

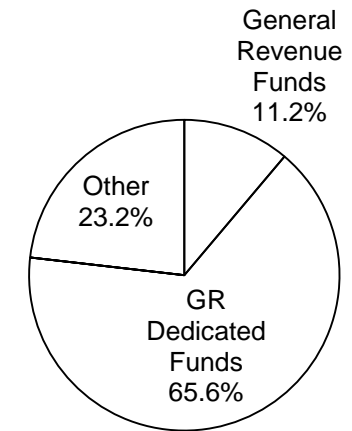
**Public Finance Authority
Summary of Recommendations - Senate**

Page I-49
Dwight D. Burns, Executive Director

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Method of Financing	2010-11 Appropriations	2010-11 Base	2012-13 Recommended	Biennial Change	% Change
General Revenue Funds	\$1,127,202	\$1,070,842	\$519,586	(\$551,256)	(51.5%)
GR Dedicated Funds	\$4,836,000	\$4,836,000	\$3,057,676	(\$1,778,324)	(36.8%)
<i>Total GR-Related Funds</i>	<i>\$5,963,202</i>	<i>\$5,906,842</i>	<i>\$3,577,262</i>	<i>(\$2,329,580)</i>	<i>(39.4%)</i>
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Other	\$722,954	\$733,000	\$1,079,314	\$346,314	47.2%
All Funds	\$6,686,156	\$6,639,842	\$4,656,576	(\$1,983,266)	(29.9%)

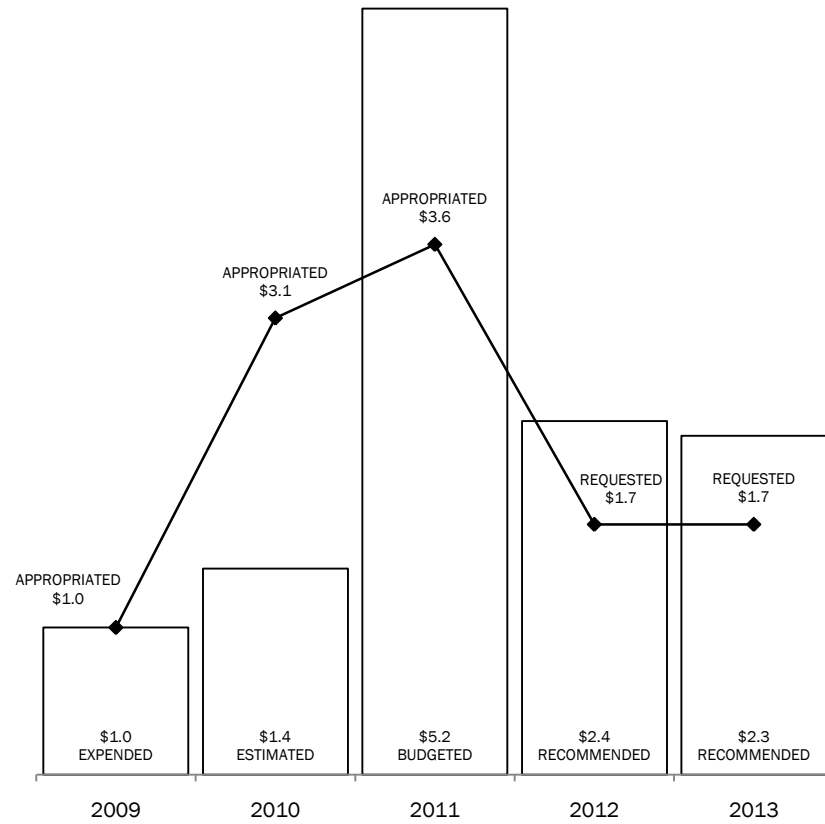
RECOMMENDED FUNDING
BY METHOD OF FINANCING



