

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Summary of Recommendations - Senate**

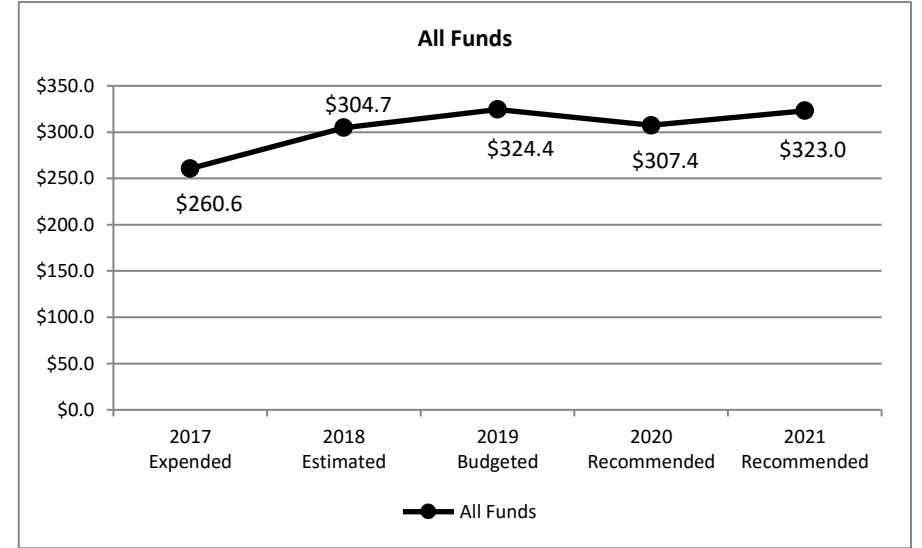
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Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$486,996,715	\$611,589,263	\$124,592,548	25.6%
GR Dedicated Funds	\$127,917,609	\$12,864,318	(\$115,053,291)	(89.9%)
<i>Total GR-Related Funds</i>	<i>\$614,914,324</i>	<i>\$624,453,581</i>	<i>\$9,539,257</i>	<i>1.6%</i>
Federal Funds	\$11,535,044	\$4,722,308	(\$6,812,736)	(59.1%)
Other	\$2,723,606	\$1,247,606	(\$1,476,000)	(54.2%)
All Funds	\$629,172,974	\$630,423,495	\$1,250,521	0.2%

Historical Funding Levels (Millions)



The bill pattern for this agency (2020-21 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2020-21 biennium.

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Summary of Funding Changes and Recommendations - Senate**

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>						
A) Increase in General Revenue primarily related to new issuances of Commercial Paper for CPRIT debt and the depletion of General Revenue- Dedicated Tobacco Settlement funds used to pay down debt service.	\$124.6	(\$115.1)	\$0.0	\$0.0	\$9.5	A.1.1
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>						
B) The refunding of Build America Bonds and the elimination of subsidies for debt service.	\$0.0	\$0.0	(\$6.8)	\$0.0	(\$6.8)	A.1.1.
C) The depletion of Current Fund Balances due to the repayment of Parks and Wildlife bonds.	\$0.0	\$0.0	\$0.0	(\$1.5)	(\$1.5)	A.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$124.6	(\$115.1)	(\$6.8)	(\$1.5)	\$1.3	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$124.6	\$0.0	\$0.0	\$0.0	\$9.5	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	(\$115.1)	(\$6.8)	(\$1.5)	(\$8.3)	As Listed

NOTE: Totals may not sum due to rounding.

**Texas Public Finance Authority – General Obligation (GO) Bond Debt Service
Selected Fiscal and Policy Issues - Senate**

1. **2020-2021 Recommendations.** Recommendations reflect an overall increase of \$1.3 million in debt service requirements for the 2020-21 biennium. The slight increase is primarily related to new bonds issued primarily related to the Cancer Prevention and Research Institute of Texas, offset by a decrease related to paying off outstanding debt and lower than anticipated interest rates.

Recommendations include payment of principal and interest, and ongoing issuance costs in each fiscal year for General Obligation (GO) bonds issued and GO bonds anticipated to be issued through fiscal year 2021.

Cancer Prevention and Research Institute of Texas and Tobacco Settlement Funds. Since the 2012-13 biennium, Government Code Chapter 403, allowed certain Tobacco Settlement Funds to pay principal or interest for bonds issued for CPRIT. The appropriated amounts are transferred from three funds outside the treasury on an as needed basis. The Legislative Budget Board estimated complete depletion of Tobacco Settlement Funds in the 2018-19 biennium. Due to delayed issuances, approximately \$8.6 million of the Tobacco Settlement Funds remain and are included in current recommendations for debt service for existing, expected to be issued, and new debt obligations related to CPRIT. Estimates indicate that CPRIT debt service payments will be \$310.4 million in the 2020-21 biennium. Therefore, appropriations of \$301.8 million in General Revenue or other methods of finance are required to pay the debt service on existing CPRIT debt as well as any new issuances that occur beginning in the 2018-19 biennium.

