Texas Permanent School Fund CORPORATION

Legislative Appropriations Request

Fiscal Years 2028-29

This page intentionally left blank.

LEGISLATIVE APPROPRIATIONS REQUEST

For Fiscal Years 2028 and 2029

Submitted to the

Governor's Office, Budget and Policy Division

and the Legislative Budget Board

by

Texas Permanent School Fund Corporation

August 2026

This page intentionally left blank.

Texas Permanent School Fund Corporation
Legislative Appropriations Request, 2028-29 Biennium

Table of Contents

706 Texas Permanent School Fund Corporation

SUMMARY

We are pleased to submit the Legislative Appropriations Request (LAR) of the Texas Permanent School Fund Corporation (Texas PSF or Corporation) for the 2028-29 biennium. With over $64.8 billion in investment assets, the Permanent School Fund (PSF or Fund) is the nation's oldest and largest educational endowment. Led by its Board of Directors and Chief Executive Officer/Chief Investment Officer (CEO/CIO) Robert Borden, the Corporation is dedicated to its dual mission: growing the Fund and distributions for the benefit of Texas schoolchildren, and reducing borrowing costs for Texas public schools and charter districts.

In the five years since its legislative authorization, Texas PSF has made remarkable progress in transforming its governance, investment, and operational infrastructure. This transformation has enabled strong investment performance, translating directly into significant revenue for the state budget. In the 2026-27 biennium, the PSF increased distributions to Texas education by $500 million, to a record-high $4.8 billion. Based on preliminary recommendations under consideration by the State Board of Education (SBOE), distributions are expected to increase by another $800 million for the 2028-29 biennium, to an even higher $5.6 billion – more than double the amount distributed just a decade ago. Every dollar in PSF distributions offsets General Revenue that would otherwise be required to fund the Foundation School Program. As such, the substantial additional revenue directly supports two major priorities of the Governor and the Legislature: sustained education funding and property tax relief.

The Corporation's commitment to Texas extends beyond investment returns and distributions. Our "Texas First" initiative leverages the PSF and the dynamism of the Texas economy to cultivate Texas-based investment opportunities, at a scale currently approaching $27 billion. Our proxy voting policy aligns with Texas law by focusing exclusively on the Fund's fiduciary interests. In addition, Texas PSF is partnering with the state's universities. This is exemplified by our robust internship program, which builds a pipeline of talent into the investment industry, including 53 individuals to date, representing 12 universities (10 in Texas), and resulting in five full-time hires at the Corporation.

This LAR requests a total of $128.8 million, including three exceptional items totaling $4.5 million, which will allow Texas PSF to build on its successful record. The Corporation's operations are paid from the earnings of the Fund itself, and those operations generate returns that far exceed their cost. In Fiscal Year 2026, investment returns generated in less than 3.5 days covered operations costs for the entire year. Over the five-year period ending March 31, 2026, the Fund produced approximately $3.4 billion in investment returns in excess of its benchmark. That is nearly $683 million in value added above and beyond benchmark returns per year from active investment decision making by the Texas PSF team, or more than 10 times the average annual budget request for 2028-29.

While Texas PSF's administrative budget is not funded with General Revenue, this appropriations request is fiscally responsible in the spirit of policy guidance issued by the Governor, Lieutenant Governor, and Speaker of the House. Under a fully funded request, the Corporation's budget in 2028-29 would increase by 3.6% over its adjusted base, while net assets are projected to grow 6%. As a result, the Fund's administrative cost ratio is expected to decline to 9.2 basis points – or just 0.092% of Fund assets, at the low end of our peer range. That is, the Corporation will manage more investments, and deliver larger distributions, at a lower relative cost.

DELIVERING ON THE TEXAS PSF MISSION

Texas PSF's dual mission is to provide permanent funding to the state's public schools by generating exceptional risk-adjusted returns, and to reduce the borrowing cost for Texas public schools and charter districts through the Bond Guarantee Program (BGP). That mission has guided the Corporation's transformation into a high-performing investment organization, driven measurable success in investment performance and growing distributions to public education, and strengthened Texas PSF's role as a partner to state government and the Texas economy.

Transformation into a Modern Institutional Investment Operation

Under the leadership of CEO/CIO Robert Borden, Texas PSF has executed a strategic plan to build the investment capabilities, governance frameworks, and organizational infrastructure of a modern, high-performing institutional endowment. Since last legislative session, the Corporation has completed a comprehensive asset allocation transition plan, repositioning the portfolio to more closely align with leading institutional endowments. Texas PSF staff have made significant improvements to portfolio implementation, simplifying investment structures to reduce fees, expanding strategic partnerships, strengthening due diligence processes, and redesigning its public equities, venture capital, co-investment, and direct investment programs.

The Corporation has matched this investment buildout with stronger corporate governance and infrastructure, reinforcing our commitment to operating with the highest levels of integrity and transparency. During the last two years, the Board adopted its first governance policy and engaged in a comprehensive rewrite of the Corporation's Ethics Policy, establishing rigorous standards for conflicts of interest, personal trading, outside business activity, and compliance reporting. The Corporation established a robust internal audit function, which provides independent oversight of financial controls, risk management, and operational compliance. This function runs alongside vigorous external audit oversight by the State Auditor's Office, Comptroller's Office, and the internationally recognized firm KPMG, which brings expertise in evaluating complex portfolios like the PSF. The Corporation has also modernized its technology and data infrastructure through a comprehensive application-rationalization initiative that simplified our technology environment, improved investment tools, and increased operational efficiency. Finally, Texas PSF has begun deploying targeted uses of artificial intelligence, innovating while prudently managing operational risk.

Generating Results for State and Local Budgets

The most direct measure of Texas PSF's success is the financial support it delivers to Texas public schools. Over its lifetime, the PSF has distributed $47 billion. This substantial total is expected to surpass $52 billion in the 2028-29 biennium, during which PSF distributions are projected to reach $5.6 billion, a new record high, based on preliminary recommendations under consideration by the SBOE as of August 2026. This represents an additional $800 million over the 2026-27 biennium, providing critical revenue to support the Legislature and Governor's school funding and tax relief priorities. This growth in distributions reflects consistently strong investment performance. For the one-year period ending March 31, 2026, the Fund returned 11.4%. Over the five-year period leading up to that date, Texas PSF generated $17.3 billion in total returns, of which an estimated $3.4 billion (nearly 20%) was excess returns – or returns above its policy benchmark resulting from active investment decision making.

Texas PSF has also continued to strengthen the Bond Guarantee Program (BGP). The BGP is a crucial financial tool for Texas public schools, saving an estimated $450 million per year in borrowing costs – savings that accrue directly to Texas taxpayers. Currently the program guarantees $139.1 billion in bonds for 868 school districts and $5.9 billion for 32 charter districts. During the biennium, the Corporation significantly increased its engagement with the three major credit rating agencies to improve their understanding of the program and our own internal forecasting capacity. We also deepened collaboration with the Texas Education Agency in the administration of the program. These efforts are helping to strengthen the BGP and to preserve the program's AAA credit rating for the future.

A Partner to State Government, Education, and the Texas Economy

Texas PSF's commitment to Texas extends beyond investment returns and distributions. Through its Texas First investment initiative, the Corporation actively seeks investment opportunities, manager relationships, and service provider engagements that feature Texas-based firms, when consistent with its fiduciary responsibilities. The Corporation's Texas-focused investment portfolio has grown to approximately $26.7 billion, reflecting a substantial and expanding economic presence in the state.

706 Texas Permanent School Fund Corporation

A component of the Texas First approach is to use the scale of the $64.8 billion PSF to help strengthen Texas' financial and business ecosystem. A recent example is Apollo Global Management's selection of Austin as the location of its second headquarters. Apollo is one of the world's largest alternative asset managers, and, importantly, one of the Corporation's strategic partners. Its expanded presence in Texas will deepen that partnership while helping accelerate the growth of Texas' reputation as a global financial powerhouse.

Texas PSF's approach to proxy voting also reflects Texas priorities. The Corporation was among the first public funds in the nation to adopt a fiduciary-focused proxy policy that safeguards PSF votes and aligns with Texas law. In addition, Texas PSF supports and builds Texas talent through its university internship program. Since CEO/CIO Borden's arrival, creating a direct connection between the PSF and the state's higher education institutions and a pipeline of Texas talent into the investment industry has been a core organizational priority. The program – described in greater detail in Exceptional Item 2 below – saw its largest ever intern class in the summer of 2026, with 18 full-time interns working across the Corporation.

FUNDING REQUEST

The Corporation's total appropriations request of $128.8 million is fiscally responsible, consistent with the goal of greater efficiency in the Policy Letter issued by the Governor, Lieutenant Governor, and Speaker of the House. Texas PSF's operating budget is funded from the earnings of the PSF itself (Other Funds). In fact, in FY 2026, investment earnings paid for the full cost of operations in about 3.5 days. Although these Other Funds-supported appropriations were exempt from the required 3% General Revenue reduction, our LAR reduces administrative costs relative to assets under management (AUM): a fully funded request would represent a 3.6% increase over the adjusted base, while assets are projected to grow 6%. Furthermore, the cost of operations is dwarfed by the payoff in value added: over the last five years, returns above our policy benchmark (resulting from active investment decision making by the Texas PSF team) totaled approximately $3.4 billion. At that rate, excess returns alone are more than 10 times Texas PSF's total request in this LAR.

Funding and full-time equivalent (FTE) authority provided by the 89th Texas Legislature positioned the Corporation to conclude its primary buildout phase by the end of the 2026-27 biennium. As a result, for the 2028-29 biennium Texas PSF is requesting limited, targeted funding increases to sustain the capabilities already authorized by the Legislature, preserve a high-value university internship program, and keep staffing aligned with continued growth in the Fund's AUM. These requests will allow Texas PSF to sustain its strong performance, investing the Fund effectively, meeting rising operational costs, and maximizing long-term risk-adjusted returns and distributions.

Exceptional Item 1: Sustain Fiscal Year (FY) 2027 adjusted base funding into the 2028-29 biennium - $2.4 million

The 89th Legislature approved a stair-stepped funding approach in Texas PSF's 2026-27 budget, increasing the Corporation's appropriations in the second year of the biennium and raising the FTE cap from 105 in FY 2026 to 115 in FY 2027. That funding is being used to strategically build out and strengthen critical investment and support functions. Texas PSF is on track to fill its approved 115 FTEs by the end of FY 2027.

Because the 2026–27 appropriation was intentionally higher in the second year, carrying forward only the current biennial total into 2028–29 would reduce annual operating support from the FY 2027 level. This would require Texas PSF to scale back or discontinue successful initiatives, such as investment-manager fee monitoring and engagement with credit rating agencies, that have strengthened investment oversight and supported the BGP. The requested $2.4 million would carry the FY 2027 adjusted base funding level forward and allow the Corporation to maintain staffing and operating capacity through the 2028-29 biennium.

Exceptional Item 2: Continue the Corporation’s robust internship program - $1.2 million

Since his arrival in December 2023, CEO/CIO Borden has made partnerships with Texas universities a core organizational priority. These partnerships create a direct connection between the state’s public education endowment and Texas’ higher education institutions. The centerpiece of this effort is Texas PSF’s internship program, which creates a pipeline of Texas talent into the investment industry, including at the Corporation. In addition to summer placements, Texas PSF also employs part-time interns during the spring and fall semesters, maintaining a year-round connection with Texas universities.

