

**Bond Review Board
Summary of Budget Recommendations - House**

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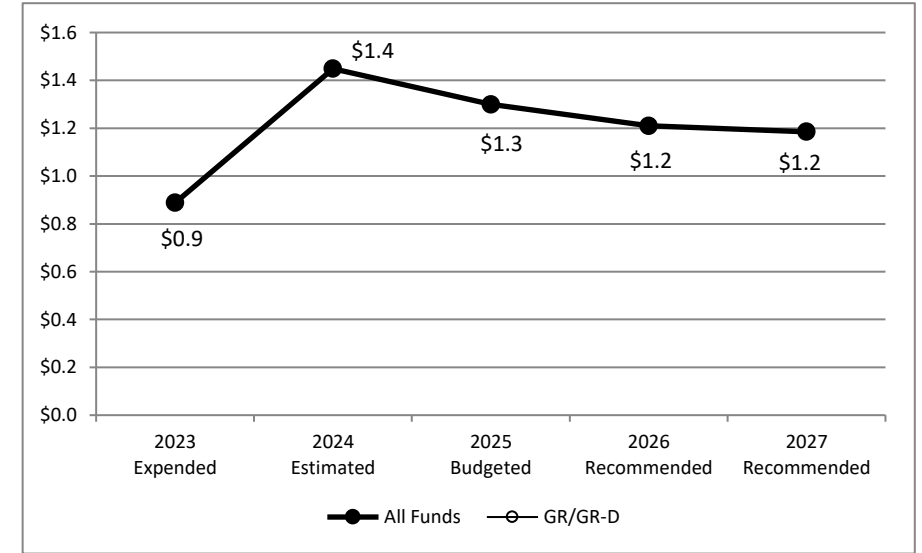
Rob Latsha, Executive Director

KJ Curtiss, LBB Analyst

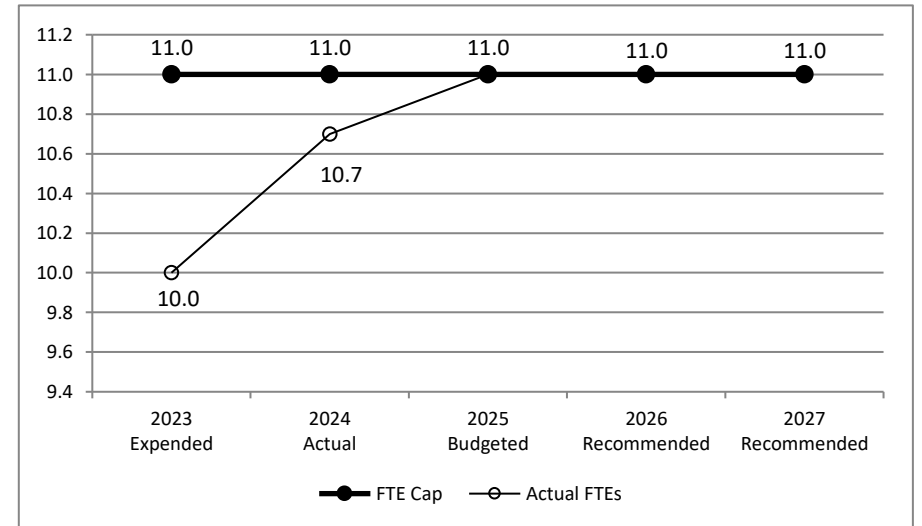
Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,747,842	\$2,395,043	(\$352,799)	(12.8%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,747,842</i>	<i>\$2,395,043</i>	<i>(\$352,799)</i>	<i>(12.8%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
All Funds	\$2,747,842	\$2,395,043	(\$352,799)	(12.8%)

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	11.0	11.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