Amounts included in the recommendations are subject to change due to possible interest rate fluctuations for variable rate commercial paper and future issuances of fixed rate general obligation bonds. Interest rates used for debt service estimates are as follows:

- 6.0 percent in each fiscal year of the 2020-21 biennium for fixed rate GO bonds;
- 6.0 percent in each fiscal year of the 2020-21 biennium for fixed rate tax-exempt GO Commercial Paper; and
- 7.5 percent in each fiscal year of the 2020-21 biennium for fixed rate taxable GO Commercial Paper

During fiscal year 2018, market conditions have provided between 0.8 and 2.3 percent interest rates for the issuance of GO commercial paper and between 2.0 and 4.0 percent for fixed rate GO bonds. However, due to the volatility of the bond market, interest rates are assumed at higher rates as noted above.

Method of Finance Swap. Texas Public Finance Authority (TPFA) requested approximately \$626.1 million in General Revenue for debt service on outstanding GO Bond debt and debt expected to be issued. 2020-2021 recommendations include \$611.6 million in General Revenue for debt service, a difference of \$14.5 million. Recommendations also include the following appropriations out of funds other than General Revenue to meet debt service requirement in the 2020-21 biennium:

- \$8.6 million in balances out of certain Tobacco Settlement Funds for issued and anticipated to be issued Cancer Prevention and Research Institute of Texas (CPRIT) debt service;
- \$4.7 in Federal Funds available for the Health and Human Services debt service, transferred during the agency conversion from Department of Aging and Disability Services and Department of State Health Services;
- \$1.2 million in receipts generated from Other Funds for the Health and Human Services debt service, also transferred from Department of Aging and Disability Services and Department of State Health Services.

Other account balances previously used for debt service on various bond issuances include current fund balances for Texas Parks and Wildlife, no longer available as that bond will reach maturity in 2019, and federal subsidies related to Build America Bonds which have now been fully refunded.

Sporting Goods Sales Tax, State Parks Account No. 64. Not included in these estimates are funds from Sporting Goods Sales Tax, State Parks Account No. 64 for debt service on Parks and Wildlife park improvements and repairs, which totaled approximately \$18.8 million in the previous biennium. These funds are not appropriated to TPFA but rather transferred in a method of financing swap with General Revenue according to Article IX provisions.

2. **Outstanding General Obligation Bond Debt.** As of August 31, 2018, TPFA had approximately \$2,567.6 million in outstanding general obligation bond debt, including \$2,250.0 million in outstanding general obligation bond debt or long-term fixed rate debt and \$317.6 million in general obligation commercial paper or short-term debt. TPFA is the largest state issuer of general obligation debt which is backed by the full faith and credit of the state. TPFA utilizes both long-term and short-term debt instruments for the issuance of debt on behalf of its client agencies. Long-term debt instruments provide for fixed or variable rate debt for five or more years. Short-term or commercial paper debt instruments provide for variable rate debt for 1 to 270 days.

End of Article: Appropriations Compared to Base by Article / MOF Type and Code
86th Regular Session, LBB Recommended (Senate), Version 1

