Bond Review Board
Summary of Budget Recommendations - Senate

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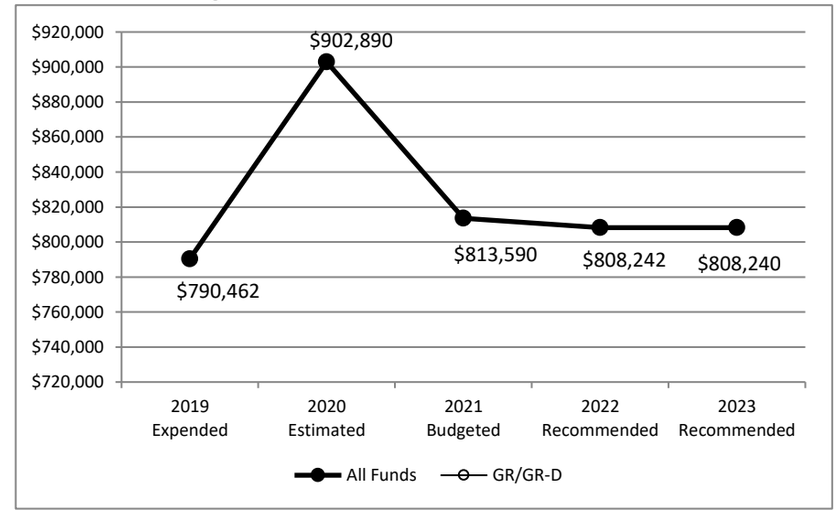
Robert Latsha, Executive Director
Harrison Gregg, LBB Analyst

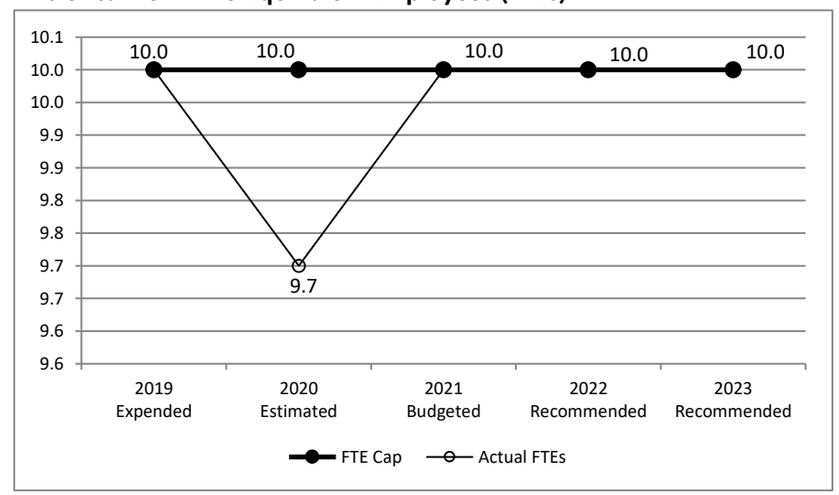
Method of Financing	2020-21 Base	2022-23 Recommended	Biennial Change ($)	Biennial Change (%)
General Revenue Funds	$1,716,480	$1,616,482	($99,998)	(5.8%)
GR Dedicated Funds	$0	$0	$0	0.0%
Total GR-Related Funds	*$1,716,480*	*$1,616,482*	*($99,998)*	*(5.8%)*
Federal Funds	$0	$0	$0	0.0%
Other	$0	$0	$0	0.0%
All Funds	**$1,716,480**	**$1,616,482**	**($99,998)**	**(5.8%)**

	FY 2021 Budgeted	FY 2023 Recommended	Biennial Change	Percent Change
FTEs	10.0	10.0	0.0	0.0%

Historical Funding Levels



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2022-23 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2022-23 biennium.

Bond Review Board
Summary of Funding Changes and Recommendations - Senate

	Funding Changes and Recommendations for the 2022-23 Biennium compared to the 2020-21 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):							
A)	Removal of one-time funding item related to website upgrade capital project.	($0.1)	$0.0	$0.0	$0.0	($0.1)	All Strategies
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		**($0.1)**	**$0.0**	**$0.0**	**$0.0**	**($0.1)**	As Listed
	SIGNIFICANT & OTHER Funding Increases	$0.0	$0.0	$0.0	$0.0	$0.0	
	SIGNIFICANT & OTHER Funding Decreases	($0.1)	$0.0	$0.0	$0.0	($0.1)	As Listed

NOTE: Totals may not sum due to rounding.

