

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

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Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$1,918,643	\$1,988,793	\$70,150	3.7%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$1,918,643</i>	<i>\$1,988,793</i>	<i>\$70,150</i>	<i>3.7%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$1,671,937	\$1,769,125	\$97,188	5.8%
All Funds	\$3,590,580	\$3,757,918	\$167,338	4.7%

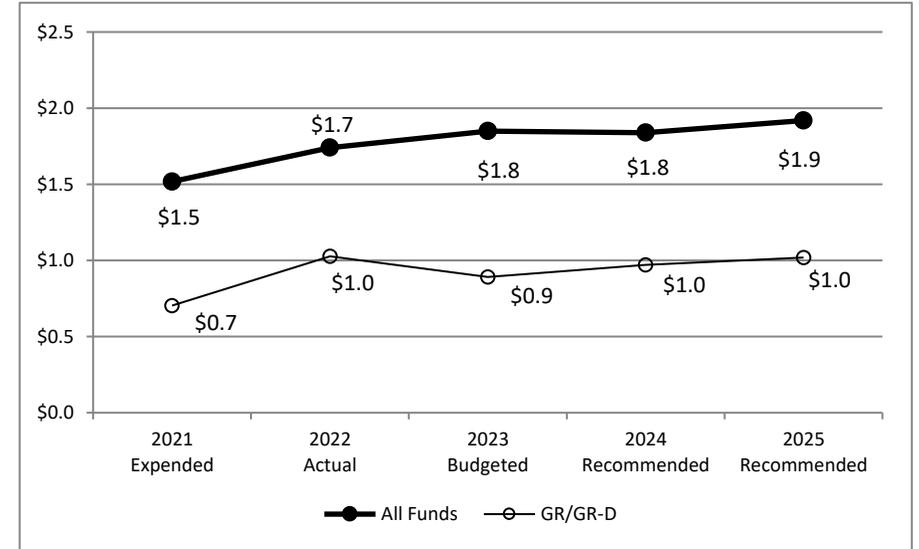
	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	15.0	15.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

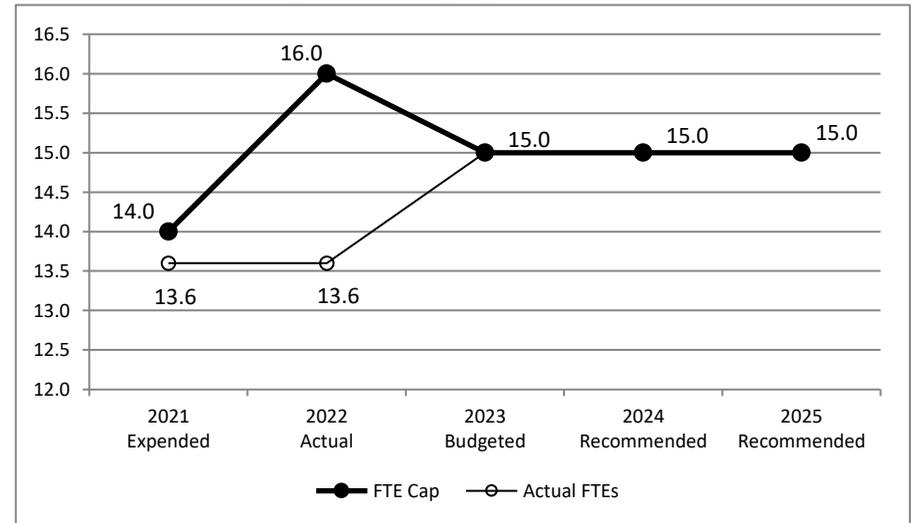
The Texas Public Finance Authority serves as a state issuer of general obligation and revenue bonds for designated state agencies, primarily for capital projects. The agency also maintains the Master Lease Purchase Program, which is a revenue commercial paper program used to finance equipment acquisitions by state agencies.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



Public Finance Authority
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 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 in GR due to the removal of one-time funding for CAPPS/HR Payroll deployment in the 2022-23 biennium.	(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	A.1.1. & A.2.1.
B)	Increase in GR and Other Funds related to the statewide salary adjustments and increase in salary for the executive director exempt position.	\$0.1	\$0.0	\$0.0	\$0.1	\$0.2	A.1.1, A.2.1. & B.1.1.
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$0.0)	\$0.0	\$0.0	\$0.1	\$0.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.1	\$0.0	\$0.0	\$0.1	\$0.2	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$0.1)	\$0.0	\$0.0	\$0.0	(\$0.1)	As Listed

NOTE: Totals may not sum due to rounding.