Bond Review Board
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>						
A) Decrease of \$565,000 in General Revenue related to the one-time funding item for the 2024-25 website upgrade capital project.	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	All Strategies
B) Decrease of \$65,520 in General Revenue related to an overpayment to a vendor credited back to the agency.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	All Strategies
C) Increase of \$42,721 in General Revenue to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	All Strategies
D) Increase of \$235,000 in General Revenue related to annual subscriptions to Committee on Uniform Security Identification Procedures (CUSIP) and Electronic Municipal Market Access (EMMA).	\$0.2	\$0.0	\$0.0	\$0.0	\$0.2	All Strategies
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	(\$0.4)	\$0.0	\$0.0	\$0.0	(\$0.4)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.3	\$0.0	\$0.0	\$0.0	\$0.3	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	(\$0.6)	\$0.0	\$0.0	\$0.0	(\$0.6)	As Listed

NOTE: Totals may not sum due to rounding.

**Bond Review Board
Selected Fiscal and Policy Issues - House**

- Constitutional Debt Limit (CDL).** Article III, Section 49(j) of the Texas Constitution limits the authorization of additional state debt if in any fiscal year the resulting annual debt service payable from the unrestricted General Revenue Fund – excluding revenues constitutionally dedicated for purposes other than state debt payment – exceeds 5 percent of the average annual unrestricted General Revenue Funds for the previous three years.

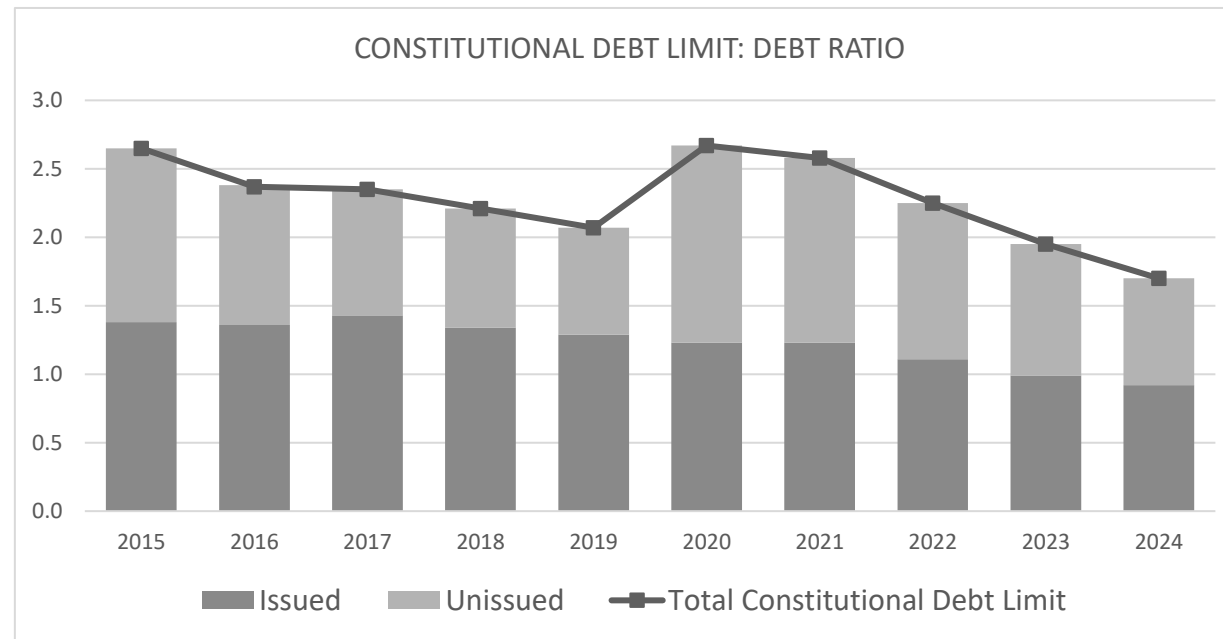
The Bond Review Board calculates two debt ratios to monitor state debt in relation to the constitutional debt limit:

- Debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2024, the Bond Review Board reported that the **issued debt was 0.92 percent**. This reflects a 0.07 percentage point decrease from fiscal year 2023.
- Debt service on outstanding debt and estimated debt service for authorized but unissued debt as a percentage of unrestricted General Revenue Funds. At the end of fiscal year 2024, the combined **issued and authorized but unissued debt was 1.70 percent**. This reflects a 0.25 percentage point decrease from fiscal year 2023.

