The Texas Permanent School Fund's Bond Guarantee Program Slows to a Roll

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We believe the Texas Permanent School Fund (PSF) Bond Guarantee Program, which is currently capped under federal law (Internal Revenue Service) at $117 billion, has reached capacity. As of Nov. 30, 2022, the program was down to $410 million in available capacity. Last week, several Texas school districts issued bonds with a prominent disclaimer that "The Bonds will not be guaranteed under the State of Texas' Permanent School Fund Guarantee Program." The school bonds that were issued without the AAA-rated PSF enhancement either relied solely upon their underlying ratings or were sold with bond insurance.

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