

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

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Method of Financing	2024-25 Base	2026-27 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$2,516,839	\$2,566,748	\$49,909	2.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$2,516,839</i>	<i>\$2,566,748</i>	<i>\$49,909</i>	<i>2.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$1,914,372	\$1,947,844	\$33,472	1.7%
All Funds	\$4,431,211	\$4,514,592	\$83,381	1.9%

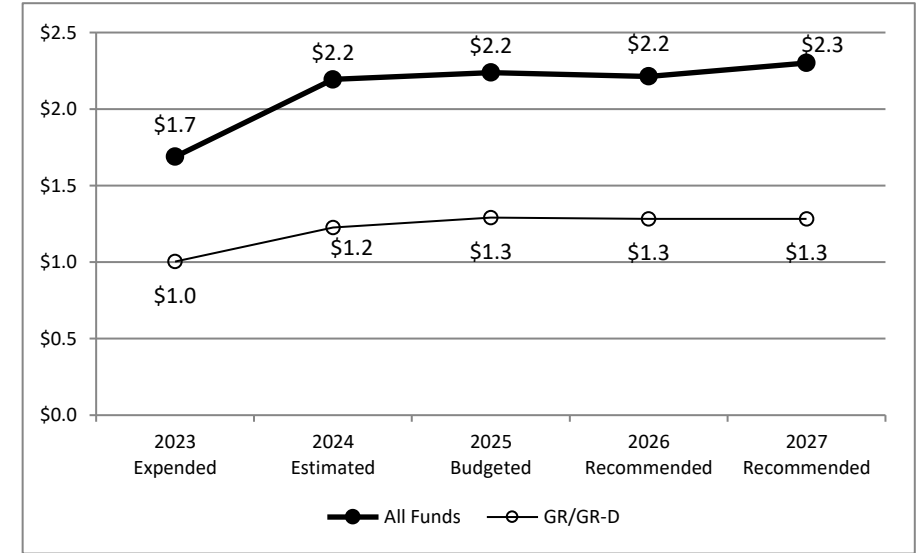
	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	17.0	17.0	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

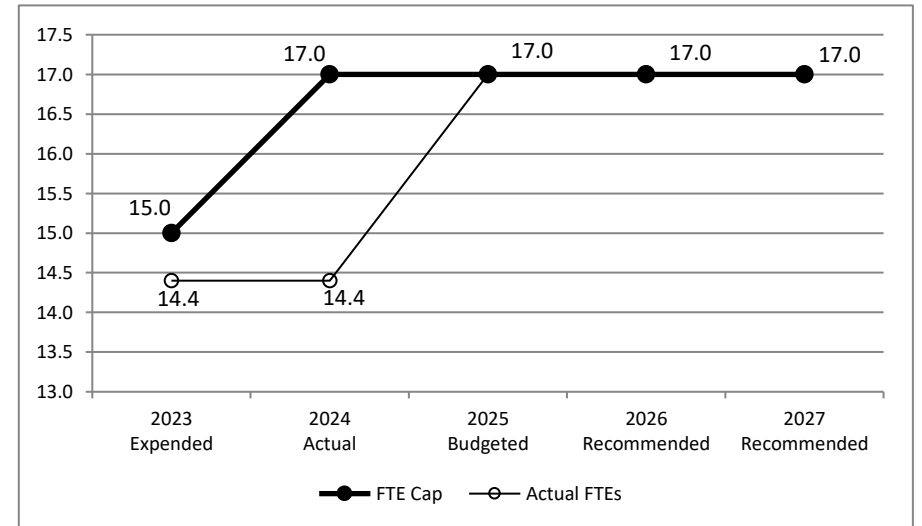
The Texas Public Finance Authority serves as a state issuer of general obligation and revenue bonds for designated state agencies, primarily for capital projects. The agency also maintains the Master Lease Purchase Program, which is a revenue commercial paper program used to finance equipment acquisitions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

The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 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 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) Increase of \$49,909 in General Revenue and \$33,472 in Other Funds to biennialize the statewide salary adjustments included in the 2024-25 appropriations.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	A.1.1 & A.2.1
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

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

1. **Master Lease Purchase Program.** The Master Lease Purchase Program (MLPP) was established in 1992 under the authority of Texas Civil Statutes, Art. 601d, Section 9A (now Texas Government Code, Section 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 2024-25 biennium, MLPP is currently only being used by four entities for capital needs: the Health and Human Services Commission, the Texas Department of Agriculture, the Department of Motor Vehicles, and Midwestern State University.

Recommendations maintain Article IX, Section 12.06, Agency's Participation in Master Lease Purchase Program. Originally added in the 2022-23 GAA, the provision indicates the legislature 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. Since fiscal year 2022, one new capital project has sought MLPP as a financing tool.