Through the program, students gain professional experience inside one of the nation's largest institutional endowments while helping Texas PSF build long-term institutional capacity. In Summer 2026, we welcomed our largest intern class ever, with 18 full-time interns working across the Corporation. The summer program resulted in one full-time hire, 11 Fall 2026 intern extensions, and 15 project presentations, with 11 initiatives advancing to implementation. Since 2023, the program has generated 74 internship experiences across 53 individuals representing 12 universities (10 in Texas, such as Texas A&M, University of Texas, Texas State, and Southern Methodist University), including 31 return internships and five full-time hires.

During the 2026–27 biennium, the Corporation has supported the program through temporary salary savings available during its planned staffing buildout. Once Texas PSF reaches its authorized staffing level, those temporary savings will no longer be available, and the current budget will not be able to sustain this robust internship program into the future. This request seeks an average of $580,000 in each year to support 20 full-time summer interns and 12-15 part-time interns during the spring and fall semesters.

Exceptional Item 3: Add investment and support FTEs in FY 2029 - $1.0 million

Texas PSF requests authority and funding for an additional five FTEs in FY 2029. The Corporation would maintain its current cap of 115 FTEs in FY 2027 through FY 2028 and increase it to 120 in FY 2029. The FTEs are currently planned to include analysts for the co-investment/direct investment, venture capital, and investment operations areas; an investment attorney; and clerical support.

This measured increase would keep staffing aligned with the Fund’s continued growth and complexity. Industry benchmarking for large institutional endowments indicates staffing of approximately two FTEs per $1 billion in assets. At 120 FTEs, Texas PSF would operate at fewer than 1.7 FTEs per $1 billion – well below that informal benchmark. The requested positions would provide focused capacity where it is most needed while preserving Texas PSF’s lean operating model.

CONCLUSION

The Permanent School Fund is a vital, reliable, and growing source of support for Texas public education and an important tool for reducing school district borrowing costs. The incremental, targeted resources requested in this LAR are designed to sustain the investment, operational, and oversight capabilities authorized by the Legislature and to expand distributions for public education, while keeping pace with the continued growth and complexity of the Fund and reducing its administrative cost as a percentage of assets. At an average annual budget of $64.4 million, the Corporation’s administrative costs would represent a projected 9.2 basis points of assets – well below industry peers, below the Corporation’s estimated administrative cost ratio during the 2026–27 biennium, and well below Texas PSF’s initial legislative target of 16 basis points (0.16%). As such, the request is modest, disciplined, and directly tied to the Corporation’s fiduciary mission: protecting and growing the Permanent School Fund for current and future generations of Texas students. Texas PSF looks forward to partnering with state leadership and the 90th Legislature as we work to grow the Fund for the benefit of all Texans.

SUPPLEMENT: ADDITIONAL BACKGROUND AND REQUIRED INFORMATION

History and structure of the PSF

The Permanent School Fund, or PSF, was conceived in 1845 as a perpetual fund to support Texas public schools, and the Texas Legislature provided the first significant influx of funding in 1854 by way of a $2 million appropriation. However, the bulk of the historical corpus of the PSF was comprised of certain lands, all proceeds from related sales, and all revenue from the leasing of surface and mineral rights. PSF lands and related leases are managed by the General Land Office (GLO) and overseen by the School Land Board (SLB), an entity comprising the Land Commissioner and four citizen members appointed by the Governor. Since 1929, the Texas Constitution has authorized the State Board of Education (SBOE), now comprising 15 elected members, to both invest these proceeds and to make annual distributions to public schools (Texas Constitution, Article 7, Section 5). The SLB retained the authority to use certain proceeds to make real property purchases for the benefit of the Fund, and in the early 2000s this was significantly expanded to include other real asset investments.

As PSF assets increased and diversified over time, its bifurcated governance and management structure – with investments split between the SBOE and SLB – presented challenges to optimal asset allocation. In particular, cash holdings required to support SLB real asset investments had sharply increased, leading to a significant “cash drag” and limiting the total return of the portfolio. In 2021, the 87th Legislature addressed this issue by passing Senate Bill 1232, which allowed for the creation of a corporation to unify the PSF’s governance and management for the purpose of maximizing returns through enhanced productivity and operational efficiency . Pursuant to SB 1232, the SBOE approved the formation of the Texas PSF Corporation and, in January 2023, all investment assets of the PSF, as well as all powers, duties, functions, programs, and activities relating to their management and investment, including related full-time equivalent positions (FTEs) and supporting operational funding, transferred from the SBOE and SLB (administered by the Texas Education Agency and GLO, respectively) to Texas PSF. Under this unified structure, Texas PSF optimizes the Fund’s allocation across all asset classes, significantly increasing investment returns over the long run.

Texas PSF Governance

SB 1232 created a nine-member board of directors to hold the fiduciary responsibility, delegated by SBOE, for the Texas PSF Corporation. The board comprises five members of the SBOE, the Land Commissioner, and one Land Commissioner appointee along with two gubernatorial appointees with the requirement that the appointees must have substantial expertise in investments and asset management. The current members of the Texas PSF Board of Directors (Board) are:

Tom Maynard (SBOE; term expires 01/01/2027), Florence, TX
Bradfield Wright (Governor; 01/01/2027), Houston, TX
Aaron Kinsey (SBOE; 01/01/2027), Midland, TX
Dawn Buckingham, M.D. (GLO; 01/01/2027), Lakeway, TX
Kevin Ellis, D.C. (SBOE; 01/01/2027), Lufkin, TX
Will Hickman (SBOE; 01/01/2027), Houston, TX
Marisa Perez-Diaz (SBOE; 01/01/2027), San Antonio, TX
Jim Stanislaus (GLO; 01/01/2027), Austin, TX
Cliff Thomas (Governor; 01/01/2029), Victoria, TX

706 Texas Permanent School Fund Corporation

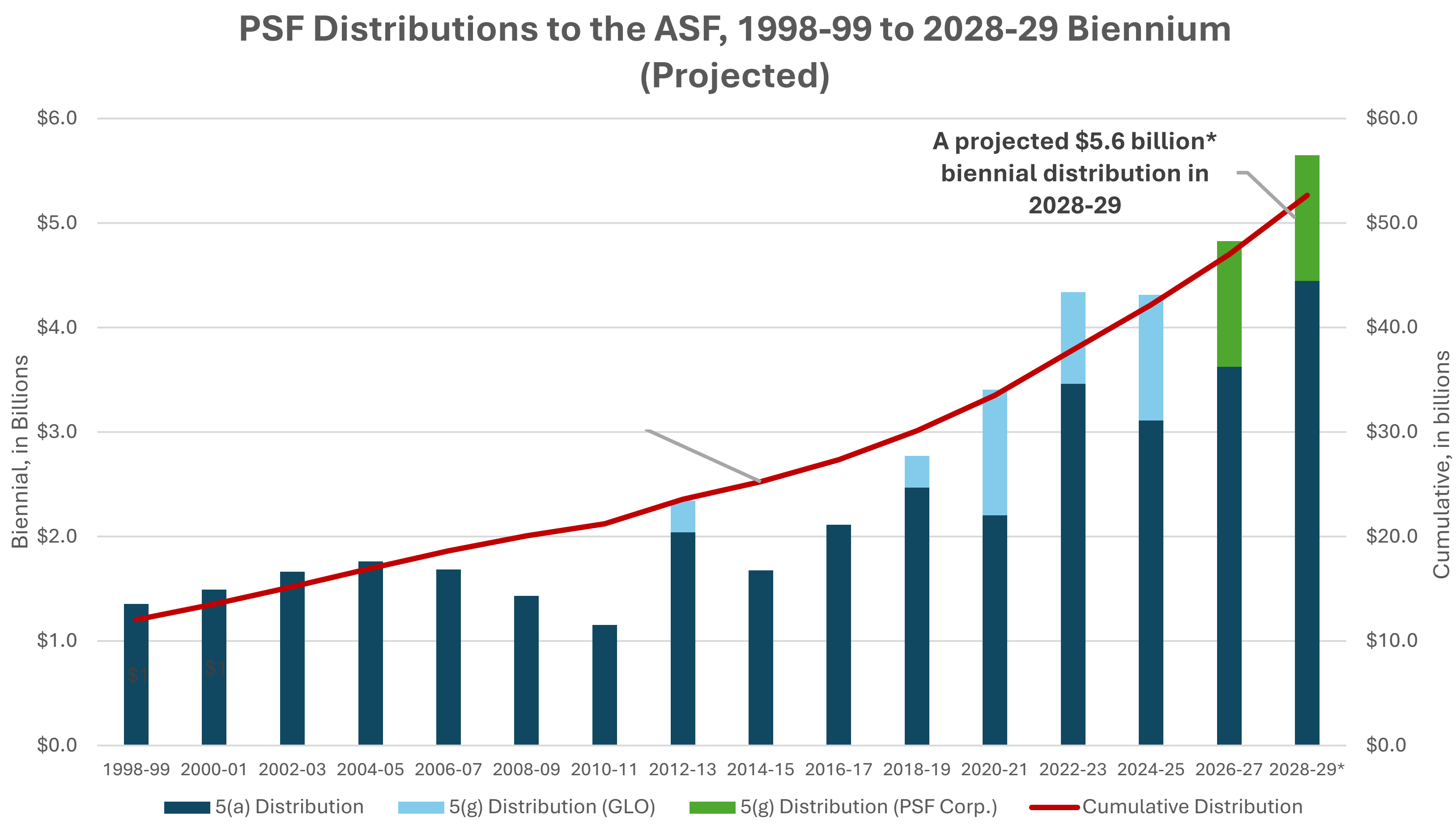
In November 2023, the Board hired Robert Borden to serve as the Chief Executive Officer (CEO) and Chief Investment Officer (CIO). As CEO/CIO, Borden is empowered to employ staff to run the day-to-day operations of the Corporation. To maximize its ability to exercise its fiduciary duties and provide parity with similar state funds, SB 1232 exempted Texas PSF from several statutory provisions, including those relating to position classification, travel expenses, and purchasing and contract management, including professional and consulting services.

BACKGROUND CHECKS

Texas PSF uses a vendor to conduct certain criminal, credit, licensing and certification background checks on new hires, pursuant to its fiduciary authority in the Texas Constitution, Article 7, Section 5. However, the Corporation is not explicitly authorized in statute to conduct Federal Bureau of Investigation (FBI) criminal background checks on applicants for employment. Such authority would allow Texas PSF to fully vet potential employees, some of whom will have management responsibility for hundreds of millions of dollars in PSF assets.

