Legislative Appropriations Request

For Fiscal Years 2010 and 2011

Submitted to the Governor's Office of Budget, Planning and Policy
And the Legislative Budget Board

by

Texas Bond Review Board

Board Members

Governor Rick Perry
Lieutenant Governor David Dewhurst
Speaker Tom Craddick
Comptroller Susan Combs

Submitted August 6, 2008

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Submitted by: Robert C. Kline
Robert C. Kline
Executive Director

Approved by: Ed Robertson, Alternate for
Governor Rick Perry, Chair

Texas Bond Review Board

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Agency code: 352 Agency name: **Bond Review Board**

Overview

In 1987, the 70th Legislature established the Texas Bond Review Board. Statutory authority is found in Chapter 1231, Texas Government Code. The Board is comprised of the Governor as Chairman, the Lieutenant Governor, the Speaker of the House of Representatives and the Comptroller of Public Accounts. The Board has the responsibility and authority to approve the issuance of all state bonds and lease-purchase agreements with a principal amount greater than $250,000 or a term longer than five years. Bonds backed by the Permanent University Fund, Tax and Revenue Anticipation Notes and certain lease-purchase transactions are exempt from BRB approval.

Mission

The mission of the Bond Review Board covers three distinct aspects of state finance: (1) to ensure that state debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; (2) to support and enhance the debt issuance and debt management functions of state and local entities by gathering, analyzing and reporting state and local debt information; and (3) to administer the state's Private Activity Bond Allocation Program (PAB). Although each of the agency's goals is independent, each shares in its administration of expenses.

Factors Affecting State and Local Debt Issuance in Texas

Long-term demographic trends for Texas will impact infrastructure needs and directly affect state debt financing. The Comptroller of Public Accounts' long-term demographic outlook for Texas suggests continued population growth, but at a declining rate. The state's population is expected to be approximately 29.7 million in 2025, an increase of 29% from the population of 23 million in 2005.

By age group, some major patterns emerge. The United States Census Bureau projects that Texas' school age population (ages 5-17) will grow by 21% from 2005-2025, but during the same time frame, the population 65 years of age and older will dramatically increase by 90% with the aging of baby boomers. Some estimates indicate that 1 in 7 or 14% of all Texans will be 65 or older by 2025. Should these long-term demographic patterns materialize, the BRB expects the following effects on state and local debt issuance:

- Public school construction will increase, especially in high growth areas; and repair, renovation and replacement of temporary facilities with permanent facilities will become the focus of school construction;
- If incarceration rates continue at present levels, the state will have a continuing need for new prison and detention center construction;
- Continued high growth in many suburban areas will result in continued new infrastructure needs in those locations;
- Construction and debt financing for water and sewer, transportation and general-purpose government facilities will continue unabated;
- Public support will continue to be needed for low-cost student loans, affordable housing and economic development;
- The rapidly increasing number of senior citizens, especially retiring baby boomers will dictate the need for new and expanded facilities for both health care and leisure-time activities.

State and Local Financing Update

In recent years record low and/or declining interest rates and flatter yield curves led to record municipal bond issuance on the national level. Per the Thomson Reuters' "US Municipals Review," 2007 municipal new issuance broke the previous record reached in 2005 with municipal bond proceeds reaching $423 billion from 12,114 long-term

issues. Volume increased by 10.5% surpassing 2006's total of $383 billion in proceeds raised from 12,463 issues. In calendar year 2005, $408 billion in municipal bonds were issued surpassing the record years of 2002 ($359 billion), 2003 ($384 billion) and 2004 ($360 billion).

State Debt

During FY 2007, $4.08 billion in new-money financings was borrowed by state issuers including: $3.15 billion (77.1%) for the Texas Transportation Commission for voter-approved general obligation bonds to construct and expand state highways and other public transportation projects; more than $419 million (10.3%) for single family and multifamily housing; nearly $159 million (3.9%) for the Texas State Affordable Housing Corporation housing assistance programs; $150 million (3.7%) for housing and home improvement loans for eligible Texas veterans; nearly $73 million (1.8%) to finance projects for various agencies through the Texas Public Finance Authority; $73 million (1.8%) for the Texas Higher Education Coordinating Board student loan programs; $56 million (1.4 %) for University of North Texas projects and $4 million (0.1%) for the Texas A&M University System.