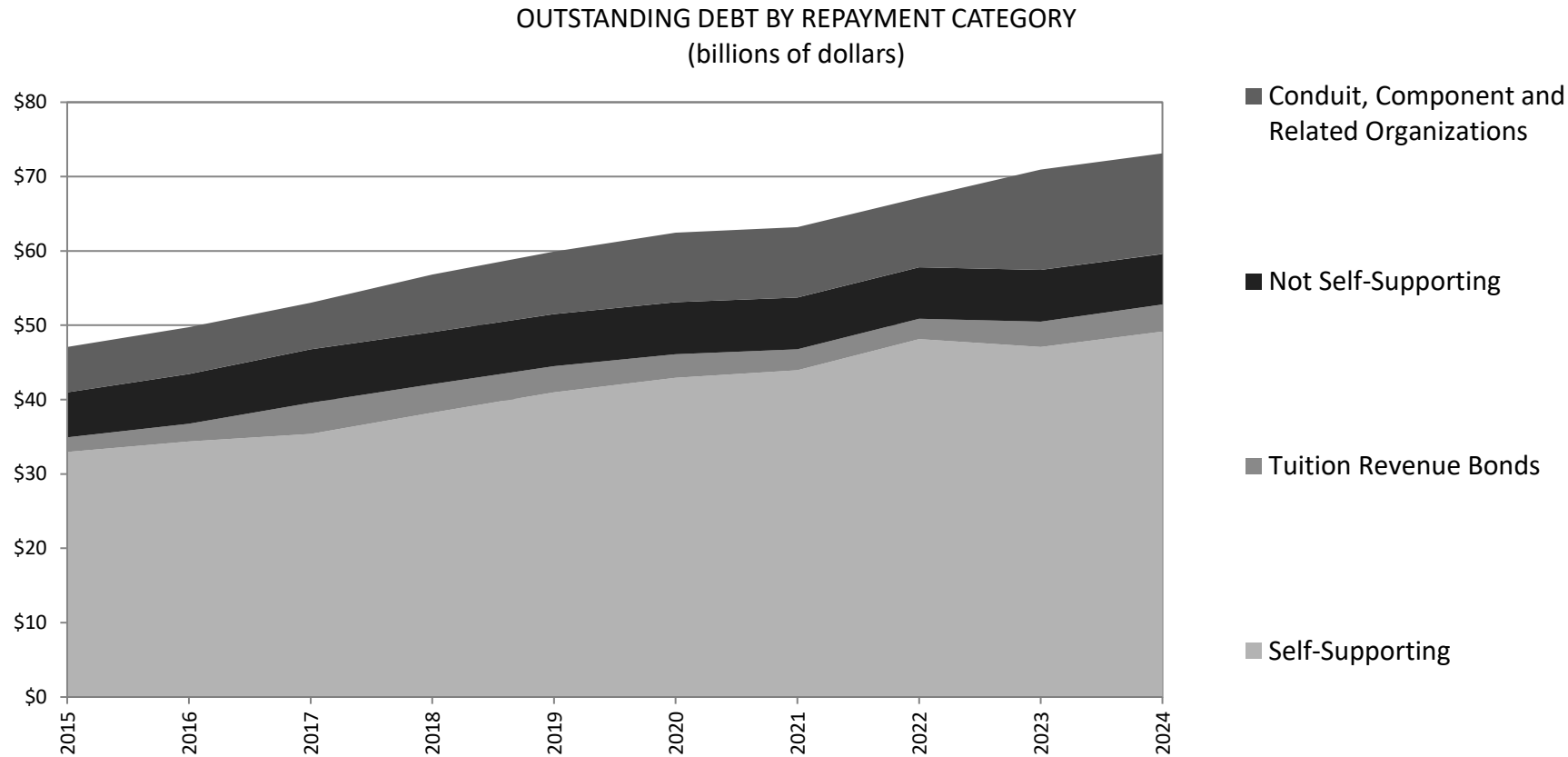
Several factors can impact the state’s CDL debt service ratio:

- The three-year average of unrestricted General Revenue funds;
- Amount of debt outstanding and associated debt service;
- A change in unissued debt authorizations and associated estimated debt service; and
- Interest rates on issued debt and the assumptions used for authorized but unissued debt.