**Public Finance Authority
Selected Fiscal and Policy Issues - Senate**

- 1. Methods of Finance for Agency Administration.** Recommendations include funding of \$2.0 million in General Revenue, \$1.0 million in Bond Revenue proceeds set-asides, and \$0.8 million in TPFA Series B Master Lease Project Funds for the 2024-25 biennium.

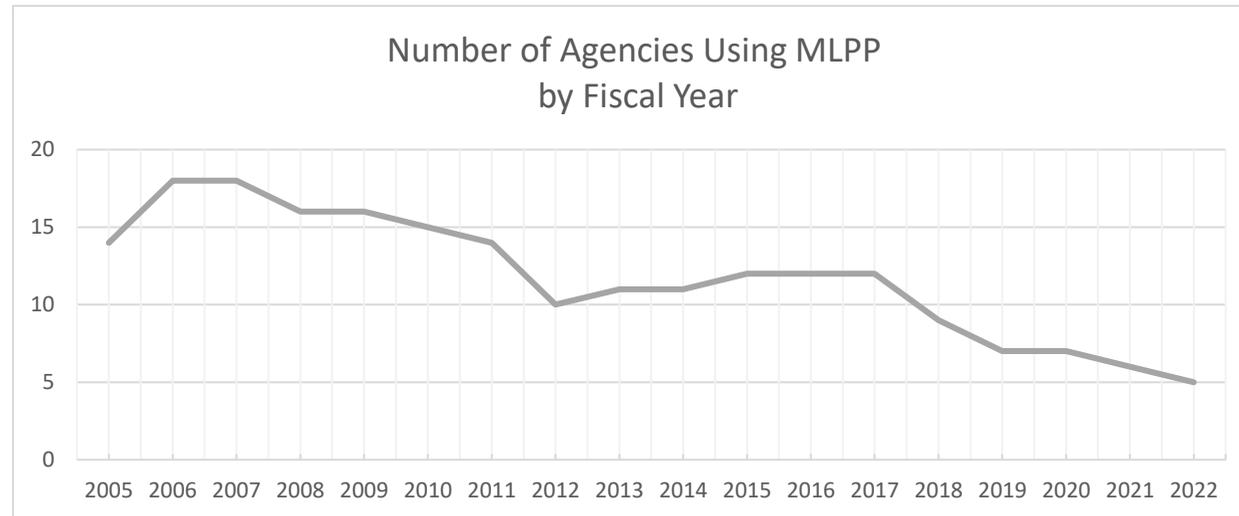
For the 2024-25 biennium, TPFA requested, as part of their Legislative Appropriations Request, an additional \$8,972,948 in General Revenue and an additional \$145,247 in Bond Revenue proceed set-asides to fund agency administration. The \$9,118,195 request would fund the following agency operations:

- \$8,368,348 – Funding to pay third-party service providers in the event that the bonds authorized by House Bill 1520, 87(R), are not issued. This request includes a corresponding rider addition.
- \$115,350 – Merit pool for staff salaries to provide promotions or merit raises
- \$83,250 – Exempt salary increase for the executive director from \$215,000 in fiscal year 2024 and \$230,000 in fiscal year 2025 to a cap of \$260,000 in each fiscal year
- \$115,277 – Enterprise Content Management (ECM) Solution Enhancements
- \$406,000 – Two additional FTEs to perform advanced market analysis and financial transactions
- \$29,970 – Staff training

The agency factors the amount needed for agency administration into revenue bond issuance costs for other agencies. These requests are not included in recommendations.

- 2. Master Lease Purchase Program.** The Master Lease Purchase Program (MLPP) was established in 1992 under the authority of Texas Civil Statutes, Art. 601d, §9A (now, Texas Government Code, §1232.103), to finance equipment acquisitions by state agencies and other revenue bond projects that may be authorized by the Legislature to be financed by TPFA. The primary funding mechanism for MLPP is a revenue commercial paper program. All state agencies can participate in MLPP, regardless of whether TPFA is responsible for issuing that agency’s long-term financings.