During FY 2007 the favorable interest rate climate also contributed to issuance of nearly $1.8 billion in refundings of existing state debt. This included refundings for interest rate savings, restructuring existing debt and converting short-term maturities to long-term.

Through eleven months of FY 2008, state issuers have closed approximately $2.5 billion in new-money transactions (including $1.24 billion in Texas Transportation Commission's State Highway Fund revenue bonds) and approximately $1.06 billion in refunding bonds.

Local Debt

During FY 2007 local entities in Texas issued $18.03 billion in new-money financings including: $9.97 billion (55.3%) designated for education purposes; $2.48 billion (13.7%) for water supply, water-quality enhancements and sewer systems; $109.2 million (0.6%) for combined municipal utility systems; $903.6 million (5.0%) for transportation (including airport, bridge and road projects) with $248 million (27%) of the total issued by Harris County for toll roads ($136 million) and other general road repairs ($112 million); $266.2 million (1.5%) for constructing prison/detention center facilities; $168.9 million (0.9%) for solid waste facilities; $165.1 million (0.9%) for pension obligation bonds; and the remaining $3.97 billion (22.1%) was designated for general purpose infrastructure projects, including electric utilities, health-related facilities, parks and recreation, computer technology, municipal building renovation projects, for purchasing fire and police department vehicles and equipment and for other capital equipment. Projects related to commerce (construction of barge and cargo terminals) and economic development projects (convention, conference, cultural and tourism centers) are also included in this latter total.

Local governments issued $11.04 billion in refunding bonds during FY 2007. Through eleven months of FY 2008, local governments have issued approximately $7.93 billion in refunding bonds and $14.16 billion in new-money debt.

As of August 31, 2007 the state had a total of $26.37 billion in debt outstanding of which $23.62 billion (89.6%) was self-supporting and $2.75 billion (10.4%) was not self-supporting. Local entities had a total of $141.39 billion outstanding as of the same date.

PAB Update

During calendar year 2007, the state distributed over $2 billion in current-year authority in the Private Activity Bond Allocation Program. Requests for this limited resource

totaled over $3.6 billion in calendar 2007 with the majority of the requests coming from the "all other" sub-ceiling. Demand for tax-exempt private activity bonds is expected to continue to grow but at smaller rates than in previous years. This is mainly due to recent market volatility and economic uncertainty that is creating difficulty for some issuers to close on their bonds.

On July 30, 2008 the President signed into law an extensive housing bill that aims to give a boost to the struggling housing market. This legislation adds $11 billion to the total volume cap for the nation. This $11 billion is to be used solely for single- and multi-family housing projects. Texas' share is estimated to be just under $785 million. This additional $785 million must be allocated by December 31, 2008.

Staff is exploring ways to improve the PAB program and has recommended the following changes: 1) adding emergency provisions that would make certain private activity bonding authority more accessible in times of emergencies; 2) increasing caps for selected issuers to permit a broader range of projects eligible for private activity bonding authority; and 3) removing certain set-aside restrictions to make more PAB allocation available earlier in the year.

The 79th Legislature mandated the Bond Review Board to receive and evaluate certain PAB applications from TxDOT that are authorized by a new federal program available in all 50 states for the issuance of up to $15 billion in private activity bonds for highway facilities or surface-freight transfer facilities. This additional authority to the state's existing PAB program may represent billions in tax-exempt financing available to private construction companies in Texas.

Bond Finance Office

Current Perspective

In order to be responsive to its legislative mandates, the Bond Finance Office is divided into three functional areas, each associated with the agency's mission: state debt, local debt and private activity bond allocation. A member of the professional staff leads each area.

At the state level, the Bond Finance Office reviewed 73 state issues in FY 2007, and staff estimates at least 60 issues will be reviewed in FY 2008. In addition to reviewing and providing recommendations on the applications submitted by state issuers, BFO staff maintains and monitors data submitted in the final reports for each transaction in order to provide ongoing statewide debt analysis. The agency's state debt reports reflect this activity and identify trends and developments for evaluation by state and local leadership.