At the end of fiscal year 2024, the Bond Review Board estimated \$16.8 billion in additional debt capacity for non self-supporting debt authorization that would be subject to the constitutional debt limit.



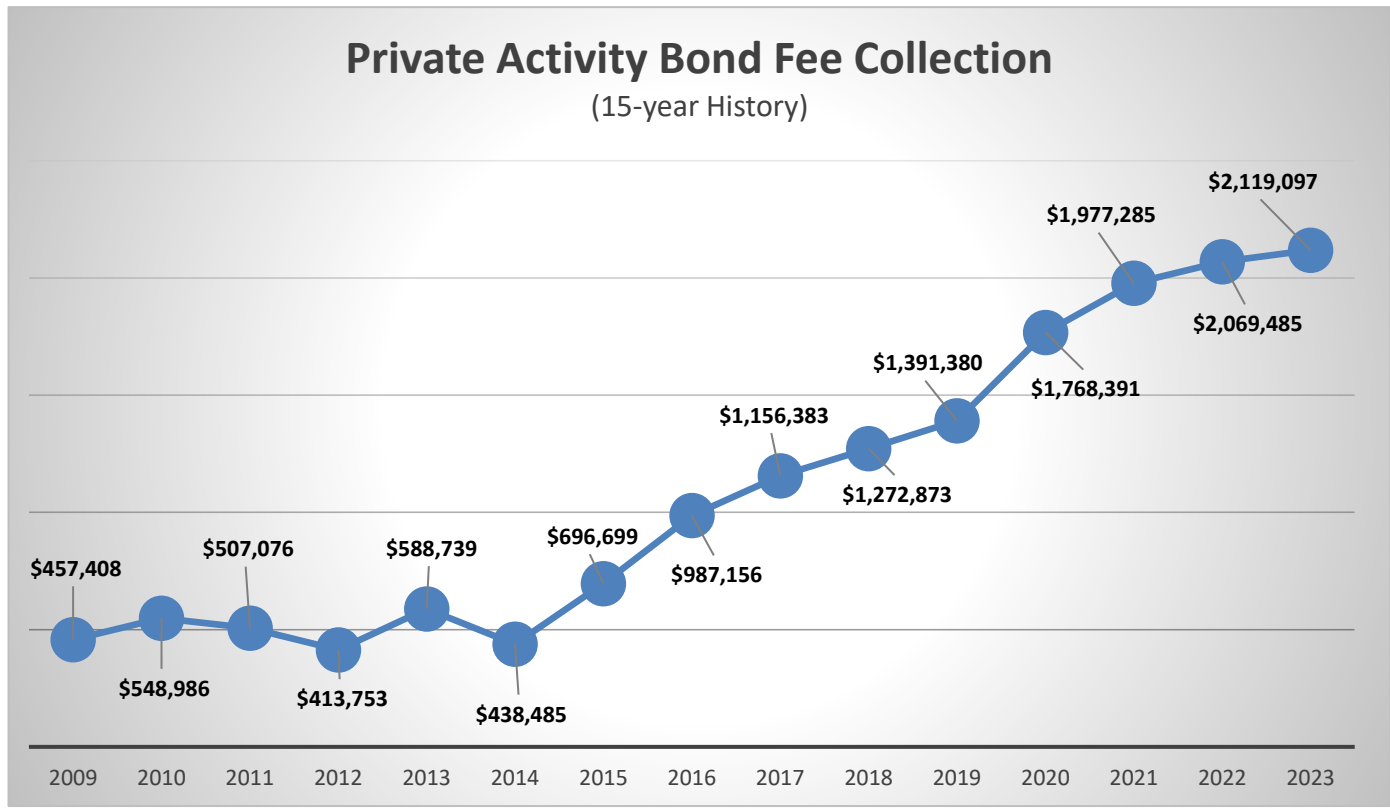
2. **State Debt Versus Local Debt.** According to the Bond Review Board, as of August 31, 2024, state and local debt totaled \$406.4 billion, of which local debt comprised \$333.3 billion, or 82.0 percent. The remaining \$73.0 billion is state debt outstanding including revenue conduit issuances. Conduit debt are securities issued by the state on behalf of third parties that are liable for repayment of the debt. Of the outstanding local debt, approximately \$229.2 billion is general obligation debt supported by tax collection. School district bond issuances account for \$130.2 billion, or 39.1 percent, of all outstanding local debt. At the end of fiscal year 2024, Texas ranked 7th in state debt per capita and 3rd in local debt per capita according to the US Census Bureau.