Purchases by agencies in excess of \$10,000 and projects with a useful life of at least three years are eligible to be financed using MLPP. Equipment with costs less than \$10,000 may be bundled into a \$10,000 purchase, provided that each item in the bundle has a minimum cost of \$500.



MLPP has seen a substantial decline in usage by agencies since the 2006-07 biennium. At its peak, the program was used by eighteen different state agencies and higher education institutions. As of the 2022-23 biennium, MLPP is currently only being used by five entities for capital needs, those being the Health and Human Services Commission, the Texas Department of Agriculture, Lamar University, Midwestern State University, and the Texas State Technical College System.

The 87th Legislature added Article IX, Sec. 17.19, Agency's Participation in Master Lease Purchase Program, in the 2022-23 GAA that expresses its intent that state agencies should participate in MLPP to the extent that the program would be the most cost-effective type of financing when using a lease purchase method for acquisition of capital assets. According to TPFA, through fiscal year 2022 there have been no new capital projects for which MLPP has been sought as a financing tool by other agencies. As the usage of MLPP declines, TPFA is becoming more reliant on other methods of finance to fund agency operations. Recommendations include a method of finance swap of \$371,280 from TPFA Series B Master Lease Project Funds to Revenue Bond Proceeds to account for the loss in available set-asides from MLPP.

**Public Finance Authority
Rider Highlights – Senate**

Modification of Existing Riders

2. **Informational Listing of Appropriated Funds.** Recommendations revise the rider to reflect updated total debt service requirements of \$358.8 million in fiscal year 2024 and \$360.4 million in fiscal year 2025.
5. **Appropriation and Transfer Authority for Revenue Commercial Paper Programs: Payments and Administrative Fees.** Recommendations include an increase in Revenue Bond Proceeds from \$243,768 per fiscal year to \$492,084 in fiscal year 2024 and \$499,613 in fiscal year 2025.
9. **Informational Listing: Master Lease Purchase Program Lease Payments.** Recommendations revise this rider to reflect updated Master Lease Purchase Program payments at affected agencies.

New Riders

10. **Appropriation of Administrative Receipts.** Recommendations include moving this rider from Article IX to TPFA's bill pattern. This rider authorizes TPFA to collect up to \$25,000 per fiscal year in appropriated receipts associated with monitoring and administering the outstanding obligations associated with the Texas Windstorm Insurance Association.

Deleted Riders

9. **General Obligation Bond Debt Service for the Texas Military Value Revolving Loan Bond Program.** Recommendations include the deletion of this rider due to it being duplicative of a rider in the Office of the Governor within the Trusteed Programs' bill pattern that specifies the bond authorization and debt service amounts for the Texas Military Value Revolving Loan program.

**Public Finance Authority
Items Not Included in Recommendations - Senate**

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	House Bill 1520, 87(R) Implementation. Agency requests funding to pay third-party service providers (i.e. bond counsel, financial advisor, bond syndicate, etc.) in the event that the bonds related to House Bill 1520 are not sold.	\$8,368,348	\$8,368,348	0.0	No	No	\$0
2)	3% Merit Pool for Staff Salaries. Agency requests funding to provide promotions and merit increases to assist in staff retention.	\$115,350	\$115,350	0.0	No	No	\$117,524
3)	Exempt Salary Increase – Executive Director. Agency requests an increase in authority and funding for the Executive Director exempt position from \$215,000 in fiscal year 2024 and \$230,000 in fiscal year 2025 in the introduced bill to \$260,000 per year. The agency did not request a change in exempt position group.	\$83,250	\$83,250	0.0	No	No	\$66,600
4)	Enterprise Content Management (ECM) Solution Enhancements. Agency requests funding to support enterprise content management and debt management system upgrades. The request involves funding from Bond Revenue proceed set-asides and Master Lease Project Funds.	\$0	\$115,277	0.0	Yes	Yes	\$80,554
5)	Additional Staffing. Agency requests funding for two additional FTEs to perform advanced market analysis and financial transactions.	\$406,000	\$406,000	2.0	No	No	\$406,000
6)	Training. Agency requests funding for additional staff training in finance, accounting, and municipal debt finance and regulatory compliance. The request involves funding from Bond Revenue proceed set-asides and Master Lease Project Funds.	\$0	\$29,970	0.0	No	No	\$0