Bond Review Board
Selected Fiscal and Policy Issues - Senate

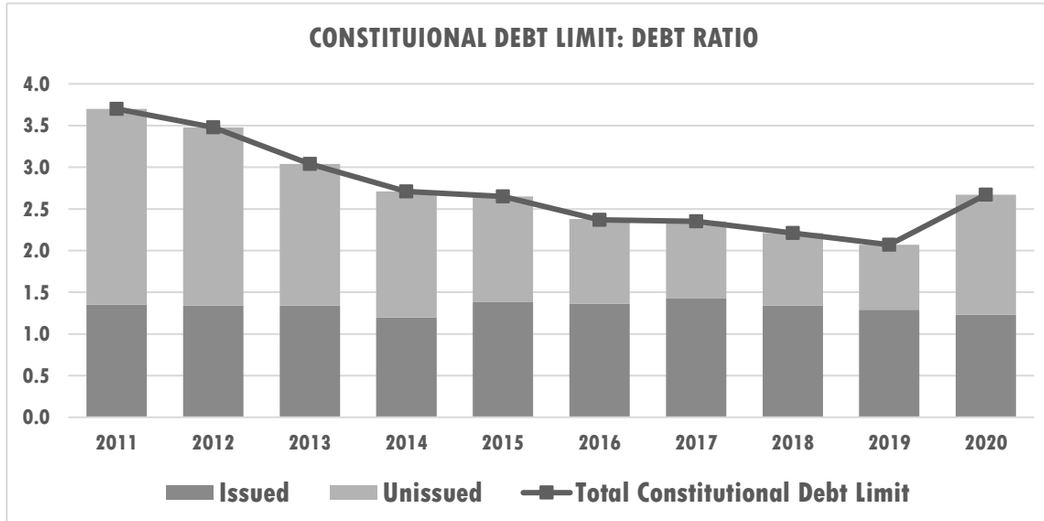
1. **Removal of One-Time Funding Related to Website Upgrades.** Recommendations include a $99,998 reduction in General Revenue related to the website upgrade project that was completed in the 2020-21 biennium. The agency requested for the one-time funding to be sustained for the 2022-23 biennium with the intention that the funding be used for project maintenance and other information resources. However, the agency did not did not specify the amount of continuing maintenance required.

2. **Constitutional Debt Limit.** 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.

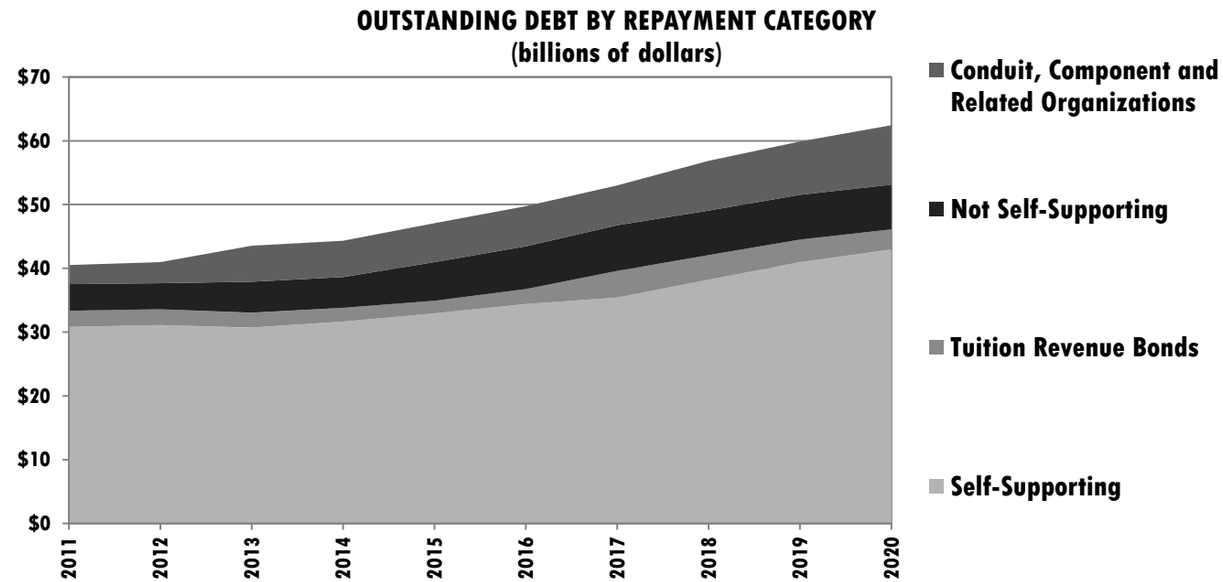
   The Bond Review Board calculates two debt ratios to monitor state debt in relation to the constitutional debt limit:
   - Debt service on outstanding (issued) debt as a percentage of unrestricted General Revenue (UGR) Funds. At the end of fiscal year 2020, the Bond Review Board reported that the **issued debt was 1.23 percent.** This reflects a 0.05 percentage point decrease from fiscal year 2019.
   - 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 2020, the **issued, and authorized but unissued debt was 2.67 percent.** This reflects a 0.60 percentage point increase from fiscal year 2019.