3. **Texas' General Obligation Bond Rating.** The state's general obligation (GO) bond rating is the assessment of the state's creditworthiness by the three major bond-rating agencies: Moody's, Standard and Poor's (S&P), and Fitch. The last action on Texas' bond rating occurred in fiscal year 2024 with Texas' GO Bonds receiving AAA ratings from each agency.

4. **Private Activity Bond Allocation Program Revenue.** The Bond Review Board administers the Private Activity Bond (PAB) allocation program as required by Government Code, Chapter 1372 and is authorized by statute to collect fees related to the allocation of the state ceiling – the amount of tax-exempt private activity bonds that may be issued by all issuers in the state during a calendar year. At the beginning of fiscal year 2024, the Bond Review Board had up to \$6.4 billion in PAB authority, which included approximately \$2.8 billion in carry-forward from the prior three years and up to the fiscal year 2023 cap of \$3.6 billion.

The Bond Review Board collects a \$500 non-refundable application fee for a reservation of state ceiling, and certain issues are required to remit closing costs of at least \$1,000 to the agency. Additionally, the Bond Review Board is authorized to collect a \$5,000 application fee for qualified residential retail projects such as multi-family housing. Of this amount, statute allocates \$1,000 of the application fee to offset the costs of the PAB Allocation program and allows for the transfer of \$4,000 of this fee to the Texas Department of Housing and Community Affairs for the Affordable Housing Research and Information program. All fees currently collected by the Bond Review Board are deposited to unobligated General Revenue.



**Bond Review Board
Rider Highlights - House**

Deleted Riders

2. **Capital Budget.** The capital budget rider is deleted due to the completion of the sole capital project in the 2024-25 biennium, Website Upgrade to include a Data Entry Portal. The agency has requested a new capital budget project for Database Modernization for the 2026-27 biennium which is not included in recommendations.

The following riders include recommendations to remove obsolete language, make conforming changes such as updating fiscal years and amounts to reflect funding recommendations, and clarify deadlines:

- Rider 2, Unexpended Balances: Between Fiscal Years within the Biennium.

Bond Review Board
Items Not Included in Recommendations - House

		2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items Not Included (in agency priority order)							
1)	Database Refresh and Modernization. Request would modernize state and local debt database which was originally built in 2015.	\$480,000	\$480,000	0.0	Yes	No	\$0
2)	Retainage for Portal/Website/Database Maintenance. Agency requests funding for IT service contract to support the external website, online portal, and internal databases.	\$40,000	\$40,000	0.0	Yes	No	\$40,000
3)	Salary Funding for Non-Exempt Positions. Request would provide merit-based pay increases to attract and maintain classified positions.	\$100,000	\$100,000	0.0	No	No	\$134,000
TOTAL Items Not Included in Recommendations		\$620,000	\$620,000	0.0			\$174,000