At the local level, the BFO analyzed a total of 1,415 local issues in FY 2006, 632 in FY 2007 and staff estimates approximately 1,600 issues will be reviewed in FY 2008. Of those, 548 were refunding bond issues in FY 2006, 189 in FY 2007 and staff estimates approximately 350 refunding issues will be reviewed in FY 2008. Staff working in the local debt area must also maintain current data and report on literally thousands of prior local debt issues. As with state debt, the agency's local debt report reflects this activity and identifies trends and developments for evaluation by state and local leadership.

As described above, the PAB continues to experience strong demand for this limited resource despite recent economic uncertainty. Although changes in the allocation process were implemented in recent biennia to address changing statewide needs, one legislative change mandated by the 78th Legislature inadvertently created the potential for processing difficulties. This change increased the time-to-close on multifamily housing transactions from 120 to 150 days. As a result carryforward from previous years has nearly doubled from $385 million in calendar 2004 to $730 million for calendar 2008. This large increase in carryforward may lead to an increase in abandoned volume cap.

The IRS allows issuers three years to use carryforward. Including carryforward, the private activity bond staff will administer nearly $2.8 billion in private activity bonding authority in calendar 2008, an increase of 55.6% over calendar 2003 ($1.8 billion). During the same fiscal-year time frame, legislative appropriations for the PAB strategy have actually decreased from $118,000 in FY 2003 to $115,000 in FY 2008-9.

Internal Agency Concern: Turnover

The current number of approved positions is 9.5 FTEs, down from 10.5 in FY 2003. As of August 1, 2008 the agency's staffing was 9.5 FTEs consisting of the Executive Director, 7 professionals (6 financial analysts and one Staff Services/Accountant) along with one full-time Administrative Assistant and one permanent half-time Accounting Technician who assists with the local government data workload.

Staff turnover continues to be a nagging problem for the BFO. As the agency has continually made technological advances, finding and retaining experienced analytical personnel has become more challenging. As BFO staff gain experience and knowledge, they become more marketable. Due to limited opportunity for upward mobility within a small agency, staff has found that the best means for career advancement and higher pay is to leave the agency for new employment. For example, in July and August of 2006 the agency's Deputy Director and two most senior state financial analysts resigned for these reasons, and in March 2008 the same two state financial analyst positions were again vacated when those analysts left for the same reasons.

Heavy turnover has resulted in the loss of valuable institutional knowledge with the departure of experienced staff. Moreover, heavy turnover has resulted in a significant loss of agency efficiency due to the time commitment required for experienced staff to train new hires to become efficient, productive members of the team. This training includes becoming knowledgeable and proficient with the agency's statutes and rules; databases, daily practices and deadlines.

Because of the analytical skills and experience needed at financial analyst levels above FA I, the agency has been far more successful at promoting from within for these positions than hiring outside the agency. Turnover at the FA I and FA II levels has been problematic, but the recent turnover at the mission-critical strategy leader level (FA IV) has been particularly damaging and has put heavy training and workload demands on remaining staff.

According to the State Auditor's Office, the turnover rate for Texas state employees was 15.8% in FY 2006. By comparison, the BFO experienced a turnover rate of 43% in FY 2004, 12% in FY 2005 and 20% in each of fiscal years 2006 and 2007 for a four-year average of 24%. Strategic merit initiatives have been implemented to slow this trend, but salary limitations and lack of internal advancement opportunities severely hamper the agency's ability to attract and retain the most qualified professionals, particularly at strategy leader and executive staff levels.

The BFO expects its turnover rate will continue to average 25% per year due to retirements and attrition.

Fiscal Aspects

Agency appropriations for each of fiscal years 2006 and 2007 totaled $503,344. Agency appropriations for fiscal years 2008 and 2009 totaled $596,423 for each year.

Although the agency is funded solely from the state's general revenue fund, it generates revenue through the receipt of application fees and closing fees associated with the PAB program. During the fiscal years 2006-2007 the state received as unappropriated General Revenue, receipts $1,151,524 and $1,356,172, respectively in application

fees associated with this program. As of July 2008 the program had provided a total of $680,826 in unappropriated General Revenue receipts, and application fees for the current biennium are anticipated to be significantly lower than in prior biennia.

The agency's appropriation is highly personnel sensitive with approximately 92% of its funding allocated for salaries in the current biennium. In recent biennia, cost reductions for the agency have been achieved by eliminating printing and reducing mailing costs by disseminating agency information on our website, reducing staff, leaving authorized positions unfilled, scaling back training and attendance at professional association conferences and reducing general operating costs wherever possible.