Permanent School Fund Distributions to Public Schools

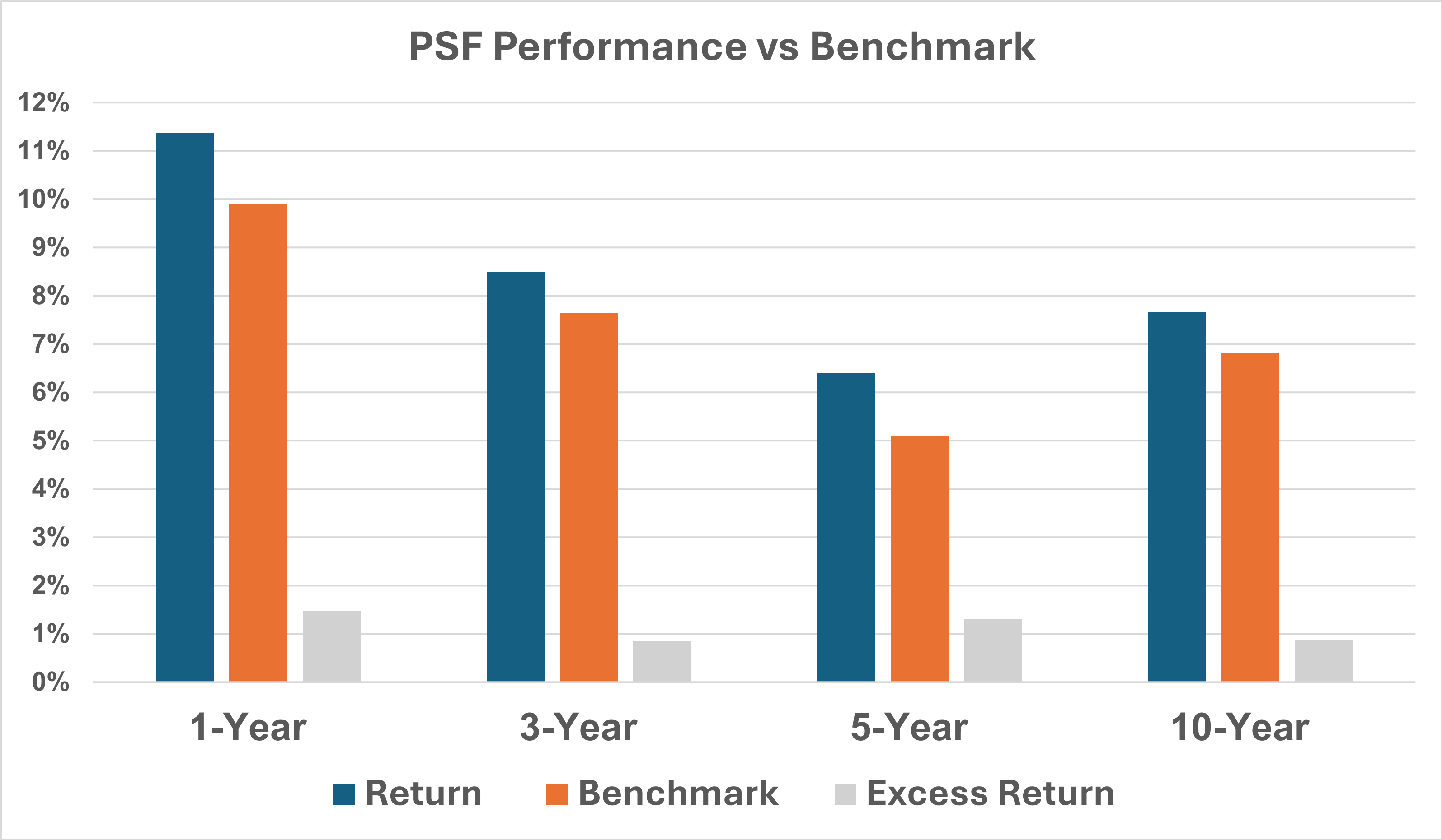
- **$5.6 BILLION*** is expected to be distributed from the Permanent School Fund (PSF) to the Available School Fund (ASF) during the 2028-29 biennium, an **$800 MILLION INCREASE** from 2026-27
- **$52.6 BILLION** in cumulative distributions from PSF to ASF are projected by the end of the 2028-29 biennium



**Based on preliminary recommended 5(a) rate under consideration by SBOE as of August 2026*

Texas PSF Performance

- Texas PSF has substantially outperformed its benchmark in every time period over the past 10 years.
- Texas PSF's 1-year return as of March 31, 2026, was **11.4%** compared to an estimated (preliminary) composite benchmark of 9.9%, yielding an excess return of 1.5%, or an estimated **$852 million** above the benchmark return.



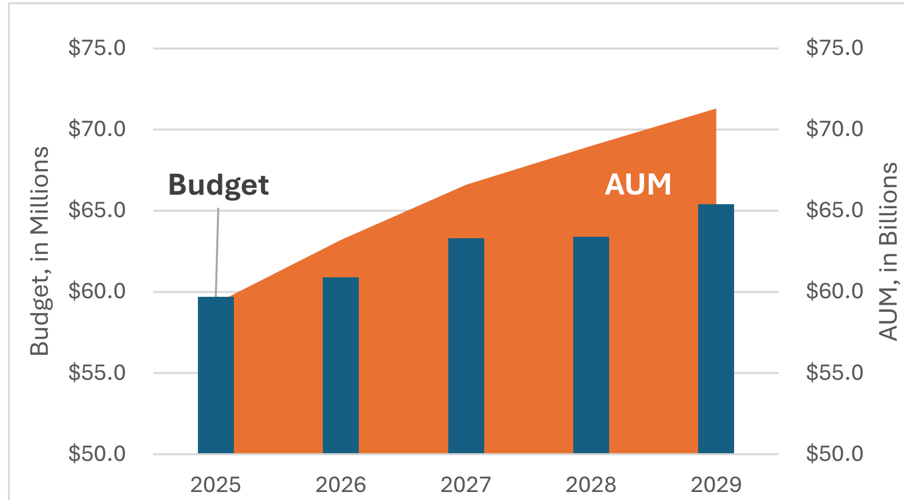
Performance data as of 3/31/2026; ***benchmark data is preliminary***.

Administrative Cost Ratio

- As a share of PSF assets, Texas PSF's administrative costs (including requested funds) are projected to decrease in 2028-29**, from 9.5 basis points** of assets under management (AUM) **to 9.2 basis points**.

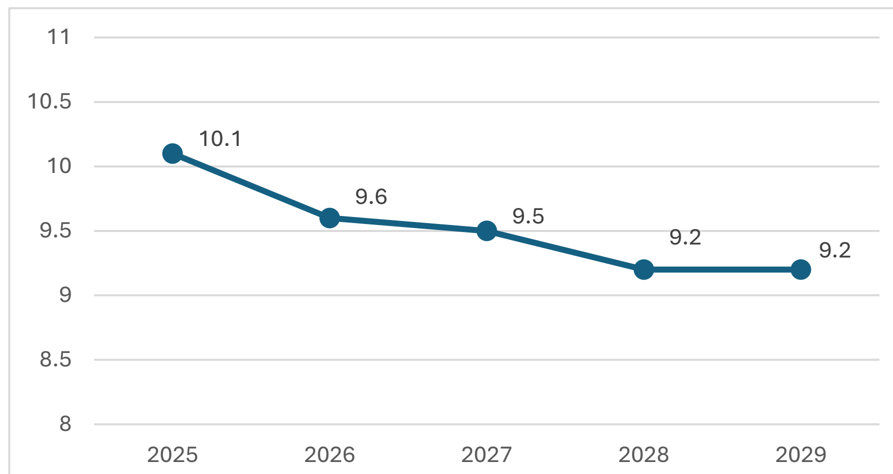
Operating Budget and AUM

- In the 2028-29 biennium, PSF assets are projected to grow at 1.5x the rate of the Corporation's operating budget, including all exceptional item requests.
- 2028-29 biennial budget request is a **modest 3.6% increase** over 2026-27 adjusted base.



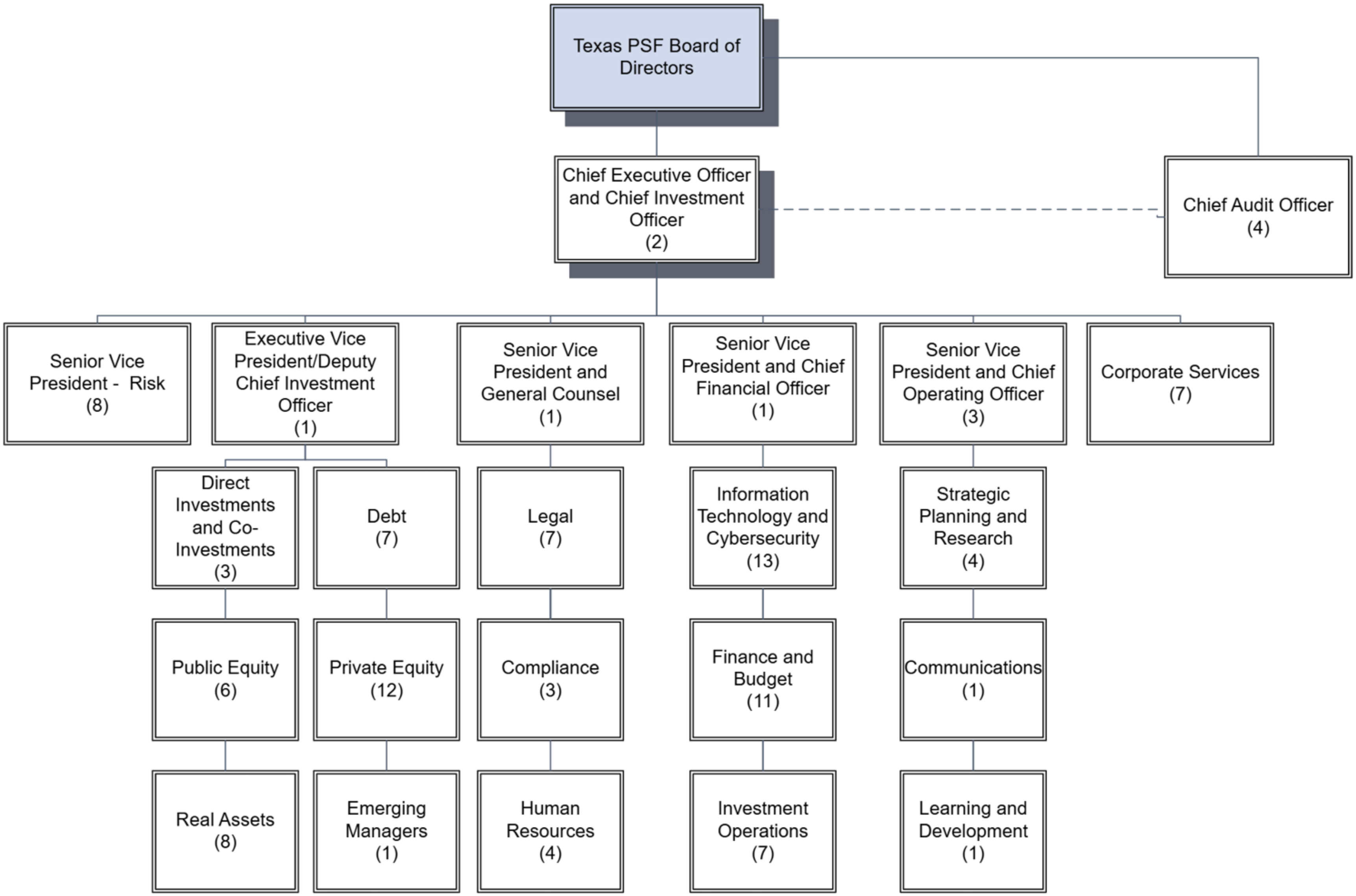
Administrative Cost Ratio, in Basis Points of AUM

- With this request, Texas PSF's operating costs as a percentage of Fund assets will fall to **9.2 basis points**, or less than one-tenth of one percent (0.092%).
- This cost ratio is projected to **decrease by over 9%** from already low levels set by Texas PSF's 2025 budget.



This page intentionally left blank.

Texas Permanent School Fund Corporation – Organizational Chart



Texas Permanent School Fund Corporation – Description of Functional Units

Permanent School Fund Corporation Board of Directors. Governs the management and investment of the Permanent School Fund (PSF) and the Charter District Bond Guarantee Reserve Fund. The nine-member Board comprises five members of the State Board of Education, the Texas Land Commissioner, a member appointed by the Texas Land Commissioner, and two members appointed by the Governor. The appointed members are required to have substantial expertise in investments and asset management.

Chief Executive Officer (CEO) and Chief Investment Officer (CIO). Exercises broad authority over the Corporation's operations, investment management, financial management related to the Bond Guarantee Program, and distribution of Permanent School Fund assets. Works with the DCIO to establish asset allocation strategies and investment processes and to manage the Fund's investments. This position reports and is responsible to the Board of Directors.

