCHOOL FINANCE AND FISCAL MANAGEMENT  
CHAPTER 43. PERMANENT SCHOOL FUND AND AVAILABLE SCHOOL FUND

**TEC, §43.0031. PERMANENT SCHOOL FUND ETHICS POLICY.**

- (a) In addition to any other requirements provided by law, the State Board of Education shall adopt and enforce an ethics policy that provides standards of conduct relating to the management and investment of the permanent school fund. The ethics policy must include provisions that address the following issues as they apply to the management and investment of the permanent school fund and to persons responsible for managing and investing the fund:
  - (1) general ethical standards;
  - (2) conflicts of interest;
  - (3) prohibited transactions and interests;
  - (4) the acceptance of gifts and entertainment;
  - (5) compliance with applicable professional standards;
  - (6) ethics training; and
  - (7) compliance with and enforcement of the ethics policy.
- (b) The ethics policy must include provisions applicable to:
  - (1) members of the State Board of Education;
  - (2) the commissioner;
  - (3) employees of the agency; and
  - (4) any person who provides services to the board relating to the management or investment of the permanent school fund.
- (c) Not later than the 45th day before the date on which the board intends to adopt a proposed ethics policy or an amendment to or revision of an adopted ethics policy, the board shall submit a copy of the proposed policy, amendment, or revision to the Texas Ethics Commission and the state auditor for review and comments. The board shall consider any comments from the commission or state auditor before adopting the proposed policy.
- (d) The provisions of the ethics policy that apply to a person who provides services to the board relating to the management or investment of the permanent school fund must be based on the Code of Ethics and the Standards of Professional Conduct prescribed by the Association for Investment Management and Research or other ethics standards adopted by another appropriate professionally recognized entity.
- (e) The board shall ensure that applicable provisions of the ethics policy are included in any contract under which a person provides services to the board relating to the management and investment of the permanent school fund.

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**TEC, §43.0032. CONFLICTS OF INTEREST.**

- (a) A member of the State Board of Education, the commissioner, an employee of the agency, or a person who provides services to the board that relate to the management or investment of the permanent school fund 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 shall disclose the relationship in writing to the board.
- (b) The board or the board's designee shall, in the ethics policy adopted under Section 43.0031, define the kinds of relationships that may create a possible conflict of interest.
- (c) A person who files a statement under Subsection (a) disclosing a possible conflict of interest may not give advice or make decisions about a matter affected by the possible conflict of interest unless the board, after consultation with the general counsel of the agency, expressly waives this prohibition. The board may delegate the authority to waive the prohibition established by this subsection.

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**TEC, §43.0033. REPORTS OF EXPENDITURES.**

A consultant, advisor, broker, or other person providing services to the State Board of Education relating to the management and investment of the permanent school fund shall file with the board regularly, as determined by the board, a report that describes in detail any expenditure of more than \$50 made by the person on behalf of:

- (1) a member of the board;
- (2) the commissioner; or
- (3) an employee of the agency or of a nonprofit corporation created under Section 43.006.

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**TEC, §43.0034. FORMS; PUBLIC INFORMATION.**

- (a) The board shall prescribe forms for:
  - (1) statements of possible conflicts of interest and waivers of possible conflicts of interest under Section 43.0032; and
  - (2) reports of expenditures under Section 43.0033.
- (b) A statement, waiver, or report described by Subsection (a) is public information.
- (c) The board shall designate an employee of the agency to act as custodian of statements, waivers, and reports described by Subsection (a) for purposes of public disclosure.

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**TEC, §43.004. WRITTEN INVESTMENT OBJECTIVES; PERFORMANCE EVALUATION.**

- (a) The State Board of Education shall develop written investment objectives concerning the investment of the permanent school fund. The objectives may address desired rates of return, risks involved, investment time frames, and any other relevant considerations.
- (b) The board shall employ a well-recognized performance measurement service to evaluate and analyze the investment results of the permanent school fund. The service shall compare investment results with the written investment objectives developed by the board, and shall also compare the investment of the permanent school fund with the investment of other public and private funds.