**Public Finance Authority
Items Not Included in Recommendations - Senate**

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
Agency Requested Rider Revisions Not Included							
A)	Modification of Rider 10, Appropriation of Administrative Receipts. The agency requests to modify Rider 10 to include a revised amount in maximum Appropriated Receipts collections for Texas Windstorm Insurance Association bond issuance administrative costs from \$25,000 per fiscal year to \$50,000 per fiscal year.	\$0	\$25,000	0.0	No	No	\$25,000
B)	Addition of Rider, Appropriation for Implementation of House Bill 1520. The agency requests the addition of a rider that would identify \$8,368,348 in General Revenue in fiscal year 2024, which would be used for the purpose of paying bond structuring costs incurred by the Texas Public Finance Authority and the Texas Natural Gas Securitization Finance Corporation pursuant to House Bill 1520, 87(R). This rider is contingent upon the agency's Exceptional Item #1.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$8,972,948	\$9,143,195	2.0			\$695,678

**Public Finance Authority
Appendices - Senate**

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* Appendix is not included - no significant information to report

**Public Finance Authority
Funding Changes and Recommendations by Strategy - Senate -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$1,788,109	\$1,775,797	(\$12,312)	(0.7%)	
MANAGE BOND PROCEEDS A.2.1	\$1,802,471	\$1,790,059	(\$12,412)	(0.7%)	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$3,590,580	\$3,565,856	(\$24,724)	(0.7%)	
SALARY ADJUSTMENTS B.1.1	\$0	\$192,062	\$192,062	100.0%	
Total, Goal B, SALARY ADJUSTMENTS	\$0	\$192,062	\$192,062	100.0%	
Grand Total, All Strategies	\$3,590,580	\$3,757,918	\$167,338	4.7%	

**Public Finance Authority
Funding Changes and Recommendations by Strategy - Senate -- GENERAL REVENUE FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$955,484	\$943,172	(\$12,312)	(1.3%)	Recommendations reflect: 1) A decrease of \$41,296 in General Revenue due to the removal of one-time funding for CAPPs HR/Payroll deployment from HB 2, 87R. 2) An increase of \$28,984 in General Revenue related to funding for the agency's exempt salary position, Executive Director, from \$200,000 to \$215,000 in FY 2024 and to \$230,000 in FY 2025.
MANAGE BOND PROCEEDS A.2.1	\$963,159	\$950,747	(\$12,412)	(1.3%)	Recommendations reflect: 1) A decrease of \$41,628 in General Revenue due to the removal of one-time funding for CAPPs HR/Payroll deployment from HB 2, 87R. 2) An increase of \$29,216 in General Revenue related to funding for the agency's exempt salary position, Executive Director, from \$200,000 to \$215,000 in FY 2024 and to \$230,000 in FY 2025.
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$1,918,643	\$1,893,919	(\$24,724)	(1.3%)	
SALARY ADJUSTMENTS B.1.1	\$0	\$94,874	\$94,874	100.0%	Recommendations reflect an increase of \$94,874 in General Revenue for the statewide salary adjustments.
Total, Goal B, SALARY ADJUSTMENTS	\$0	\$94,874	\$94,874	100.0%	
Grand Total, All Strategies	\$1,918,643	\$1,988,793	\$70,150	3.7%	

**Public Finance Authority
Funding Changes and Recommendations by Strategy - Senate -- OTHER FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$832,625	\$832,625	\$0	0.0%	
MANAGE BOND PROCEEDS A.2.1	\$839,312	\$839,312	\$0	0.0%	
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$1,671,937	\$1,671,937	\$0	0.0%	
SALARY ADJUSTMENTS B.1.1	\$0	\$97,188	\$97,188	100.0%	Recommendations reflect an increase of \$70,702 in Master Lease Project Funds and \$26,486 in Revenue Bond Proceeds for the statewide salary adjustments.
Total, Goal B, SALARY ADJUSTMENTS	\$0	\$97,188	\$97,188	100.0%	
Grand Total, All Strategies	\$1,671,937	\$1,769,125	\$97,188	5.8%	

**Public Finance Authority
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2021	Actual 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	14.0	16.0	15.0	15.0	15.0
Actual/Budgeted	13.6	13.6	15.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 7	\$151,994	\$200,000	\$200,000	\$215,000	\$230,000

Notes:

- a) The State Auditor's Report, Executive Compensation at State Agencies (Report 22-706, August, 2022) indicates a market average salary of \$172,369 for the Executive Director position at the Public Finance Authority.
- b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.