Appendix F of the agency's Strategic Plan includes a discussion about salary requirements for a responsive workforce.

Comment on a Possible 10% Reduction for Fiscal Years 2010-2011

A 10% reduction in the agency's appropriation for the 2010-2011 biennium would force staff reduction in an agency environment already experiencing high turnover. In the past four fiscal years the agency has experienced an average turnover rate of 24% compared to 15.8% for the state in fiscal 2006. Additional staff reductions will result in heavier training and workloads for remaining staff and thus encourage further turnover. This turnover would compromise agency efficiency, the quality of its analyses and reports as well as its ability to maintain exemplary service to its customers, but it would particularly impair the agency's effectiveness in executing the state strategy that will experience additional workload with the mandates included in S.B. 1332, including the ongoing analyses of cost of issuance data and state issuers' use of derivatives, particularly swaps.

Conclusion

In his Author's/Sponsor's Statement of Interest introducing S.B. 1332 in the 80th Legislature, Senator Royce West stated that "It is necessary to improve the state's debt management and oversight by providing for a more comprehensive review of state debt; assisting with the challenges presented in a decentralized debt structure to improve communication among entities involved in the state debt process; and strengthening and refining the oversight functions involving and related to state bonds issuance."

"S.B. 1332 requires the Bond Review Board to complete an annual debt affordability study (DAS) regarding the state's current debt burden, to identify additional not self-supporting debt the state can accommodate and monitor how annual changes and new debt authorizations affect certain economic indicators. The bill improves the oversight of the board by requiring entities' cost issuance information to be submitted to the board for approval, service providers to submit a request for proposals to the board, and issuers who want to enter into interest rate management agreements to gain approval by the board before entering the interest rate management agreements." S.B. 1332 also requires the board to adopt a state policy for interest rate management agreements for state issuers.

To accomplish these new mandates the 80th Legislature appropriated additional budget to the agency for the 2008-2009 biennium. The agency is now operating at full staff capacity (9.5 FTEs) with the hiring of additional analytical staff supported by the budget increase. Agency management believes that the new level of appropriations will be sufficient to execute these mandates provided staff turnover can be controlled through the strategic use of merit salary increases, particularly at the strategy leader level where turnover is most damaging to the agency.

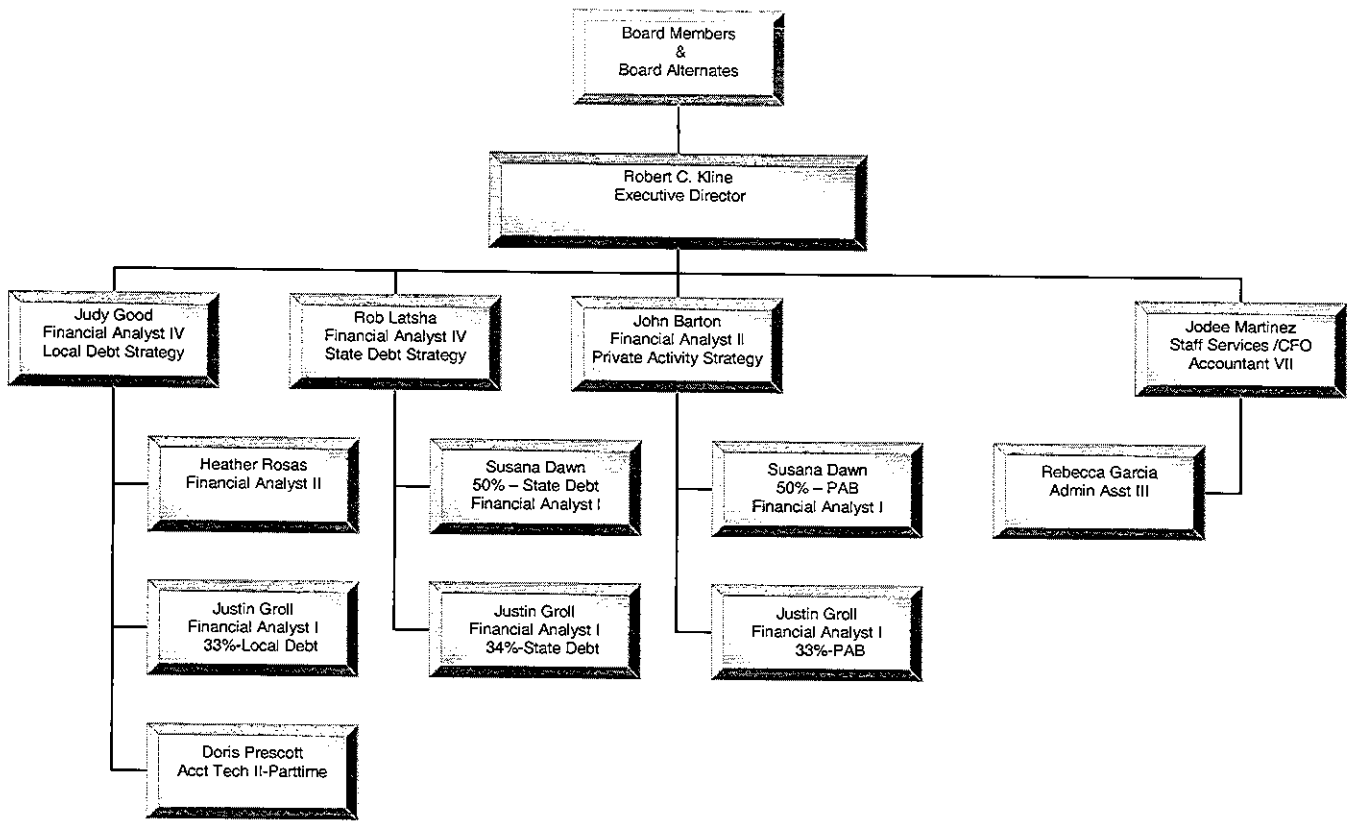
Real success in delivering on its legislative mandates will come when the BFO shifts from a reactive to a proactive culture, i.e., getting out in front, ahead of issues. By so