**Bond Review Board
Appendices - House**

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* Appendix is not included - no significant information to report

**Bond Review Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
REVIEW BOND ISSUES A.1.1	\$535,539	\$525,766	(\$9,773)	(1.8%)	Recommendations include: 1) Decrease of \$113,000 in General Revenue (GR) related to portion of the cost for the completion of the 2024-25 website upgrade data entry project. 2) Decrease of \$13,104 in GR related to portion of overpayment to a vendor credited back to the agency. 3) Increase of \$8,496 in GR related to the 2024-25 statewide salary adjustments. 4) Increase of \$63,185 in GR related to reallocation of funding from Strategy B.1.1 primarily related to salary payments. 5) Increase of \$44,650 in GR related to CUSIP and EMMA annual subscriptions.
STATE BOND DEBT A.1.2	\$513,861	\$525,766	\$11,905	2.3%	Recommendations include: 1) Decrease of \$113,000 in GR related to portion of the cost for the completion of the 2024-25 website upgrade data entry project. 2) Decrease of \$13,104 in GR related to portion of overpayment to a vendor credited back to the agency. 3) Increase of \$7,831 in GR related to the 2024-25 statewide salary adjustments. 4) Increase of \$85,528 in GR related to reallocation of funding from Strategy B.1.1 primarily related to salary payments. 5) Increase of \$44,650 in GR related to CUSIP and EMMA annual subscriptions.
Total, Goal A, PROTECT TEXAS BOND RATING	\$1,049,400	\$1,051,532	\$2,132	0.2%	

**Bond Review Board
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ANALYZE LOCAL BOND DEBT B.1.1	\$1,190,495	\$892,173	(\$298,322)	(25.1%)	Recommendations include: 1) Decrease of \$226,000 in GR related to portion of the cost for the completion of the 2024-25 website upgrade project. 2) Decrease of \$26,208 in GR related to portion of overpayment to a vendor credited back to the agency. 3) Increase of \$18,510 in GR related to the 2024-25 statewide salary adjustments. 4) Decrease of \$172,724 in GR related to reallocation of funding to A.1.1; A.1.2; and C.1.1 primarily related to salary payments. 5) Increase of \$108,100 in GR related to CUSIP and EMMA annual subscriptions.
Total, Goal B, LOCAL BOND DEBT	\$1,190,495	\$892,173	(\$298,322)	(25.1%)	
ADMINISTER PRIVATE ACTIVITY BONDS C.1.1	\$507,947	\$451,338	(\$56,609)	(11.1%)	Recommendations include: 1) Decrease of \$113,000 in GR related to portion of the cost for the completion of the 2024-25 website upgrade project. 2) Decrease of \$13,104 in GR related to portion of overpayment to a vendor credited back to the agency. 3) Increase of \$7,884 in GR related to the 2024-25 statewide salary adjustments. 4) Increase of \$24,011 in GR related to reallocation of funding from Strategy B.1.1 primarily related to salary payments. 5) Increase of \$37,600 in GR related to CUSIP and EMMA annual subscriptions.
Total, Goal C, PRIVATE ACTIVITY BONDS	\$507,947	\$451,338	(\$56,609)	(11.1%)	
Grand Total, All Strategies	\$2,747,842	\$2,395,043	(\$352,799)	(12.8%)	

**Bond Review Board
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2023	Actual 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	11.0	11.0	11.0	11.0	11.0
Actual/Budgeted	10.0	10.7	11.0	NA	NA

Schedule of Exempt Positions (Cap)					
Execuritive Director, Group 4	\$147,869	\$152,306	\$156,742	\$156,742	\$156,742

Notes:

- a) The State Auditor's Office is the source for the FY 2023 and FY 2024 annual average (actual) FTE levels.
- b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024), indicates a market average salary of \$162,099 for the Executive Director position at the Bond Review Board. The report also recommends changing the salary classification group from 4 to 5. The agency is not requesting any changes to its exempt position.