Chief Audit Officer (CAO). Oversees the Corporation's internal and external audit functions to ensure the integrity, transparency, and compliance of the fund's financial operations and investment strategies. Provides independent, objective assurance and advisory services to enhance the fund's governance, risk management, and control processes. The CAO reports to the Board of Directors' Audit and Ethics committee and administratively reports to the CEO/CIO.

Executive Vice President, Deputy Chief Investment Officer (DCIO). Develops and supervises a team of investment professionals who manage the Fund's investment portfolio across all asset classes. With the CEO/CIO, oversees all investment units, including Public Equity, Private Equity, Real Estate & Real Assets, Absolute Return, Debt, and Risk. Leads corporate Strategic Partnerships and directs the Co-Investments and the Emerging Managers programs.

Vice President, Corporate Services. Supervises general corporate services, including board management and communications, as well as the day-to-day administrative work of the Corporation, including facilities and building management.

Senior Vice President, Finance and Operations (CFO). Directs both the overall financial management and technology operations of the Corporation. Financial oversight covers investment operations as well as accounting, procurement, financial planning, budget and information technology.

Chief Operating Officer (COO). Leads the Corporation's strategic planning initiatives, internal and external communications efforts, and provides operational leadership across the Corporation. Operational divisions reporting to the COO include strategic planning, communications and corporate research.

General Counsel. Advises the CEO/CIO and Board of Directors on all legal matters. Oversees operational due diligence, compliance, investment and other contracting, and public information requests functions. Operational units reporting to the General Counsel include human resources and governmental relations.

CERTIFICATE

Agency Name Texas Permanent School Fund Corporation

This is to certify that the information contained in the agency Legislative Appropriations Request filed with the Legislative Budget Board (LBB) and the Office of the Governor, Budget and Policy Division, is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Office of the Governor will be notified in writing in accordance with Senate Bill 1, Article IX, Section 7.01, Eighty-ninth Legislature, Regular Session, 2025.

Chief Executive Office or Presiding Judge

Signature

Robert Borden, CFA

Printed Name

Chief Executive Officer / Chief Investment Officer

Title

August 20, 2026

Date

Board or Commission Chair

Signature

Tom Maynard

Printed Name

Chair, Texas PSF Corp. Board of Directors

Title

August 20, 2026

Date

Chief Financial Officer

Signature

Mike Meyer

Printed Name

Senior Vice President, Finance and Operations

Title

August 20, 2026

Date

This page intentionally left blank.

706 Texas Permanent School Fund Corporation

Appropriation Years: 2028-29

	GENERAL REVENUE FUNDS		GR DEDICATED		FEDERAL FUNDS		OTHER FUNDS		ALL FUNDS		EXCEPTIONAL ITEM FUNDS
	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2026-27	2028-29	2028-29
Goal: 1. Manage Permanent School Fund											
1.1.1. Agency Operations							124,281,429	124,281,429	124,281,429	124,281,429	
Total, Goal							**124,281,429**	**124,281,429**	**124,281,429**	**124,281,429**	
Total, Agency							**124,281,429**	**124,281,429**	**124,281,429**	**124,281,429**	
Total FTEs									**110.0**	**115.0**	

This page intentionally left blank.

706 Texas Permanent School Fund Corporation

Goal / *Objective* / STRATEGY	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
1 Manage Permanent School Fund					
1 *Protect and Grow Fund Assets*					
1 AGENCY OPERATIONS	59,686,938	60,941,883	63,339,546	61,627,453	62,653,976
TOTAL, GOAL 1	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
TOTAL, AGENCY STRATEGY REQUEST	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				**$0**	**$0**
GRAND TOTAL, AGENCY REQUEST	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
METHOD OF FINANCING:					
Other Funds:					
44 Permanent School Fund	59,686,938	60,941,883	63,339,546	61,627,453	62,653,976
SUBTOTAL	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
TOTAL, METHOD OF FINANCING	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**

*Rider appropriations for the historical years are included in the strategy amounts.

This page intentionally left blank.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
44 Permanent School Fund No. 044					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	$51,882,342	$0	$0	$0	$0
Regular Appropriations from MOF Table (2026-27 GAA)	$0	$58,185,386	$61,450,355	$0	$0
Regular Appropriations from MOF Table (2028-29 GAA)	$0	$0	$0	$61,627,453	$62,653,976
LAPSED APPROPRIATIONS					
House Bill 1, Article IX, Section 17.16, 88th Legislature, Regular Session	$(430,959)	$0	$0	$0	$0
Comments: Lapsed salary adjustments					
UNEXPENDED BALANCES AUTHORITY					
Art III, Rider 5, Unexpended Balances (2024-25 GAA)	$15,585,357	$0	$0	$0	$0

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029

OTHER FUNDS

Comments: Operating funds transferred from FY24 to FY25. Expenditures in FY24 were lower than anticipated primarily due to (1) corporate restructuring (see FTE comments); (2) some transition and IT costs occurring later than originally anticipated; and (3) cost saving measures (e.g., streamlining IT applications). Third party reimbursements also offset expenditures and freed up other funds. Of the funds transfered into FY25, $2.4M was expended on general operating activities.

	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
Art III, Rider 5, Unexpended Balances (2024-25 GAA)	$1,946,307	$0	$0	$0	$0

Comments: Capital funds transferred from FY24 to FY25. The Corporation frontloaded budgeted funds for the buildout of and transition into Innovation Tower, including related IT infrastructure costs, but ultimately expended funds to match the actual project timeline (generally later in the biennium). Total expenditures for the project were approximately $1.4M below maximum authority. Of the $1.9M of capital funds transfered into FY25, $1.3M was expended on final facility build out, IT infrastructure, modernization, & data center services.

	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
Art III, Rider 5, Unexpended Balances (2026-27 GAA)	$(13,218,027)	$13,218,027	$0	$0	$0

Comments: Operating funds transferred from FY25 to FY26. Expenditures in FY25 were lower than anticipated due primarily to a corporate restructuring and hiring pause (see FTE comments) and cost saving measures (e.g., streamlining IT applications). Third party reimbursements also offset expenditures and freed up other funds. Notes on the use of these funds are included below.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
Art III, Rider 5, Unexpended Balances (2026-27 GAA)	$(620,797)	$620,797	$0	$0	$0

Comments: IT capital funds transferred from FY25 to FY26. The Corporation did not expend all planned funds for laptop replacement, due in part to the restructuring and hiring pause noted under FTE comments. Also, actual costs for IT network infrastructure and data center services were lower than originally anticipated; remaining funds will be used for planned laptop replacements & ongoing modernization costs.

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
Art III, Rider 5, Unexpended Balances (2026-27 GAA)	$0	$(11,082,327)	$11,082,327	$0	$0

Comments: Funds anticipated to transfer from FY26 to FY27 to support general operating activities. Of the operating funds transferred from FY25 to FY26 ($13.2M), the Corporation anticipates expending approximately $2M per year for items identified after the appropriations process ($2.1M in FY26 and $1.9M in FY27). These include investor fee monitoring services (est. $1.2M), costs associated with the Bond Guarantee Program credit rating analyses (est. $0.4M), refined personnel cost projections (est. $1.5M), AI investments & training (est. $0.28M), building rent / operating expenditures in excess of appropriations (est. $0.14M), and IT systems maintenance & enhancements (est. $0.5M). Updates to personnel cost projections include adjustments to the staffing plan to match the Corporation’s refreshed strategic plan and updated expectations on the timing (not amounts) of performance payment plan payments.

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
Art III, Rider 5, Unexpended Balances (2026-27 GAA)	$0	$0	$(9,193,136)	$9,193,136	$0

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS					
Comments: Funds anticipated to carry forward from FY27 to FY28 to serve as a critical operational contingency reserve. Maintaining a modest reserve--separate from annual appropriations--is imperative to ensure PSF can respond quickly to major global developments, market shifts or downturns, and costs associated with high investment performance years. The ability to manage operating funding across fiscal years also supports prudent spending, in keeping with PSF's constitutional mandate.					
Art III, Rider 5, Unexpended Balances (2028-29 GAA)	$0	$0	$0	$(9,193,136)	$9,193,136
Comments: Operational contingency reserve. See immediately above for comments on critical importance of maintaining UB separate from annual appropriations.					
Art III, Rider 5, Unexpended Balances (2030-31 GAA)	$0	$0	$0	$0	$(9,193,136)
Comments: Operational contingency reserve. See above for comments on critical importance of maintaining UB separate from annual appropriations.					
BASE ADJUSTMENT					
Art IX, Sec. 8.02. Reimbursements and Payments (2024-25 GAA)	$4,542,715	$0	$0	$0	$0
Comments: Third Party Reimbursements (revenue) derived primarily through Tenant Reimbursements for the Innovation Tower build out, and secondarily through travel reimbursements from fund managers					

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING		Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
OTHER FUNDS						
TOTAL,	**Permanent School Fund No. 044**	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
TOTAL, ALL	**OTHER FUNDS**	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
GRAND TOTAL		**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations from MOF Table (2024-25 GAA)	119.7	0.0	0.0	0.0	0.0
Regular Appropriations from MOF Table (2026-27 GAA)	0.0	105.0	115.0	0.0	0.0
Regular Appropriations from MOF Table (2028-29 GAA)	0.0	0.0	0.0	115.0	115.0
UNAUTHORIZED NUMBER OVER (BELOW) CAP					
Unauthorized Number Over (Below) Cap	(35.0)	0.0	0.0	0.0	0.0
Comments: Beginning in December 2023, the Corp. underwent a comprehensive restructuring of personnel, resulting in lower total FTEs than anticipated in the 2024-25 biennium. The corporation also substantially paused hiring in FY25 until the conclusion of the appropriations process and an internal strategic plan refresh.					
Unauthorized Number Over (Below) Cap	0.0	(9.5)	(5.0)	0.0	0.0
Comments: After restructuring, PSF has seen steady but judicious growth in permanent FTEs. The Corp. also maintains a robust internship program that is equivalent to 6-10 FTEs across the entire fiscal year (see Exceptional Item 2), which helps meet PSF's operational needs without an impact to its FTE cap. Through a strategic and selective hiring process, the Corp. expects to reach its FY27 FTE cap in the fourth quarter of that year, resulting in an average for the year that is slightly lower.					
TOTAL, ADJUSTED FTES	**84.7**	**95.5**	**110.0**	**115.0**	**115.0**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

METHOD OF FINANCING	Exp 2025	Est 2026	Bud 2027	Req 2028	Req 2029
NUMBER OF 100% FEDERALLY FUNDED FTEs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

This page intentionally left blank.

706 Texas Permanent School Fund Corporation

OBJECT OF EXPENSE	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
1001 SALARIES AND WAGES	$16,699,454	$20,242,900	$23,288,989	$23,967,418	$24,686,441
1002 OTHER PERSONNEL COSTS	$529,895	$527,874	$442,935	$453,111	$463,897
2001 PROFESSIONAL FEES AND SERVICES	$8,918,961	$10,940,355	$10,018,613	$7,336,615	$6,927,270
2003 CONSUMABLE SUPPLIES	$26,480	$28,000	$12,000	$12,000	$12,000
2004 UTILITIES	$33,643	$30,653	$26,600	$26,600	$26,600
2005 TRAVEL	$247,226	$434,000	$517,960	$332,441	$353,523
2006 RENT - BUILDING	$846,253	$2,513,008	$3,066,103	$3,150,355	$3,237,135
2007 RENT - MACHINE AND OTHER	$47,780	$70,700	$70,700	$70,700	$70,700
2009 OTHER OPERATING EXPENSE	$25,786,339	$26,154,393	$25,895,646	$26,278,213	$26,876,410
5000 CAPITAL EXPENDITURES	$6,550,907	$0	$0	$0	$0
OOE Total (Excluding Riders)	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
OOE Total (Riders)					
Grand Total	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**

This page intentionally left blank.