doing, the agency will become the source of even more meaningful analyses for the budgetary process as envisioned when the agency was chartered in 1987.

Bob Kline
Executive Director

Texas Bond Review Board

Organizational Chart



Agency code: 352 Agency name: **Bond Review Board**

Goal / *Objective* / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies					
1 *Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing*					
1 REVIEW BOND ISSUES	148,144	205,119	207,712	171,511	171,512
2 STATE BOND DEBT	98,754	130,685	132,476	134,759	134,759
TOTAL, GOAL 1	**$246,898**	**$335,804**	**$340,188**	**$306,270**	**$306,271**
2 Ensure That Public Officials Have Current Info on Debt Management					
1 *Inform State and Local Officials on Debt Planning/Management*					
1 ANALYZE LOCAL BOND DEBT	174,194	153,480	155,600	153,135	153,135
TOTAL, GOAL 2	**$174,194**	**$153,480**	**$155,600**	**$153,135**	**$153,135**
3 Equitably Administer the Private Activity Bond Allocation for Texas					
1 *Maximize the Public and Geographic Benefit from Private Activity Bonds*					
1 ADMINISTER PRIVATE ACTIVITY BONDS	104,580	115,112	116,753	153,135	153,135
TOTAL, GOAL 3	**$104,580**	**$115,112**	**$116,753**	**$153,135**	**$153,135**
TOTAL, AGENCY STRATEGY REQUEST	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST*				**$0**	**$0**
GRAND TOTAL, AGENCY REQUEST	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**

Agency code: 352 Agency name: **Bond Review Board**

Goal / *Objective* / STRATEGY	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
METHOD OF FINANCING:					
General Revenue Funds:					
1 General Revenue Fund	525,672	604,396	612,541	612,540	612,541
SUBTOTAL	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**
TOTAL, METHOD OF FINANCING	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**

*Rider appropriations for the historical years are included in the strategy amounts.