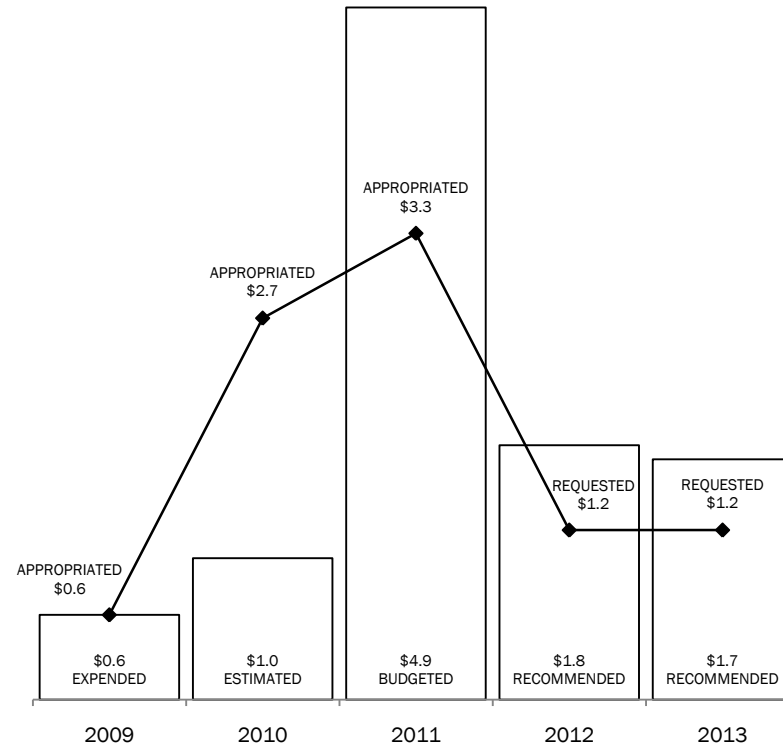
	FY 2011 Appropriations	FY 2011 Budgeted	FY 2013 Recommended	Biennial Change	% Change
FTEs	15.0	13.6	11.0	(2.6)	(19.1%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

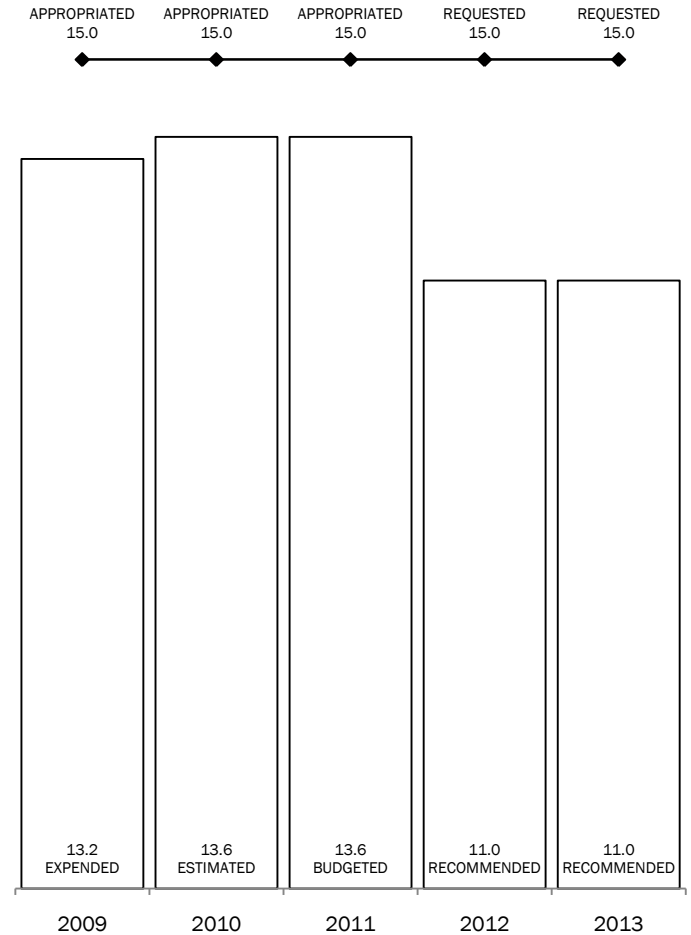
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