706 Texas Permanent School Fund Corporation

Goal/ *Objective* / **Outcome**		**Exp 2025**	**Est 2026**	**Bud 2027**	**BL 2028**	**BL 2029**
1	Manage Permanent School Fund					
	1 Protect and Grow Fund Assets					
KEY	**1 PSFC Mgrs Perf in Excess of Benchmark, Basis Points of Net Assets**					
		8.56	150.77	50.00	50.00	50.00

This page intentionally left blank.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Priority	Item	2028 GR and GR/GR Dedicated	2028 All Funds	2028 FTEs	2029 GR and GR Dedicated	2029 All Funds	2029 FTEs	Biennium GR and GR Dedicated	Biennium All Funds
1	Sustain FY27 Base Funding		$1,187,780	0.0		$1,209,884	0.0		$2,397,664
2	Continue Internship Program		$569,504	0.0		$590,908	0.0		$1,160,412
3	Investment and Ops FTEs in FY29		$0	0.0		$967,242	5.0		$967,242
Total, Exceptional Items Request			**$1,757,284**	**0.0**		**$2,768,034**	**5.0**		**$4,525,318**
Method of Financing									
General Revenue									
General Revenue - Dedicated									
Federal Funds									
Other Funds			1,757,284			2,768,034			4,525,318
		$0	**$1,757,284**		**$0**	**$2,768,034**		**$0**	**$4,525,318**
Full Time Equivalent Positions				**0.0**			**5.0**		
Number of 100% Federally Funded FTEs				**0.0**			**0.0**		

This page intentionally left blank.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Goal/*Objective*/**STRATEGY**	**Base 2028**	**Base 2029**	**Exceptional 2028**	**Exceptional 2029**	**Total Request 2028**	**Total Request 2029**
1 Manage Permanent School Fund						
1 *Protect and Grow Fund Assets*						
1 AGENCY OPERATIONS	$61,627,453	$62,653,976	$1,757,284	$2,768,034	$63,384,737	$65,422,010
TOTAL, GOAL 1	**$61,627,453**	**$62,653,976**	**$1,757,284**	**$2,768,034**	**$63,384,737**	**$65,422,010**
TOTAL, AGENCY STRATEGY REQUEST	**$61,627,453**	**$62,653,976**	**$1,757,284**	**$2,768,034**	**$63,384,737**	**$65,422,010**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$61,627,453**	**$62,653,976**	**$1,757,284**	**$2,768,034**	**$63,384,737**	**$65,422,010**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Goal/*Objective*/**STRATEGY**	**Base 2028**	**Base 2029**	**Exceptional 2028**	**Exceptional 2029**	**Total Request 2028**	**Total Request 2029**
Other Funds:						
44 Permanent School Fund	$61,627,453	$62,653,976	$1,757,284	$2,768,034	$63,384,737	$65,422,010
	$61,627,453	**$62,653,976**	**$1,757,284**	**$2,768,034**	**$63,384,737**	**$65,422,010**
TOTAL, METHOD OF FINANCING	**$61,627,453**	**$62,653,976**	**$1,757,284**	**$2,768,034**	**$63,384,737**	**$65,422,010**
FULL TIME EQUIVALENT POSITIONS	**115.0**	**115.0**	**0.0**	**5.0**	**115.0**	**120.0**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Goal/ *Objective* / **Outcome**	BL 2028	BL 2029	Excp 2028	Excp 2029	Total Request 2028	Total Request 2029
1 Manage Permanent School Fund						
1 *Protect and Grow Fund Assets*						
KEY **1 PSFC Mgrs Perf in Excess of Benchmark, Basis Points of Net Assets**						
	50.00	50.00			50.00	50.00

This page intentionally left blank.

706 Texas Permanent School Fund Corporation

GOAL: 1 Manage Permanent School Fund

OBJECTIVE: 1 Protect and Grow Fund Assets

STRATEGY: 1 Agency Operations

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Efficiency Measures:						
KEY 1	PSF Corp. Operations Exp As Basis Points of Net Assets	10.06	9.46	9.78	16.00	16.00
Explanatory/Input Measures:						
KEY 1	Mkt Value of Fin Assets of the Permanent School Fund (PSF) in Billions	60.12	65.45	67.83	69.83	71.89
Objects of Expense:						
1001	SALARIES AND WAGES	$16,699,454	$20,242,900	$23,288,989	$23,967,418	$24,686,441
1002	OTHER PERSONNEL COSTS	$529,895	$527,874	$442,935	$453,111	$463,897
2001	PROFESSIONAL FEES AND SERVICES	$8,918,961	$10,940,355	$10,018,613	$7,336,615	$6,927,270
2003	CONSUMABLE SUPPLIES	$26,480	$28,000	$12,000	$12,000	$12,000
2004	UTILITIES	$33,643	$30,653	$26,600	$26,600	$26,600
2005	TRAVEL	$247,226	$434,000	$517,960	$332,441	$353,523
2006	RENT - BUILDING	$846,253	$2,513,008	$3,066,103	$3,150,355	$3,237,135
2007	RENT - MACHINE AND OTHER	$47,780	$70,700	$70,700	$70,700	$70,700
2009	OTHER OPERATING EXPENSE	$25,786,339	$26,154,393	$25,895,646	$26,278,213	$26,876,410
5000	CAPITAL EXPENDITURES	$6,550,907	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**

706 Texas Permanent School Fund Corporation

GOAL: 1 Manage Permanent School Fund

OBJECTIVE: 1 Protect and Grow Fund Assets

STRATEGY: 1 Agency Operations

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029
Method of Financing:						
44	Permanent School Fund	$59,686,938	$60,941,883	$63,339,546	$61,627,453	$62,653,976
SUBTOTAL, MOF (OTHER FUNDS)		**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$61,627,453**	**$62,653,976**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
FULL TIME EQUIVALENT POSITIONS:		**84.7**	**95.5**	**110.0**	**115.0**	**115.0**

STRATEGY DESCRIPTION AND JUSTIFICATION:

This strategy contains all operating funding and full-time equivalent positions (FTEs) appropriated to carry out the fiduciary duties of the Corporation (see “Supplement” section of Administrator’s Statement for historical background). Activities include investment management work, investment support, risk management, audit, legal, finance, human resources, information technology and other areas.

Texas PSF’s total funding request (including exceptional items) in this strategy, combined with the unexpended balance (UB) carry-forward and fiduciary authority granted in our riders, will enable the Corporation to successfully navigate challenges and safeguard the PSF. Maintaining an operational reserve--separate from annual appropriations--through UB authority granted in Texas PSF Rider 5 is particularly important to ensure PSF can respond quickly to major global developments, market shifts or downturns, and costs associated with high investment performance years. The ability to manage operating funding across fiscal years also supports prudent spending, in keeping with PSF’s constitutional mandate.

706 Texas Permanent School Fund Corporation

GOAL:	1	Manage Permanent School Fund		
OBJECTIVE:	1	Protect and Grow Fund Assets	Service Categories:	
STRATEGY:	1	Agency Operations	Service: 09	Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

INTERNAL: Average baseline FY2028-29 funding is lower than the FY27 adjusted base due to legislatively authorized increases in that year. The base request prioritizes maintaining staffing of permanent FTEs (with somewhat slowed hiring) and required obligations such as building costs. Other adjustments to reach baseline levels include reducing certain professional services, eliminating the internship program, and significantly reducing manager fee monitoring and Bond Guarantee Program credit monitoring, employee development, AI investments, and due diligence travel. Exceptional Items 1 and 2 make targeted restorations of these adjustments.

EXTERNAL: Texas PSF manages a globally diversified portfolio, applying sophisticated investment strategies in an environment that can change rapidly. Geopolitical conflict, trade and tariff policies, inflation, cybersecurity threats, and disruptions in global capital markets can affect both investment opportunities and increase the resources needed to manage risk. Extended periods of market volatility may require greater investment due diligence, risk management, legal review, portfolio monitoring and support, and engagement with external managers and service providers. While the Corporation remains focused on operating efficiently, small staffing increases like the five FTEs requested for FY 2029 in Exceptional Item 3 are needed to effectively manage the growing endowment, maximize risk-adjusted returns, and ultimately boost distributions to the ASF over the long term.

706 Texas Permanent School Fund Corporation

GOAL: 1 Manage Permanent School Fund

OBJECTIVE: 1 Protect and Grow Fund Assets

STRATEGY: 1 Agency Operations

Service Categories:

Service: 09 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2025	Est 2026	Bud 2027	BL 2028	BL 2029

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

STRATEGY BIENNIAL TOTAL - ALL FUNDS		BIENNIAL	EXPLANATION OF BIENNIAL CHANGE	
Base Spending (Est 2026 + Bud 2027)	Baseline Request (BL 2028 + BL 2029)	CHANGE	$ Amount	Explanation(s) of Amount (must specify MOFs and FTEs)
$124,281,429	$124,281,429	$0	$0	Total net change of $0 in the strategy. See Internal Factors above for description of shifts between objects of expense.
			$0	**Total of Explanation of Biennial Change**

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
METHODS OF FINANCE (INCLUDING RIDERS):				**$61,627,453**	**$62,653,976**
METHODS OF FINANCE (EXCLUDING RIDERS):	**$59,686,938**	**$60,941,883**	**$63,339,546**	**$61,627,453**	**$62,653,976**
FULL TIME EQUIVALENT POSITIONS:	**84.7**	**95.5**	**110.0**	**115.0**	**115.0**

This page intentionally left blank.

3.B. Rider Revisions and Additions Request

Agency Code:	Agency Name:	Prepared By:	Date:	Request Level:
706	Texas Permanent School Fund Corporation	Lucas Brandt	08/12/2026	Base

Current Rider Number	Page Number in 2026-27 GAA	Proposed Rider Language
5	**III-40**	**Unexpended Balances.** Any unexpended balances appropriated from the Permanent School Fund remaining as of August 31, ~~2025~~2027, are appropriated for the same purpose for the biennium beginning September 1, ~~2025~~2027. Any unexpended funds appropriated from the Permanent School Fund as of August 31, ~~2026~~2028, are appropriated to fiscal year ~~2027~~2029 for the same purposes. *Justification: Updating fiscal year references to align with the applicable biennium. Maintaining an operational reserve--separate from annual appropriations--through UB authority granted in this rider is critically important to ensure Texas PSF can respond quickly to major global developments, market shifts or downturns, and costs associated with high investment performance years. The ability to manage operating funding across fiscal years also supports prudent spending, in keeping with PSF's constitutional mandate.*
8	**III-41**	**Permanent School Fund Distribution Rate.** At least 45 days prior to the adoption of the distribution rate from the Permanent School Fund to the Available School Fund by the State Board of Education, the Permanent School Fund Corporation shall report to the Legislative Budget Board and the Governor on the following: a) The distribution rate or rates under consideration~~;~~ , and the annual amounts the rate or rates are estimated to provide for the upcoming biennium; b) The assumptions and methodology used in determining the rate or rates under consideration; ~~c) The annual amount the distribution rate or rates under consideration are estimated to provide, and the difference between them and the annual distribution amounts for the preceding three biennia; and~~ ~~d~~c) The ~~optimal~~ implied distribution ~~amount~~ rates for the preceding ~~biennium~~ ten years, based on an analysis of intergenerational equity, and the differences ~~between it and~~ to the ~~actual~~ adopted distribution ~~amount~~ rates. *Justification: We request revising Section (a) to include important information on projected dollar amounts that would result from distribution rates, which is current practice. With that addition, section (c) would no longer be needed, as the remaining requirement is not useful analysis. We request to revise Section (d) to enhance the intergenerational equity analysis required by extending it to a more statistically meaningful period of time – 10 years instead of a biennium. Texas PSF already has been providing a 10-year analysis in its reports.*