Agency code: 352 Agency name: **Bond Review Board**

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
GENERAL REVENUE					
1 General Revenue Fund					
REGULAR APPROPRIATIONS					
Regular Appropriations	$503,344	$596,423	$596,424	$612,540	$612,541
TRANSFERS					
Art IX, Sec 13.17(a), Salary Increase (2006-07 GAA)	$23,000	$0	$0	$0	$0
Art IX, Sec 19.62(a), Salary Increase (2008-09 GAA)	$0	$7,973	$16,117	$0	$0
LAPSED APPROPRIATIONS					
Lapsed Appropriations	$(672)	$0	$0	$0	$0
TOTAL, General Revenue Fund	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**
TOTAL, ALL GENERAL REVENUE	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**
GRAND TOTAL	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**

Agency code: 352 Agency name: Bond Review Board

METHOD OF FINANCING	Exp 2007	Est 2008	Bud 2009	Req 2010	Req 2011
FULL-TIME-EQUIVALENT POSITIONS					
REGULAR APPROPRIATIONS					
Regular Appropriations	9.5	9.5	9.5	9.5	9.5
Regular Appropriations	(1.7)	(0.8)	0.0	0.0	0.0
TOTAL, ADJUSTED FTES	**7.8**	**8.7**	**9.5**	**9.5**	**9.5**
NUMBER OF 100% FEDERALLY FUNDED FTEs	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

2.C. SUMMARY OF BASE REQUEST BY OBJECT OF EXPENSE

81st Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/4/2008**

TIME: **7:41:32AM**

Agency code: **352** Agency name: **Bond Review Board**

OBJECT OF EXPENSE	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1001 SALARIES AND WAGES	$411,557	$512,242	$520,388	$535,000	$535,001
1002 OTHER PERSONNEL COSTS	$29,600	$9,581	$34,580	$15,000	$15,000
2001 PROFESSIONAL FEES AND SERVICES	$10,486	$8,000	$8,000	$18,000	$18,000
2003 CONSUMABLE SUPPLIES	$11,987	$2,500	$2,500	$5,540	$5,540
2004 UTILITIES	$281	$0	$0	$0	$0
2005 TRAVEL	$2,731	$4,000	$4,000	$6,000	$6,000
2007 RENT - MACHINE AND OTHER	$4,807	$5,000	$5,000	$5,000	$5,000
2009 OTHER OPERATING EXPENSE	$47,542	$63,073	$38,073	$28,000	$28,000
5000 CAPITAL EXPENDITURES	$6,681	$0	$0	$0	$0
OOE Total (Excluding Riders)	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**
OOE Total (Riders)					
Grand Total	**$525,672**	**$604,396**	**$612,541**	**$612,540**	**$612,541**

2.D. SUMMARY OF BASE REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : **8/4/2008**
Time: **7:41:44AM**

Agency code: **352**

Agency name: **Bond Review Board**

Goal/ *Objective* / **Outcome**	**Exp 2007**	**Est 2008**	**Bud 2009**	**BL 2010**	**BL 2011**
1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies					
1 Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing					
1 Percent of Agencies Complying with Capital Plan	0.00%	95.00%	0.00%	98.00%	0.00%
2 Ensure That Public Officials Have Current Info on Debt Management					
1 Inform State and Local Officials on Debt Planning/Management					
1 % of Local Government Info Provided Electronically through Web Access	97.16	96.00	96.00	97.00	98.00

2.E. SUMMARY OF EXCEPTIONAL ITEMS REQUEST

DATE: 8/4/2008
TIME : 7:42:01AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 352

Agency name:

Priority	Item	GR and GR/GR Dedicated	All Funds	FTEs	GR and GR Dedicated	All Funds	FTEs	Biennium GR and GR Dedicated	Biennium All Funds
Total, Exceptional Items Request									
Method of Financing									
General Revenue									
General Revenue - Dedicated									
Federal Funds									
Other Funds									
		$0			$0			$0	
Full Time Equivalent Positions									
Number of 100% Federally Funded FTEs				0.0			0.0		