   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 2020, the Bond Review Board estimated $14.8 billion in additional debt capacity for non self-supporting debt authorization that would be subject to the constitutional debt limit.



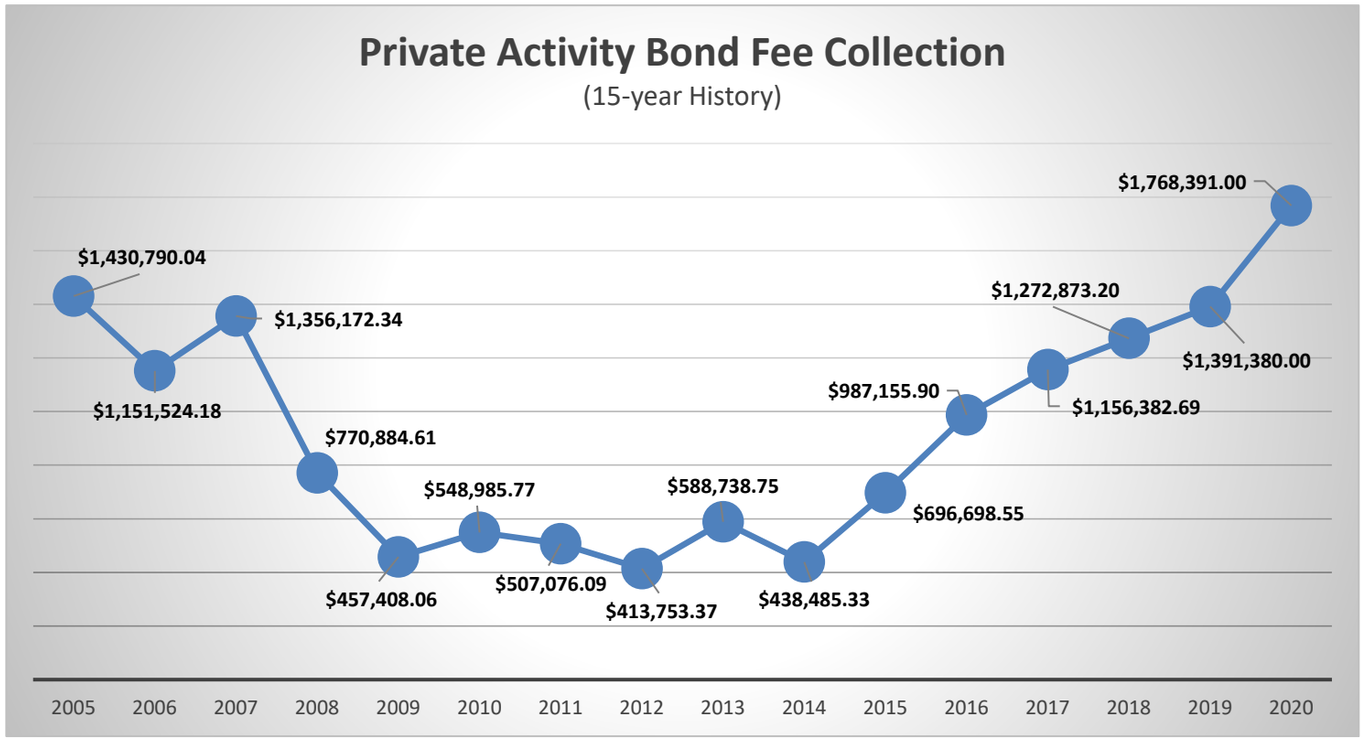
3. **State Debt Versus Local Debt.** According to the Bond Review Board, as of August 31, 2020, state and local debt totaled $314.2 billion, of which local debt comprised $251.8 billion, or 80.1 percent; the remaining $62.4 billion is state debt outstanding including revenue conduit issuances. Of the outstanding local debt, approximately $165.4 billion is general obligation debt supported by tax collection. School district bond issuances account for $92.9 billion, or 36.9 percent, of all outstanding local debt. At the end of fiscal year 2019, Texas ranked 42nd in state debt per capita and 3rd in local debt per capita according to the US Census Bureau.