Public Finance Authority
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
					Recommendations maintain the agency's core function to manage bond proceeds and to pay debt service timely and include a method of finance swap from General Revenue funds to Appropriated Receipts generated by the Master Lease Purchase Program. Recommendations also include a reduction of 4 full-time equivalents for 2 filled positions (1 systems analyst and 1 accounting technician), and 2 unfilled positions (1 administrative assistant and 1 accountant).
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$898,313	\$795,750	(\$102,563)	(11.4%)	
MANAGE BOND PROCEEDS A.2.1	\$5,741,529	\$3,860,826	(\$1,880,703)	(32.8%)	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$6,639,842	\$4,656,576	(\$1,983,266)	(29.9%)	
Grand Total, All Strategies	\$6,639,842	\$4,656,576	(\$1,983,266)	(29.9%)	

Public Finance Authority
Summary of Recommendations - Senate, By Method of Finance -- GENERAL REVENUE FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
					Recommendations include a decrease of \$300,000 in General Revenue for a method of finance swap to Appropriated Receipts generated by the Master Lease Purchase Program and a reduction of \$251,256 related to eliminating 2.0 filled FTE positions (1 systems analyst and 1 accounting technician) and 2 unfilled FTE positions (1 administrative assistant and 1 accountant).
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$533,280	\$257,652	(\$275,628)	(51.7%)	
MANAGE BOND PROCEEDS A.2.1	\$537,562	\$261,934	(\$275,628)	(51.3%)	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$1,070,842	\$519,586	(\$551,256)	(51.5%)	
Grand Total, All Strategies	\$1,070,842	\$519,586	(\$551,256)	(51.5%)	

Public Finance Authority
Summary of Recommendations - Senate, By Method of Finance -- GR DEDICATED

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
					Recommendations reflect the appropriation of projected interest earnings out of General Revenue Dedicated - State Lease Account No. 507 for lease payments on state-owned buildings and equipment purchased through the Master Lease Purchase Program (MLPP) for the 2012-13 biennium.
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$0	\$0	\$0	0.0%	
MANAGE BOND PROCEEDS A.2.1	\$4,836,000	\$3,057,676	(\$1,778,324)	(36.8%)	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$4,836,000	\$3,057,676	(\$1,778,324)	(36.8%)	
Grand Total, All Strategies	\$4,836,000	\$3,057,676	(\$1,778,324)	(36.8%)	

Public Finance Authority
Summary of Recommendations - Senate, By Method of Finance -- OTHER FUNDS

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments
					Recommendations provide an increase of \$346,314 primarily due to the appropriation of Appropriated Receipts out of revenue generated from the Master Lease Purchase Program for a method of finance swap from General Revenue (\$300,000) and restoration of the agency's 5 percent reduction (\$56,360). The restoration of the 5 percent is primarily for salaries and other personnel costs for filled positions, outside legal counsel, anticipated increase for board travel, and various operating costs. This increase is off set by a decrease related to reimbursements from charter schools (\$10,046).
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$365,033	\$538,098	\$173,065	47.4%	
MANAGE BOND PROCEEDS A.2.1	\$367,967	\$541,216	\$173,249	47.1%	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$733,000	\$1,079,314	\$346,314	47.2%	
Grand Total, All Strategies	\$733,000	\$1,079,314	\$346,314	47.2%	

Section 3

Texas Public Finance Authority Selected Fiscal and Policy Issues

1. **Fiscal Implications of Recommendations.** Elimination of 2 currently filled positions (systems analyst and accounting technician) and 2 vacant positions (administrative assistant and accountant) could result in delays in responding to client agencies and require remaining staff to take on additional administrative tasks and responsibilities such as answering phones and general information technology duties.
2. **Master Lease Purchase Program (MLPP) Receipts.** MLPP is a not self-supporting lease revenue-financing program authorized by statute to finance equipment acquisitions for state agencies. MLPP projects primarily include computer equipment including hardware and software, energy performance contracts, vehicles, telecommunications equipment, furniture, and construction projects. TPFA primarily issues commercial paper or short-term debt to finance MLPP projects approved by the legislature and General Revenue is typically appropriated to participating agencies for the related debt service.

TPFA assumes an interest rate of 5 percent for MLPP leases which includes an administrative fee of 1 percent on the outstanding principal balance of each lease. However, during fiscal year 2010, market conditions have provided a less than 0.6 percent interest rate for TPFA's commercial paper for MLPP. The 1 percent administrative fee provides for ongoing commercial program costs including liquidity, rating costs, remarketing and paying agent fees, and approximately 40 percent of agency operations in the 2010-11 biennium.