Agency code: 352 Agency name: **Bond Review Board**

Goal/*Objective*/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policie						
1 *Meet Highest Financial Feasibility Stds and Minimize Totl Borrowin*						
1 REVIEW BOND ISSUES	$171,511	$171,512	$0	$0	$171,511	$171,512
2 STATE BOND DEBT	134,759	134,759	0	0	134,759	134,759
TOTAL, GOAL 1	**$306,270**	**$306,271**	**$0**	**$0**	**$306,270**	**$306,271**
2 Ensure That Public Officials Have Current Info on Debt Management						
1 *Inform State and Local Officials on Debt Planning/Management*						
1 ANALYZE LOCAL BOND DEBT	153,135	153,135	0	0	153,135	153,135
TOTAL, GOAL 2	**$153,135**	**$153,135**	**$0**	**$0**	**$153,135**	**$153,135**
3 Equitably Administer the Private Activity Bond Allocation for Texas						
1 *Maximize the Public and Geographic Benefit from Private Activity B*						
1 ADMINISTER PRIVATE ACTIVITY BONDS	153,135	153,135	0	0	153,135	153,135
TOTAL, GOAL 3	**$153,135**	**$153,135**	**$0**	**$0**	**$153,135**	**$153,135**
TOTAL, AGENCY STRATEGY REQUEST	**$612,540**	**$612,541**	**$0**	**$0**	**$612,540**	**$612,541**
TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST						
GRAND TOTAL, AGENCY REQUEST	**$612,540**	**$612,541**	**$0**	**$0**	**$612,540**	**$612,541**

Agency code: **352** Agency name: **Bond Review Board**

Goal/*Objective*/STRATEGY	Base 2010	Base 2011	Exceptional 2010	Exceptional 2011	Total Request 2010	Total Request 2011
General Revenue Funds:						
1 General Revenue Fund	$612,540	$612,541	$0	$0	$612,540	$612,541
	$612,540	**$612,541**	**$0**	**$0**	**$612,540**	**$612,541**
TOTAL, METHOD OF FINANCING	**$612,540**	**$612,541**	**$0**	**$0**	**$612,540**	**$612,541**
FULL TIME EQUIVALENT POSITIONS	**9.5**	**9.5**	**0.0**	**0.0**	**9.5**	**9.5**

2.G. SUMMARY OF TOTAL REQUEST OBJECTIVE OUTCOMES

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : **8/4/2008**
Time: **7:42:41AM**

Agency code: **352** Agency name: **Bond Review Board**

Goal/ *Objective* / **Outcome**

		BL 2010	BL 2011	Excp 2010	Excp 2011	Total Request 2010	Total Request 2011
1	Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies						
	1 *Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing*						
	1 Percent of Agencies Complying with Capital Plan						
		98.00%	0.00%			98.00%	0.00%
2	Ensure That Public Officials Have Current Info on Debt Management						
	1 *Inform State and Local Officials on Debt Planning/Management*						
	1 % of Local Government Info Provided Electronically through Web Access						
		97.00	98.00			97.00	98.00

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies
OBJECTIVE: 1 Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing
STRATEGY: 1 Review Bond Issues to Assure Legality and Other Provisions

Statewide Goal/Benchmark: 8 11
Service Categories:
Service: 02 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number Bond Issues and Leases Reviewed	73.00	60.00	60.00	65.00	65.00
Objects of Expense:						
1001	SALARIES AND WAGES	$141,980	$175,628	$178,224	$149,800	$149,801
1002	OTHER PERSONNEL COSTS	$840	$3,066	$11,065	$4,200	$4,200
2001	PROFESSIONAL FEES AND SERVICES	$142	$2,560	$2,560	$5,040	$5,040
2003	CONSUMABLE SUPPLIES	$1,056	$800	$800	$1,551	$1,551
2005	TRAVEL	$69	$1,280	$1,280	$1,680	$1,680
2007	RENT - MACHINE AND OTHER	$581	$1,600	$1,600	$1,400	$1,400
2009	OTHER OPERATING EXPENSE	$3,476	$20,185	$12,183	$7,840	$7,840
TOTAL, OBJECT OF EXPENSE		**$148,144**	**$205,119**	**$207,712**	**$171,511**	**$171,512**
Method of Financing:						
1	General Revenue Fund	$148,144	$205,119	$207,712	$171,511	$171,512
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$148,144**	**$205,119**	**$207,712**	**$171,511**	**$171,512**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$171,511**	**$171,512**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$148,144**	**$205,119**	**$207,712**	**$171,511**	**$171,512**
FULL TIME EQUIVALENT POSITIONS:		**2.4**	**2.4**	**2.5**	**2.5**	**2.5**

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Board is mandated by statute (Chapter 1231, Texas Government Code) to review state bond issues. This strategy provides for the continuation of the Board's ongoing review procedures, including an analysis of the structuring and pricing of state bonds. The strategy will help the state achieve more cost-effective borrowing and wise use of public tax dollars. This strategy and strategy 01-01-02 contribute to the Board's objective to protect the states credit rating and to ensure that bonds are issued in the most cost-effective manner possible using sound debt-management policies.