This page intentionally left blank.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029

Item Name: Sustain FY27 Base Funding into 28-29 Biennium
Item Priority: 1
IT Component: No
Anticipated Out-year Costs: Yes
Involve Contracts > $50,000: Yes
Includes Funding for the Following Strategy or Strategies: 01-01-01 Agency Operations

OBJECTS OF EXPENSE:

Code	Description	Excp 2028	Excp 2029
1001	SALARIES AND WAGES	629,331	648,211
1002	OTHER PERSONNEL COSTS	9,440	9,723
2001	PROFESSIONAL FEES AND SERVICES	365,971	365,971
2005	TRAVEL	60,000	60,000
2009	OTHER OPERATING EXPENSE	123,038	125,979
	TOTAL, OBJECT OF EXPENSE	**$1,187,780**	**$1,209,884**

METHOD OF FINANCING:

Code	Description	Excp 2028	Excp 2029
44	Permanent School Fund	1,187,780	1,209,884
	TOTAL, METHOD OF FINANCING	**$1,187,780**	**$1,209,884**

DESCRIPTION / JUSTIFICATION:

The 89th Legislature approved a stair-stepped funding approach in Texas PSF's 2026-27 budget, increasing the Corporation's appropriations in the second year of the biennium and raising the FTE cap from 105 in FY 2026 to 115 in FY 2027. That funding is being used to strategically build out and strengthen critical investment and support functions. Texas PSF is on track to fill its approved 115 FTEs by the end of FY 2027.

Because the 2026–27 appropriation was intentionally higher in the second year, carrying forward only the current biennial total into 2028–29 would reduce annual operating support from the FY 2027 level. This would require Texas PSF to scale back or discontinue successful initiatives, such as investment-manager fee monitoring and engagement with credit rating agencies, that have strengthened investment oversight and supported the Bond Guarantee Program (BGP). Other adjustments to reach baseline levels while meeting required obligations such as building costs include slowing hiring, reducing certain professional services, and reducing employee development, AI investments, and due diligence travel.

The requested $2.4 million would carry the FY 2027 adjusted base funding level forward and allow the Corporation to make targeted restorations across the operational areas mentioned above.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029

EXTERNAL/INTERNAL FACTORS:

Texas PSF operates in an increasingly complex investment environment shaped by geopolitical uncertainty, market volatility, inflationary pressures, and intense competition for specialized investment talent. Rapid changes in interest rates, global markets, trade and economic policy, and geopolitical conditions can require greater portfolio monitoring, investment diligence, risk management, and engagement with external managers and advisors. Maintaining the FY 2027 funding level would help ensure Texas PSF has the staffing and resources necessary to respond effectively to these external pressures while protecting the Fund, supporting the BGP, and sustaining strong investment oversight.

Texas PSF’s budget needs continue to be shaped by the growth and sophistication of the PSF investment portfolio, increasing standards for investment oversight, and improvements in managing programs like the BGP. These demands require sustained engagement with investment managers, credit rating agencies, external service providers, and the Fund's stakeholders. Without the requested $2.4 million, the Corporation would enter the 2028–29 biennium with insufficient funding to maintain the staffing and operating capacity established in FY 2027, requiring reductions in personnel, support activities, or successful oversight initiatives. Carrying the FY 2027 adjusted base forward would preserve the organizational capacity already authorized and built, rather than requiring Texas PSF to retrench immediately after reaching its steady-state operating level.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Ongoing salary costs and administrative expenses to maintain Corporation at the FY 2027 level of operation.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

	2030	2031	2032
OUT-YEAR ALL FUNDS:	$1,209,884	$1,209,884	$1,209,884

APPROXIMATE PERCENTAGE OF EXCEPTIONAL ITEM : 30.50%

CONTRACT DESCRIPTION :

Contracted professional services for outside investment counsel, investment manager fee monitoring, and credit rating analysis services.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029
	Item Name: Continue Robust Internship Program		
	Item Priority: 2		
	IT Component: No		
	Anticipated Out-year Costs: Yes		
	Involve Contracts > $50,000: No		
	Includes Funding for the Following Strategy or Strategies: 01-01-01 Agency Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	540,800	561,600
1002	OTHER PERSONNEL COSTS	2,704	2,808
2001	PROFESSIONAL FEES AND SERVICES	20,000	20,000
2009	OTHER OPERATING EXPENSE	6,000	6,500
	TOTAL, OBJECT OF EXPENSE	**$569,504**	**$590,908**
METHOD OF FINANCING:			
44	Permanent School Fund	569,504	590,908
	TOTAL, METHOD OF FINANCING	**$569,504**	**$590,908**

DESCRIPTION / JUSTIFICATION:

Since his arrival in December 2023, CEO/CIO Borden has made partnerships with Texas universities a core organizational priority. These partnerships create a direct connection between the state's public education endowment and Texas' higher education institutions. The centerpiece of this effort is Texas PSF's internship program, which creates a pipeline of Texas talent into the investment industry, including at the Corporation. In addition to summer placements, Texas PSF also employs part-time interns during the spring and fall semesters, maintaining a year-round connection with Texas universities.

Through the program, students gain professional experience inside one of the nation's largest institutional endowments while helping Texas PSF build long-term institutional capacity. In Summer 2026, we welcomed our largest intern class ever, with 18 full-time interns working across the Corporation. The summer program resulted in one full-time hire, 11 Fall 2026 intern extensions, and 15 project presentations, with 11 initiatives advancing to implementation. Since 2023, the program has generated 74 internship experiences across 53 individuals representing 12 universities (10 in Texas), including 31 return internships and five full-time hires.

During the 2026–27 biennium, the Corporation has supported the program through temporary salary savings available during its planned staffing buildout. Once Texas PSF reaches its authorized staffing level, those temporary savings will no longer be available, and the current budget will not be able to sustain this robust internship program into the future. This request seeks an average of $580,000 in each year to support up to 20 full-time summer interns and 12-15 part-time interns during the spring and fall semesters. At this level, the internship program is equivalent to approximately 10 full-time positions through the entire year, without an impact to Texas PSF's FTE cap.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029

EXTERNAL/INTERNAL FACTORS:

Texas PSF operates in a highly competitive market for investment talent, particularly for early-career professionals with strong financial, analytical, and quantitative skills. A key strategy helping the Corporation succeed in this environment is our internship program, which has strengthened our connections with Texas universities and help develop a broader pipeline of students into the state's investment and financial-services workforce. Dedicated funding would allow the Corporation to maintain these Texas university partnerships and continue developing a reliable source of future talent.

Internally, the internship program has become an important part of Texas PSF's workforce-development and organizational-capacity strategy. Interns help meet core operational needs, and contribute to substantive projects across the Corporation, including many innovative use cases for artificial intelligence, while the program also provides a proven pipeline for repeat internships and full-time hiring. Without budgetary support, Texas PSF would not benefit from the energy and talents of Texas' best young minds, likely slowing the pace of continual organizational improvement.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Ongoing intern salary costs and misc. administrative support expenses to support the internship program.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

	2030	2031	2032
OUT-YEAR ALL FUNDS:	$590,908	$590,908	$590,908

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029

Item Name: Five Investment and Operations FTEs in FY29
Item Priority: 3
IT Component: No
Anticipated Out-year Costs: Yes
Involve Contracts > $50,000: No
Includes Funding for the Following Strategy or Strategies: 01-01-01 Agency Operations

OBJECTS OF EXPENSE:

CODE	DESCRIPTION	Excp 2028	Excp 2029
1001	SALARIES AND WAGES	0	864,278
1002	OTHER PERSONNEL COSTS	0	12,964
2001	PROFESSIONAL FEES AND SERVICES	0	15,000
2009	OTHER OPERATING EXPENSE	0	75,000
	TOTAL, OBJECT OF EXPENSE	**$0**	**$967,242**

METHOD OF FINANCING:

CODE	DESCRIPTION	Excp 2028	Excp 2029
44	Permanent School Fund	0	967,242
	TOTAL, METHOD OF FINANCING	**$0**	**$967,242**
	FULL-TIME EQUIVALENT POSITIONS (FTE):	0.00	5.00

DESCRIPTION / JUSTIFICATION:

Texas PSF requests authority and funding for an additional five FTEs in FY 2029. The Corporation would maintain its current cap of 115 FTEs in FY 2027 through FY 2028 and increase it to 120 in FY 2029. The FTEs are currently planned to include: one analyst position each for co-investment/direct investment, venture capital, and investment operations areas; one investment attorney; and one clerical support position.

This measured increase would keep staffing aligned with the Fund's continued growth and complexity. The PSF portfolio is projected to grow from approximately $64.8 billion as of June 2026 to $71.9 billion by the end of the 2028-29 biennium. Industry benchmarking for large institutional endowments indicates staffing of approximately two FTEs per $1 billion in assets. At 120 FTEs, Texas PSF would operate at fewer than 1.7 FTEs per $1 billion – well below that informal benchmark. The requested positions would provide focused capacity where it is most needed while preserving Texas PSF's lean operating model.

EXTERNAL/INTERNAL FACTORS:

Texas PSF's need for additional staffing is being shaped by an increasingly demanding investment environment marked by geopolitical uncertainty, market volatility, inflation, and growing complexity across global capital markets. These conditions increase the need for timely investment analysis, transaction diligence, legal review, operational support, and risk oversight, particularly in areas such as co-investments, direct investments, and venture capital. At the same time, the Corporation competes with other large public funds, endowments, and private-sector investment firms for specialized investment and legal talent. Adding five targeted FTEs in FY 2029 would help Texas PSF maintain the expertise and capacity necessary to manage these external pressures while continuing to operate with staffing levels below common industry benchmarks.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

CODE	DESCRIPTION	Excp 2028	Excp 2029

Internally, the additional FTEs are intended to address specific capacity needs that are emerging as the Corporation's investment portfolio evolves. The planned positions would strengthen co-investment/direct investment, venture capital, investment operations, legal, and administrative support functions, allowing existing teams to manage a growing workload without overextending current resources. The measured increase of five FTEs in FY 2029 would provide targeted capacity in critical areas while preserving the Corporation's lean operating model.

PCLS TRACKING KEY:

DESCRIPTION OF ANTICIPATED OUT-YEAR COSTS :

Ongoing salary and employee-related costs related to maintaining five FTEs.