4. **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 July 2020 with Texas' GO bonds receiving AAA ratings.

5. **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. In fiscal year 2020, the Bond Review Board administered up to $6.4 billion in PAB authority, which included approximately $3.4 billion in carry-forward from the prior three years and up to the fiscal year 2019 cap of $3.0 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 Private Activity Bond 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 - Senate

Modification of Existing Riders

2. **Capital Budget.** Recommendations revise the rider to remove the website upgrades capital project. Recommendations include capital budget authority of $21,000 in FY 2022 and $21,000 in FY 2023 to maintain current funding for database maintenance related costs.

Bond Review Board
Items Not Included in Recommendations - Senate

		2022-23 Biennial Total					
		GR & GR-D	All Funds	FTEs	Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2024-25
Agency Exceptional Items Not Included (in agency priority order)							
1)	Restore Five-percent Reduction of Agency Funds	$90,341	$90,341	0.0	No	No	$90,341
2)	Addition of one FTE - Accountant Technician to assist with local debt processing	$91,000	$91,000	1.0	No	No	$91,000
TOTAL Items Not Included in Recommendations		**$181,341**	**$181,341**	**1.0**			**$181,341**

Bond Review Board
Appendices - Senate

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* Appendix is not included - no significant information to report

Bond Review Board
Funding Changes and Recommendations - Senate, by Strategy -- GENERAL REVENUE FUNDS

Strategy/Goal	2020-21 Base	2022-23 Recommended	Biennial Change	% Change	Comments
REVIEW BOND ISSUES A.1.1	$321,720	$296,427	($25,293)	(7.9%)	Decrease of $5,294 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of $19,999 is due to removal of one-time funding for website upgrades capital project.
STATE BOND DEBT A.1.2	$329,080	$296,426	($32,654)	(9.9%)	Decrease of $12,654 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of $20,000 is due to removal of one-time funding for website upgrades capital project.
Total, Goal A, PROTECT TEXAS BOND RATING	**$650,800**	**$592,853**	**($57,947)**	**(8.9%)**	
ANALYZE LOCAL BOND DEBT B.1.1	$732,620	$727,202	($5,418)	(0.7%)	Increase of $34,582 related to increase in monitoring and reporting local debt workload. Decrease of $40,000 is due to removal of one-time funding for website upgrades capital project.
Total, Goal B, LOCAL BOND DEBT	**$732,620**	**$727,202**	**($5,418)**	**(0.7%)**	
ADMINISTER PRIVATE ACTIVITY BONDS C.1.1	$333,060	$296,427	($36,633)	(11.0%)	Decrease of $16,634 is related to additional funds allocated to Strategy B.1.1, Analyze Local Bond Debt. Decrease of $19,999 is due to removal of one-time funding for website upgrades capital project.
Total, Goal C, PRIVATE ACTIVITY BONDS	**$333,060**	**$296,427**	**($36,633)**	**(11.0%)**	
Grand Total, All Strategies	**$1,716,480**	**$1,616,482**	**($99,998)**	**(5.8%)**	

Bond Review Board
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2019	Actual 2020	Budgeted 2021	Recommended 2022	Recommended 2023
Cap	10.0	10.0	10.0	10.0	10.0
Actual/Budgeted	10.0	9.7	10.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	$136,419	$147,869	$147,869	$147,869	$147,869

Notes:

a) State Auditor's Office is the source for the FY 2019 and FY 2020 annual average (actual) FTE levels.
b) The State Auditor's Office Reports, Executive Compensation at State Agencies (Report 20-706, August, 2020) indicates a market average salary of $155,652 for the Executive Director at the Bond Review Board. The agency is not requesting any changes to its exempt position.