

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

February 23, 2007

TO: Honorable Florence Shapiro, Chair, Senate Committee on Education

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB389 by Shapiro (Relating to the capacity of the permanent school fund bond guarantee program.), **As Introduced**

The bill is related to the capacity of the permanent school fund (PSF) bond guarantee program (BGP). The bill would amend Section 45.053, Education Code, by amending Subsections (a) and (b) and adding Subsection (d) related to limitations on the BGP.

The amendment to Subsection (a) would delete language comparing the cost value to market value and limiting the approvals to whichever was less.

The amendment to Subsection (b) would delete language requiring the state auditor to analyze the status of guaranteed bonds as compared to market value.

New Subsection (d) would allow for an exception in the limit of outstanding guaranteed bonds. The State Board of Education (SBOE) would be authorized to increase the limit by rule to no more than five times the cost value of the PSF. Any increases approved by the SBOE would be required to be consistent with federal laws and regulations and would not prevent the bonds from receiving the highest available credit rating, as determined by the SBOE. The SBOE would be required to review this limit at least once a year.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 308 State Auditor's Office, 701 Central Education Agency

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