ESTIMATED ANTICIPATED OUT-YEAR COSTS FOR ITEM:

	2030	2031	2032
OUT-YEAR ALL FUNDS:	$967,242	$967,242	$967,242

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Code Description		Excp 2028	Excp 2029
Item Name:	Sustain FY27 Base Funding into 28-29 Biennium		
Allocation to Strategy:	1-1-1 Agency Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	629,331	648,211
1002	OTHER PERSONNEL COSTS	9,440	9,723
2001	PROFESSIONAL FEES AND SERVICES	365,971	365,971
2005	TRAVEL	60,000	60,000
2009	OTHER OPERATING EXPENSE	123,038	125,979
TOTAL, OBJECT OF EXPENSE		**$1,187,780**	**$1,209,884**
METHOD OF FINANCING:			
44	Permanent School Fund	1,187,780	1,209,884
TOTAL, METHOD OF FINANCING		**$1,187,780**	**$1,209,884**
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	0.0

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Code Description		Excp 2028	Excp 2029
Item Name:	Continue Robust Internship Program		
Allocation to Strategy:	1-1-1 Agency Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	540,800	561,600
1002	OTHER PERSONNEL COSTS	2,704	2,808
2001	PROFESSIONAL FEES AND SERVICES	20,000	20,000
2009	OTHER OPERATING EXPENSE	6,000	6,500
TOTAL, OBJECT OF EXPENSE		**$569,504**	**$590,908**
METHOD OF FINANCING:			
44	Permanent School Fund	569,504	590,908
TOTAL, METHOD OF FINANCING		**$569,504**	**$590,908**
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	0.0

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Code	Description	Excp 2028	Excp 2029
Item Name:	Five Investment and Operations FTEs in FY29		
Allocation to Strategy:	1-1-1 Agency Operations		
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	0	864,278
1002	OTHER PERSONNEL COSTS	0	12,964
2001	PROFESSIONAL FEES AND SERVICES	0	15,000
2009	OTHER OPERATING EXPENSE	0	75,000
TOTAL, OBJECT OF EXPENSE		**$0**	**$967,242**
METHOD OF FINANCING:			
44	Permanent School Fund	0	967,242
TOTAL, METHOD OF FINANCING		**$0**	**$967,242**
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	5.0

This page intentionally left blank.

Agency Code: **6** Agency name: **exas Permanent School Fund Corporation**

GOAL: 1 Manage Permanent School Fund

ECTIVE: 1 Protect and Grow Fund Assets

STRATEGY: 1 Agency Operations

Service Categories:
Service: 09 ncome: A.2 Age: .3

CODE	DESCRIPTION	Excp 2028	Excp 2029
OBJECTS OF EXPENSE:			
1001	SALARIES AND WAGES	1,170,131	2,074,089
1002	OTHER PERSONNEL COSTS	12,144	25,495
2001	PROFESSIONAL FEES AND SERVICES	385,971	400,971
2005	TRAVEL	60,000	60,000
2009	OTHER OPERATING EXPENSE	129,038	207,479
	otal, Objects of Expense	**$1,757,284**	**$2,768,034**
METHOD OF FINANCING:			
44	Permanent School Fund	1,757,284	2,768,034
	otal, Method of Finance	**$1,757,284**	**$2,768,034**
FULL-TIME EQUIVALENT POSITIONS (FTE):		0.0	5.0

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Sustain FY27 Base Funding into 28-29 Biennium

ontinue Robust Internship Program

Five Investment and Operations FTEs in FY29

This page intentionally left blank.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE		Est 2026	Bud 2027	BL 2028	BL 2029
5005 Acquisition of Information Resource Technologies					
1/1 Information Technology Modernization					
OBJECTS OF EXPENSE					
Capital					
General	2009 OTHER OPERATING EXPENSE	$820,891	$240,000	$0	$0
	Capital Subtotal OOE, Project 1	$820,891	$240,000	$0	$0
	Subtotal OOE, Project 1	**$820,891**	**$240,000**	**$0**	**$0**
TYPE OF FINANCING					
Capital					
General	CA 44 Permanent School Fund	$820,891	$240,000	$0	$0
	Capital Subtotal TOF, Project 1	$820,891	$240,000	$0	$0
	Subtotal TOF, Project 1	**$820,891**	**$240,000**	**$0**	**$0**
2/2 PC/Laptop Replacement					
OBJECTS OF EXPENSE					
Capital					
General	2009 OTHER OPERATING EXPENSE	$164,906	$135,000	$0	$0
	Capital Subtotal OOE, Project 2	$164,906	$135,000	$0	$0
	Subtotal OOE, Project 2	**$164,906**	**$135,000**	**$0**	**$0**
TYPE OF FINANCING					
Capital					
General	CA 44 Permanent School Fund	$164,906	$135,000	$0	$0
	Capital Subtotal TOF, Project 2	$164,906	$135,000	$0	$0

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2026	Bud 2027	BL 2028	BL 2029
Subtotal TOF, Project 2	**$164,906**	**$135,000**	**$0**	**$0**
Capital Subtotal, Category 5005	$985,797	$375,000	$0	$0
Informational Subtotal, Category 5005				
Total, Category 5005	**$985,797**	**$375,000**	**$0**	**$0**
7000 Data Center/Shared Technology Services				
3/3 Cloud Services				
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$218,144	$97,196	$13,275	$13,233
General 2009 OTHER OPERATING EXPENSE	$146,856	$267,804	$36,725	$36,767
Capital Subtotal OOE, Project 3	$365,000	$365,000	$50,000	$50,000
Subtotal OOE, Project 3	**$365,000**	**$365,000**	**$50,000**	**$50,000**
TYPE OF FINANCING				
Capital				
General CA 44 Permanent School Fund	$365,000	$365,000	$50,000	$50,000
Capital Subtotal TOF, Project 3	$365,000	$365,000	$50,000	$50,000
Subtotal TOF, Project 3	**$365,000**	**$365,000**	**$50,000**	**$50,000**
Capital Subtotal, Category 7000	$365,000	$365,000	$50,000	$50,000
Informational Subtotal, Category 7000				
Total, Category 7000	**$365,000**	**$365,000**	**$50,000**	**$50,000**
9000 Cybersecurity				

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2026	Bud 2027	BL 2028	BL 2029
4/4 Cybersecurity				
OBJECTS OF EXPENSE				
Capital				
General 2001 PROFESSIONAL FEES AND SERVICES	$246,044	$243,851	$60,000	$60,000
General 2009 OTHER OPERATING EXPENSE	$253,956	$256,149	$194,331	$194,331
Capital Subtotal OOE, Project 4	$500,000	$500,000	$254,331	$254,331
Subtotal OOE, Project 4	**$500,000**	**$500,000**	**$254,331**	**$254,331**
TYPE OF FINANCING				
Capital				
General CA 44 Permanent School Fund	$500,000	$500,000	$254,331	$254,331
Capital Subtotal TOF, Project 4	$500,000	$500,000	$254,331	$254,331
Subtotal TOF, Project 4	**$500,000**	**$500,000**	**$254,331**	**$254,331**
Capital Subtotal, Category 9000	$500,000	$500,000	$254,331	$254,331
Informational Subtotal, Category 9000				
Total, Category 9000	**$500,000**	**$500,000**	**$254,331**	**$254,331**
AGENCY TOTAL -CAPITAL	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**
AGENCY TOTAL -INFORMATIONAL				
AGENCY TOTAL	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code / Category Name *Project Sequence/Project Id/ Name* OOE / TOF / MOF CODE	Est 2026	Bud 2027	BL 2028	BL 2029
METHOD OF FINANCING:				
Capital				
General 44 Permanent School Fund	$1,850,797	$1,240,000	$304,331	$304,331
Total, Method of Financing-Capital	$1,850,797	$1,240,000	$304,331	$304,331
Total, Method of Financing	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**
TYPE OF FINANCING:				
Capital				
General CA CURRENT APPROPRIATIONS	$1,850,797	$1,240,000	$304,331	$304,331
Total, Type of Financing-Capital	$1,850,797	$1,240,000	$304,331	$304,331
Total,Type of Financing	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**

Agency Code:	**706**	Agency name:	**Texas Permanent School Fund Corporation**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**1**	Project Name:	**IT Modernization**

PROJECT DESCRIPTION

General Information

This project involves the upgrading infrastructure to support our organization's growing data storage, processing, audio video and security needs. Services include server modernization, cloud storage solutions, and disaster recovery systems. The primary vendors involved are Microsoft, GTS, SolidBorder, Cutter, etc.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A

Estimated Completion Date 8/31/2027

Additional Capital Expenditure Amounts Required	**2030**	**2031**
	0	0

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life $0

Estimated/Actual Project Cost $0

Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: Ongoing IT modernization is essential to strengthen system reliability, security, and usability while supporting efficiency and effectiveness. No base funding is requested for this item in FY2028-29 due to significant investments during FY2026-27. Any ongoing activities will fall below the capital budget threshold. While Texas PSF is not projecting remaining funds in FY27, any that materialize will carry forward under Rider 5 for the same purpose as the original appropriation.

Project Location: Austin, Texas.

Beneficiaries: Texas PSF staff.

Frequency of Use and External Factors Affecting Use:

Daily.

Agency Code:	**706**	Agency name:	**Texas Permanent School Fund Corporation**
Category Number:	**5005**	Category Name:	**ACQUISITN INFO RES TECH.**
Project number:	**2**	Project Name:	**PC/Laptop Replacement**

PROJECT DESCRIPTION

General Information

This project covers the systematic replacement of outdated PCs and laptops across the organization. It ensures that all employees have access to up-to-date technology to maintain productivity and security. This project includes procurement, configuration, asset tagging, and deployment of new devices following a three-year replacement cycle.

PLCS Tracking Key

Number of Units / Average Unit Cost	33 units / approximately $3,000 per unit.		
Estimated Completion Date	Ongoing		
Additional Capital Expenditure Amounts Required		**2030**	**2031**
		0	0
Type of Financing	CA CURRENT APPROPRIATIONS		
Projected Useful Life	3 years		
Estimated/Actual Project Cost	$0		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	2029	2030	2031	Total over project life
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	MOF_CODE	AVERAGE_AMOUNT

Explanation: This effort supports increased functionality, performance, mobility, longevity, and reliability of the computing environment, and maximize flexibility for Texas PSF staff. The Corporation anticipates expenditures of $100,000 per fiscal year during FY2028-29, which are integrated into the non-capital base request. This amount ($200,000 for the biennium) falls below the capital budget threshold. As such, the item is removed from the capital budget beginning FY28.

Project Location: Austin, Texas.

Beneficiaries: Texas PSF staff.

Frequency of Use and External Factors Affecting Use:

Daily.

Agency Code:	**706**	Agency name:	**Texas Permanent School Fund Corporation**
Category Number:	**7000**	Category Name:	**Data Center/Shared Technology Svcs**
Project number:	**3**	Project Name:	**Cloud Services**

PROJECT DESCRIPTION

General Information

Data Center Services (or Shared Technology Services) covers those administered by the Department of Information Resources including Texas PSF's Microsoft 365 licensing.

PLCS Tracking Key

Number of Units / Average Unit Cost	N/A		
Estimated Completion Date	Ongoing		
Additional Capital Expenditure Amounts Required		**2030**	**2031**
		120,000	120,000
Type of Financing	CA CURRENT APPROPRIATIONS		
Projected Useful Life	Ongoing		
Estimated/Actual Project Cost	$240,000		
Length of Financing/ Lease Period	N/A		

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: By statute, Texas PSF may elect to access services through the DCS program but is not required to do so. This capital item previously included similar services procured through other vendors, but Texas PSF was instructed to use this item only for DCS beginning FY26. Accordingly, the Corporation's base request reduces this item significantly. Texas PSF anticipates some excess DCS funds in FY27, which will carry forward under Texas PSF Rider 5, to supplement the FY2028-29 capital item as needed.

Project Location: Austin, Texas.

Beneficiaries: Texas PSF staff.

Frequency of Use and External Factors Affecting Use:

Daily.

Agency Code:	**706**	Agency name:	**Texas Permanent School Fund Corporation**
Category Number:	**9000**	Category Name:	**Cybersecurity**
Project number:	**4**	Project Name:	**Cybersecurity**

PROJECT DESCRIPTION

General Information

The cybersecurity project focuses on enhancing the organization's defenses against cyber threats. This includes implementing advanced security tools, conducting regular vulnerability assessments, and ensuring compliance with security regulations. The project also covers employee training and awareness programs.