Recommendations increase the use of receipts generated by MLPP by \$300,000 for a Method of Finance Swap from General Revenue to fund more of agency operations. Estimated revenue from the current 1 percent administrative fee and unexpended balances are anticipated to be sufficient to provide for additional funding of agency operations.

3. **Sunset Review.** In June 2010, the Sunset Commission adopted the following recommendations:
 - Continue the agency for 12 years;
 - Remove the escrow requirement in the Cancer Prevention and Research Institute's statute regarding funding for multiyear grant awards. Sunset estimates a one-time savings in debt service requirements of \$31 million in the 2012-13 biennium which is incorporated into the recommendations; and
 - Authorize TPFA to issue debt to universities and colleges upon request but require TPFA to issue debt for Texas State Technical College.

Section 3

**Texas Public Finance Authority
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2009	Actual 2010	Budgeted 2011	Recommended 2012	Recommended 2013
Cap	15.0	15.0	15.0	11.0	11.0
Actual/Budgeted	13.2	13.6	13.6	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000

Recommendations include reductions of 4 FTEs for agency administrative support including 2 filled positions (1 systems analyst and 1 accounting technician) and 2 unfilled positions (1 administrative assistant and 1 accountant), affecting strategies A.1.1, Analyze Financings and Issue Debt and A.2.1, Manage Bond Proceeds and Monitor Covenants to Ensure Compliance.

State Auditor's Office Report 10-706, *A Classification Study on Exempt Positions*, recommends that the salary cap for the Executive Director be increased from \$120,000 per fiscal year to the market average of \$125,893, with no change to the current Group 4 classification.

Note: During the 2008-09 biennium, the Executive Director position was in Group 5.

Public Finance Authority
Performance Review and Policy Report Highlights

Reports & Recommendations	GEER Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Is included in the Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

Texas Public Finance Authority Rider Highlights

2. (revised) **Rider 2, Informational Listing of Appropriated Funds.** Revise to reflect recommended debt service requirements.
10. (revised) **Reimbursement of Expenses Related to Bond Issuances.** Rename and revise rider to clarify appropriation for reimbursement of agency expenses related to bond issuances for Charter School Finance Corporations.
11. (new) **General Obligation Bond Debt Service for the Texas Military Value Revolving Loan Bond Program.** Add new rider to provide an estimated appropriation for debt service related to self-supporting general obligation bonds to provide loans to local defense communities.
12. (new) **Sunset Contingency.** Rider added due to sunset review.
13. (new) **Contingency Appropriation Requiring Statutory Change: General Obligation Bond Proceeds for Cancer Prevention and Research Grants.** Add contingency rider which appropriates an estimated additional \$14.4 million in General Revenue to TPFA for the related debt service on an additional \$600 million in GO bond proceeds primarily for cancer prevention and research grants to CPRIT, contingent on passage of legislation authorizing the issuance of cancer related bonds to be issued on an as needed basis.

Section 6

**Public Finance Authority
Items not Included in Recommendations**

	2012-13 Biennial Total	
	GR & GR-Dedicated	All Funds
1. Increase funding out of Appropriated Receipts from the Master Lease Purchase Program for salaries and increase FTE cap by 2.6 full-time equivalents affecting agency debt management functions as follows:		
a) Systems Analyst (1.0) to assist agency staff with monitoring and managing outstanding debt;	\$ -	\$ 97,382
b) Accounting Technician (1.0) to maintain bond related data in the agency's bond documents database, payment of costs of issuance, debt service, ongoing bond administration, and Internal Revenue Service arbitrage and rebate calculation; and	\$ -	\$ 81,924
c) Administrative Assistant (0.6) to maintain agency records related to bonds and commercial paper debt issuance, debt service, and ongoing bond administration.	\$ -	\$ 71,950
2. Revise Rider 13, Contingency Appropriation Requiring Statutory Change: General Obligation Bond Proceeds for Cancer Prevention and Research Grants, to reflect \$14.4 million in General Revenue appropriated to TPFPA for the related debt service on an additional \$600 million in general obligation bonds to the Cancer Prevention and Research Institute, contingent on passage of legislation.	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ -	\$ 251,256