**Public Finance Authority
Rider Highlights - Senate**

Modification of Existing Riders

3. **Informational Listing of Appropriated Funds.** Recommendations revise the rider to reflect updated total debt service requirements of \$368.7 million in fiscal year 2026 and \$387.4 million in fiscal year 2027.
4. **Appropriation and Transfer Authority of Interest and Sinking Funds for General Obligation Bond Debt Service Payments.** Recommendations clarify the use of interest and sinking funds to pay debt obligations, including bonds, commercial paper, and other obligations. New language also clarifies that costs associated with debt obligations include debt service payments, insurance premiums, agent fees, and other costs associated with issuing and administering the outstanding debt obligations.
5. **Appropriation and Transfer Authority for Revenue Bond Lease Payments.** Recommendations clarify the use of interest and sinking funds to pay debt obligations, including bonds, commercial paper, and other obligations.
6. **Appropriation and Transfer Authority for Revenue Commercial Paper Programs: Payments and Administrative Fees.** Recommendations revise this rider to require notification to the Legislative Budget Board of increases from Revenue Bond Proceeds and Master Lease Project Funds in excess of amounts appropriated to provide salary adjustments.
10. **Informational Listing: Master Lease Purchase Program Lease Payments.** Recommendations revise this rider to reflect updated Master Lease Purchase Program payments at affected agencies.
12. **Appropriation of Administrative Receipts.** Recommendations add language clarifying the estimated appropriation of Appropriated Receipts from Texas Windstorm Insurance Associate (TWIA) included in funding levels as \$0, and maximum appropriation of \$50,000 in each fiscal year.

New Rider

13. **Unexpended Balance Within the Biennium for Debt Service.** Recommendations include a rider to provide the authority to carry forward unexpended balances within the biennium for debt service appropriated in end-of-article Bond Debt Service Payments bill patterns for General Obligation Bond debt service. This authority is currently identified at the strategy level in each end-of-article bill pattern.

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 9, Reimbursement of Expenses Related to Bond Issuances.
- Rider 11, Reimbursement of Charter School Finance Corporation Directors.

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

	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)	5% Merit Pool. Agency requests additional \$75,667 in TPFA Series B Master Lease Project Funds and \$102,444 in Bond Revenue Proceeds set asides. The total increase of \$178,111 in Other Funds are requested to fund a 5 percent merit increase to staff.	\$0	\$178,111	0.0	No	No	\$356,222
2)	Exempt Salary Increase. Agency requests authority to increase the exempt position salary from \$230,000 to \$260,000. Agency requests additional \$36,375 in TPFA Series B Master Lease Project Funds and \$49,246 in Bond Revenue Proceeds set asides. The total increase of \$85,621 in Other Funds are requested to increase the salary of the Executive Director.	\$0	\$85,621	0.0	No	No	\$85,620
3)	Financial Analyst. Agency requests additional \$76,558 in TPFA Series Master Lease Project Funds and \$103,652 in Bond Revenue Proceeds set asides. The total increase of \$180,210 in Other Funds are requested to fund a vacant FTE position within the agency's total FTE cap.	\$0	\$180,210	0.0	No	No	\$180,210

TOTAL Items Not Included in Recommendations	\$0	\$443,942	0			\$622,052
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Agency Rider Requests Not Included

1)	Rider 6. Appropriation and Transfer Authority for Revenue Commercial Paper Programs: Payments and Administrative Fees. Agency requested to revise rider to clarify the administration of commercial paper programs include the cost of staff salaries and related payroll expense.						
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Note: Items listed above reflect agency rider requests as of January 24, 2025 and may be updated in future documents.

**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	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ANALYZE FINANCINGS AND ISSUE DEBT A.1.1	\$2,206,744	\$2,248,335	\$41,591	1.9%	1) Increase of \$24,855 in General Revenue (GR) related to the 2024-25 statewide salary adjustments. 2) Increase of \$8,368 in Master Lease Project Fund related to the 2024-25 statewide salary adjustments. 3) Increase of \$8,368 in Revenue Bond Proceeds related to the 2024-25 statewide salary adjustments.
MANAGE BOND PROCEEDS A.2.1	\$2,224,467	\$2,266,257	\$41,790	1.9%	1) Increase of \$25,054 in GR related to the 2024-25 statewide salary adjustments. 2) Increase of \$8,368 in Master Lease Project Fund related to the 2024-25 statewide salary adjustments. 3) Increase of \$8,368 in Revenue Bond Proceeds related to the 2024-25 statewide salary adjustments.
BOND DEBT SERVICE PAYMENTS A.2.2	\$0	\$0	\$0	0.0%	
Total, Goal A, FINANCE CAPITAL PROJECTS	\$4,431,211	\$4,514,592	\$83,381	1.9%	
Grand Total, All Strategies	\$4,431,211	\$4,514,592	\$83,381	1.9%	

**Public Finance Authority
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2023	Actual 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	15.0	17.0	17.0	17.0	17.0
Actual/Budgeted	14.4	14.4	17.0	NA	NA

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

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 \$208,938 for the Executive Director position at the Public Finance Authority. The agency is requesting to increase the salary cap for the Executive Director from \$230,000 to \$261,068.