PLCS Tracking Key

Number of Units / Average Unit Cost N/A

Estimated Completion Date Ongoing

Additional Capital Expenditure Amounts Required	**2030**	**2031**
	254,331	254,331

Type of Financing CA CURRENT APPROPRIATIONS

Projected Useful Life Ongoing

Estimated/Actual Project Cost $508,661

Length of Financing/ Lease Period N/A

ESTIMATED/ACTUAL DEBT OBLIGATION PAYMENTS

2028	**2029**	**2030**	**2031**	**Total over project life**
0	0	0	0	0

REVENUE GENERATION / COST SAVINGS

REVENUE_COST_FLAG	**MOF_CODE**	**AVERAGE_AMOUNT**

Explanation: Texas PSF, like other organizations within the investment management sector, are prime targets for cyberattacks because of the sensitive financial data we host. A cyberattack can put at risk PSF investments and the corporation's reputation.

Project Location: Austin, Texas.

Beneficiaries: Texas PSF staff.

Frequency of Use and External Factors Affecting Use:

Daily.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code/Name *Project Sequence/Project Id/Name* Goal/Obj/Str	Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
5005 Acquisition of Information Resource Technologies					
1/1 IT Modernization					
GENERAL BUDGET					
Capital 1-1-1	AGENCY OPERATIONS	820,891	240,000	$0	$0
	TOTAL, PROJECT	$820,891	$240,000	$0	$0
2/2 PC/Laptop Replacement					
GENERAL BUDGET					
Capital 1-1-1	AGENCY OPERATIONS	164,906	135,000	0	0
	TOTAL, PROJECT	$164,906	$135,000	$0	$0
7000 Data Center/Shared Technology Services					
3/3 Cloud Services					
GENERAL BUDGET					
Capital 1-1-1	AGENCY OPERATIONS	365,000	365,000	50,000	50,000
	TOTAL, PROJECT	$365,000	$365,000	$50,000	$50,000
9000 Cybersecurity					
4/4 Cybersecurity					
GENERAL BUDGET					
Capital 1-1-1	AGENCY OPERATIONS	500,000	500,000	254,331	254,331
	TOTAL, PROJECT	$500,000	$500,000	$254,331	$254,331

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str	Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
	TOTAL CAPITAL, ALL PROJECTS	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**
	TOTAL INFORMATIONAL, ALL PROJECTS				
	TOTAL, ALL PROJECTS	**$1,850,797**	**$1,240,000**	**$304,331**	**$304,331**

706 Texas Permanent School Fund Corporation

Category Code/Name *Project Sequence/Name* Goal/Obj/Str Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
5005 Acquisition of Information Resource Technologies				
1 IT Modernization				
OOE				
Capital				
1-1-1 AGENCY OPERATIONS				
General Budget				
2009 OTHER OPERATING EXPENSE	820,891	240,000	0	0
TOTAL, OOEs	**$820,891**	**$240,000**	**0**	**0**
MOF				
OTHER FUNDS				
Capital				
1-1-1 AGENCY OPERATIONS				
General Budget				
44 Permanent School Fund	820,891	240,000	0	0
TOTAL, OTHER FUNDS	**$820,891**	**$240,000**	**0**	**0**
TOTAL, MOFs	**$820,891**	**$240,000**	**0**	**0**

706 Texas Permanent School Fund Corporation

Category Code/Name *Project Sequence/Name* Goal/Obj/Str Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
2 PC/Laptop Replacement				
OOE				
Capital				
1-1-1 AGENCY OPERATIONS				
General Budget				
2009 OTHER OPERATING EXPENSE	164,906	135,000	0	0
TOTAL, OOEs	**$164,906**	**$135,000**	**0**	**0**
MOF				
OTHER FUNDS				
Capital				
1-1-1 AGENCY OPERATIONS				
General Budget				
44 Permanent School Fund	164,906	135,000	0	0
TOTAL, OTHER FUNDS	**$164,906**	**$135,000**	**0**	**0**
TOTAL, MOFs	**$164,906**	**$135,000**	**0**	**0**

7000 Data Center/Shared Technology Services

706 Texas Permanent School Fund Corporation

Category Code/Name

Project Sequence/Name

Goal/Obj/Str	Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
3 Cloud Services					
OOE					
Capital					
1-1-1 AGENCY OPERATIONS					
General Budget					
2001	PROFESSIONAL FEES AND SERVICES	218,144	97,196	13,275	13,233
2009	OTHER OPERATING EXPENSE	146,856	267,804	36,725	36,767
	TOTAL, OOEs	**$365,000**	**$365,000**	**50,000**	**50,000**
MOF					
OTHER FUNDS					
Capital					
1-1-1 AGENCY OPERATIONS					
General Budget					
44	Permanent School Fund	365,000	365,000	50,000	50,000
	TOTAL, OTHER FUNDS	**$365,000**	**$365,000**	**50,000**	**50,000**
	TOTAL, MOFs	**$365,000**	**$365,000**	**50,000**	**50,000**

9000 Cybersecurity

706 Texas Permanent School Fund Corporation

Category Code/Name *Project Sequence/Name* Goal/Obj/Str	Strategy Name	Est 2026	Bud 2027	BL 2028	BL 2029
4 Cybersecurity					
OOE					
Capital					
1-1-1 AGENCY OPERATIONS					
General Budget					
2001	PROFESSIONAL FEES AND SERVICES	246,044	243,851	60,000	60,000
2009	OTHER OPERATING EXPENSE	253,956	256,149	194,331	194,331
	TOTAL, OOEs	**$500,000**	**$500,000**	**254,331**	**254,331**
MOF					
OTHER FUNDS					
Capital					
1-1-1 AGENCY OPERATIONS					
General Budget					
44	Permanent School Fund	500,000	500,000	254,331	254,331
	TOTAL, OTHER FUNDS	**$500,000**	**$500,000**	**254,331**	**254,331**
	TOTAL, MOFs	**$500,000**	**$500,000**	**254,331**	**254,331**

706 Texas Permanent School Fund Corporation

	Est 2026	Bud 2027	BL 2028	BL 2029
CAPITAL				
General Budget				
OTHER FUNDS	$1,850,797	$1,240,000	304,331	304,331
TOTAL, GENERAL BUDGET	1,850,797	1,240,000	304,331	304,331
TOTAL, ALL PROJECTS	**$1,850,797**	**$1,240,000**	**304,331**	**304,331**

This page intentionally left blank.

6.B. Current Biennium Onetime Expenditure Schedule
Summary of Onetime Expenditures

Agency Code:	Agency Name:	Prepared By:	Date:
706	Texas PSF Corporation	Lucas Brandt	08/15/2026

Projects	Estimated 2026	Budgeted 2027	Requested 2028	Requested 2029
Laptop Replacement and IT Modernization	$602,797	$0		
Building Rent			$310,398	$310,399
Total, All Projects	$602,797	$0	$310,398	$310,399

6.B. Current Biennium Onetime Expenditure Schedule
Strategy Allocation from 2026-27 Biennium to 2028-29 Biennium

Agency Code:	Agency Name:	Prepared By:	Date:
706	Texas PSF Corporation	Lucas Brandt	08/15/2026

2026-27	2028-29
PROJECT: Laptop Replacement and IT Modernization	**PROJECT:** Building Rent
ALLOCATION TO STRATEGY: A.1.1	**ALLOCATION TO STRATEGY: A.1.1**

Strategy Code	OOE/MOF Code	Strategy Allocation	Estimated 2026	Budgeted 2027	Requested 2028	Requested 2029
		Object of Expense:				
A.1.1	2009	Other Operating Expense	$602,797	$0		
	2006	Rent - Building			$310,398	$310,399
		Total, Object of Expense	$602,797	$0	$310,398	$310,399
		Method of Financing:				
A.1.1	44	Permanent School Fund	$602,797	$0	$310,398	$310,399
		Total, Method of Financing	$602,797	$0	$310,398	$310,399

Project Description for the 2026-27 Biennium:

The Corporation carried forward $620,797 into 2026-27 biennium in unspent funding for laptop replacements and IT modernization. The Corporation had not expended all planned funds for laptop replacement, due in part to the restructuring and hiring pause noted under FTE comments of the Summary of Request by Method of Finance. Also, actual costs for IT network infrastructure and data center services were lower than originally anticipated; remaining funds will be used for planned laptop replacements & ongoing modernization costs in the FY26-27 biennium.

Project Description and Allocation Purpose for the 2028-29 Biennium:

In January 2024, Texas PSF entered a 10-year lease for office space in Innovation Tower, a UT-owned building. In the lease agreement, the Corporation negotiated 16 months of discounted rent: a 100% abatement for months 1-10 and a 16.9% abatement for months 11-16; 10 of these months occurred in the 2026-27 biennium. The lease also included an annual 3% rent increase. These factors result in a rent cost in 2028-29 biennium that exceeds the 2026-27 base by $808,379. In its base request, Texas PSF reallocates the $620,797 spent on one-time IT modernization costs to its lease obligations in FY 2028. The remaining $187,582 of the increase in building costs is funded through other shifts within the base request.

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Fund Name	2028-2029 Outside GAA Pattern Total	Estimated Beginning Balance in 2026	FY 2026 Revenue	FY 2027 Revenue	FY 2026 - 2027 Total	Estimated Beginning Balance in 2028	FY 2028 Revenue	FY 2029 Revenue	FY 2028 - 2029 Total
Texas Permanent School Fund	71,887,296,769	60,124,343,216	5,326,471,573	2,376,377,994	67,827,192,783	67,827,192,783	1,998,914,643	2,061,189,343	71,887,296,769
Total Sources:	**$71,887,296,769**	**$60,124,343,216**	**$5,326,471,573**	**$2,376,377,994**	**$67,827,192,783**	**$67,827,192,783**	**$1,998,914,643**	**$2,061,189,343**	**$71,887,296,769**

Agency code: **706** Agency name: **Texas Permanent School Fund Corporation**

Fund Name	Constitutional or Statutory Creation and Use of Funds	Method of Calculation and Revenue Assumption	FY 2028 - 2029 Total
Texas Permanent School Fund	Texas Constitution, Article 7, Section 5 identifies the use of PSF Funds as: (1) making an annual distribution to Texas public schools; (2) using the Fund to guarantee school and chart district bonds, as provided by the legislature in law (Education Code, Sec. 45.052); and (3) funding the expenses of managing PSF land and investments.	The FY 2026 beginning balance of PSF investment assets represents the Fund's Net Asset Value (NAV) as of September 1, 2026 based on lagged reporting from August 2026. Estimates for fiscal year 2026 revenues and ending balance are based on actual market returns and actual PSF mineral revenues as of July 2026 (with August revenue extrapolated from July), less \$2.4 billion in distributions made to the Available School Fund by the State Board of Education (Texas Const.,Article 7, Section 5(a) and the Texas PSF Board of Directors (Section 5(g)), and less the Corporation's operating expenditures. Fiscal year 2027 revenue and is projected based on revenue from expected net return of the Fund's investments (6.41%), a projection of PSF mineral revenues produced for the General Land Office by a 3rd party consultant, less the SBOE 5(a) and the State Board of Directors 5(g) previously adopted distributions totaling \$2.4 billion, and less the Corporation's operating expenditures. Fiscal years 2028-29 revenues and ending balances are based on expected net return of the Fund's investments (6.41% in each fiscal year), and projected PSF land revenues, less less the SBOE 5(a) and the Texas PSF Board of Directors 5(g) distributions to be adopted in November 2026, assumed at the time of LAR submission to be approximately \$2.8 billion annually, and less the Corporation's total appropriations request included in this LAR.	\$71,887,296,769