END OF ARTICLE Appropriations: TPFA GO Bond Debt Service

	Exp 2017	Est 2018	Bud 2019	Total Biennium 2018-2019	Rec 2020	Rec 2021	Total Rec 2020-2021	Difference
ARTICLE I - GENERAL GOVERNMENT	\$105,879,763	\$150,219,083	\$170,638,797	\$320,857,880	\$176,871,120	\$197,770,941	\$374,642,061	\$53,784,181
ARTICLE II - HEALTH AND HUMAN SERVICES	\$27,004,578	\$26,398,150	\$27,215,876	\$53,614,026	\$25,086,558	\$21,210,713	\$46,297,271	\$(7,316,755)
ARTICLE III - AGENCIES OF EDUCATION	\$11,170,784	\$10,521,314	\$10,247,534	\$20,768,848	\$7,330,450	\$8,106,322	\$15,436,772	\$(5,332,076)
ARTICLE V - PUBLIC SAFETY AND CRIMINAL JUSTICE	\$87,885,403	\$88,685,693	\$86,693,919	\$175,379,612	\$72,747,192	\$71,742,984	\$144,490,176	\$(30,889,436)
ARTICLE VI - NATURAL RESOURCES	\$13,552,891	\$15,684,232	\$16,272,698	\$31,956,930	\$13,987,682	\$13,651,697	\$27,639,379	\$(4,317,551)
ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	\$15,060,175	\$13,232,727	\$13,362,951	\$26,595,678	\$11,352,457	\$10,565,379	\$21,917,836	\$(4,677,842)
Total	\$260,553,594	\$304,741,199	\$324,431,775	\$629,172,974	\$307,375,459	\$323,048,036	\$630,423,495	\$1,250,521
METHOD OF FINANCING:								
General Revenue Funds								
1 General Revenue Fund	\$169,218,743	\$181,093,846	\$305,902,869	\$486,996,715	\$293,664,231	\$317,925,032	\$611,589,263	\$124,592,548
400 Sporting Good Tax-State	\$8,307,166	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal, General Revenue Funds	\$177,525,909	\$181,093,846	\$305,902,869	\$486,996,715	\$293,664,231	\$317,925,032	\$611,589,263	\$124,592,548
Gr Dedicated								
64 State Parks Acct	\$0	\$9,546,411	\$9,259,234	\$18,805,645	\$0	\$0	\$0	\$(18,805,645)
5044 Tobacco Education/Enforce	\$36,691,570	\$52,412,467	\$0	\$52,412,467	\$4,293,919	\$0	\$4,293,919	\$(48,118,548)
5045 Children & Public Health	\$18,345,784	\$26,206,560	\$0	\$26,206,560	\$2,147,312	\$0	\$2,147,312	\$(24,059,248)
5046 Ems & Trauma Care Account	\$18,345,785	\$26,206,542	\$0	\$26,206,542	\$2,147,293	\$0	\$2,147,293	\$(24,059,249)
5114 Tx Military Revolving Loan Account	\$2,456,251	\$2,146,048	\$2,140,347	\$4,286,395	\$2,137,747	\$2,138,047	\$4,275,794	\$(10,601)
Subtotal, Gr Dedicated	\$75,839,390	\$116,518,028	\$11,399,581	\$127,917,609	\$10,726,271	\$2,138,047	\$12,864,318	\$(115,053,291)
Federal Funds								
369 Fed Recovery & Reinvestment Fund	\$3,408,197	\$3,406,368	\$3,406,368	\$6,812,736	\$0	\$0	\$0	\$(6,812,736)
555 Federal Funds	\$2,361,154	\$2,361,154	\$2,361,154	\$4,722,308	\$2,361,154	\$2,361,154	\$4,722,308	\$0
Subtotal, Federal Funds	\$5,769,351	\$5,767,522	\$5,767,522	\$11,535,044	\$2,361,154	\$2,361,154	\$4,722,308	\$(6,812,736)
Other Funds								
766 Current Fund Balance	\$795,141	\$738,000	\$738,000	\$1,476,000	\$0	\$0	\$0	\$(1,476,000)

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	Exp 2017	Est 2018	Bud 2019	Total Biennium 2018-2019	Rec 2020	Rec 2021	Total Rec 2020-2021	Difference
8031 MH Collect-Pat Supp & Maint	\$470,963	\$470,963	\$470,963	\$941,926	\$470,963	\$470,963	\$941,926	\$0
8033 MH Appropriated Receipts	\$15,828	\$15,828	\$15,828	\$31,656	\$15,828	\$15,828	\$31,656	\$0
8095 ID Collect-Pat Supp & Maint	\$120,063	\$120,063	\$120,063	\$240,126	\$120,063	\$120,063	\$240,126	\$0
8096 ID Appropriated Receipts	\$16,949	\$16,949	\$16,949	\$33,898	\$16,949	\$16,949	\$33,898	\$0
Subtotal, Other Funds	\$1,418,944	\$1,361,803	\$1,361,803	\$2,723,606	\$623,803	\$623,803	\$1,247,606	\$(1,476,000)
Total, Method of Financing	\$260,553,594	\$304,741,199	\$324,431,775	\$629,172,974	\$307,375,459	\$323,048,036	\$630,423,495	\$1,250,521

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Items Not Included in Recommendations - Senate**

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
Agency Exceptional Items Not Included (in agency priority order)							
1)	None	\$0	\$0	0.0			\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	0			\$0

**Texas Public Finance Authority - General Obligation (GO) Bond Debt Service
Funding Changes and Recommendations - Senate, by Strategy -- ALL FUNDS**

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
BOND DEBT SERVICE A.1.1	\$629,172,974	\$630,423,495	\$1,250,521	0.2%	Recommendations include: 1) An increase of approximately \$6.8 million decrease in Federal Funds related to the repayment of Build America Bond. 2) A decrease of approximately \$115.1 million in certain GR-D accounts related to the Cancer Prevention and Research Institute of Texas (CPRIT) for debt service for existing debt and debt expected to be issued (see Selected Fiscal and Policy Issues #1). 3) Current funding levels in GR-Dedicated-Texas Military Revolving Loan Account No. 5114 for debt service requirements for approximately \$33.0 million in outstanding bond proceeds issued in fiscal year 2007 for loans to defense communities for economic development projects. 4) A decrease of approximately \$1.4 million for debt service related to the repayment of certain Parks and Wildlife bonds.
Total, Goal A, FINANCE CAPITAL PROJECTS	\$629,172,974	\$630,423,495	\$1,250,521	0.2%	
Grand Total, All Strategies	\$629,172,974	\$630,423,495	\$1,250,521	0.2%	Recommendations provide for debt service on existing debt and general obligation bonds expected to be issued in fiscal years 2019, 2020, and 2021.