Agency code: **352** Agency name: **Bond Review Board**

GOAL: 1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies

OBJECTIVE: 1 Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing

STRATEGY: 1 Review Bond Issues to Assure Legality and Other Provisions

Statewide Goal/Benchmark: 8 11

Service Categories:

Service: 02 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Rating agencies have cited the state's narrow liquidity position and continued use of the Economic Stabilization Fund to finance budget shortfalls in areas of school financing, infrastructure growth and operating costs, rapid growth in population and consequent stress on the state's existing infrastructure with implications for additional financing necessitated by this growth, heavy reliance on the sales tax without the balance of an income tax to further support the state's budget and the lack of a long-term resolution to school funding as issues preventing the state from achieving AAA debt ratings.

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies
OBJECTIVE: 1 Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing
STRATEGY: 2 Report to the Legislature on Debt Obligation and Policy Alternatives

Statewide Goal/Benchmark: 8 10
Service Categories:
Service: 05 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Responses to Debt Information Requests	128.00	150.00	250.00	125.00	250.00
2	Number of Capital Expenditure Plan Projects Reviewed	0.00	1,550.00	0.00	975.00	0.00
Explanatory/Input Measures:						
1	Issuance Cost/$1000 GO Debt	5.52	8.30	8.30	7.50	7.50
2	Percent of General Revenue for GO and Revenue Debt	1.12 %	1.30 %	1.30 %	1.50 %	1.50 %
3	Texas' GO Bond Rating	2.33	2.33	2.33	2.00	2.00
Objects of Expense:						
1001	SALARIES AND WAGES	$66,036	$110,411	$112,203	$117,700	$117,700
1002	OTHER PERSONNEL COSTS	$11,940	$2,108	$7,608	$3,300	$3,300
2001	PROFESSIONAL FEES AND SERVICES	$3,073	$1,760	$1,760	$3,960	$3,960
2003	CONSUMABLE SUPPLIES	$3,637	$550	$550	$1,219	$1,219
2005	TRAVEL	$85	$880	$880	$1,320	$1,320
2007	RENT - MACHINE AND OTHER	$897	$1,100	$1,100	$1,100	$1,100
2009	OTHER OPERATING EXPENSE	$13,086	$13,876	$8,375	$6,160	$6,160
TOTAL, OBJECT OF EXPENSE		**$98,754**	**$130,685**	**$132,476**	**$134,759**	**$134,759**
Method of Financing:						
1	General Revenue Fund	$98,754	$130,685	$132,476	$134,759	$134,759
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$98,754**	**$130,685**	**$132,476**	**$134,759**	**$134,759**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$134,759**	**$134,759**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$98,754**	**$130,685**	**$132,476**	**$134,759**	**$134,759**
FULL TIME EQUIVALENT POSITIONS:		**2.4**	**2.4**	**2.0**	**2.0**	**2.0**

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 1 Issue Texas' Bonds Cost Effectively Using Sound Debt Mgmt. Policies
OBJECTIVE: 1 Meet Highest Financial Feasibility Stds and Minimize Totl Borrowing
STRATEGY: 2 Report to the Legislature on Debt Obligation and Policy Alternatives

Statewide Goal/Benchmark: 8 10
Service Categories:
Service: 05 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Board's reporting responsibilities in this strategy are mandated by Texas Government Code, Chapter 1371 and the General Appropriations Act (SB 1), 77th Legislature (2001). This strategy provides the analysis and reporting of the state's debt obligations, capital expenditure plan and creditworthiness to the Legislature and rating agencies. This strategy and strategy 01-01-01 contribute to the Board's objective to attain the highest possible bond rating for the state and to ensure that bonds are issued in the most cost-effective manner using sound debt-management policies.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

While the state currently has a relativiely low debt burden, the growth in state debt has increased significantly since 1986. If the state were to issue all authorized bonds, the state debt burden would increase considerably. Local governments in the state are faced with relatively high debt burdens and high tax burdens. These factors make it critical for the state to evaluate and implement means to lower borrowing costs and effectively manage the state's debt. Rating agencies have cited a modest level of financial reserves as the primary reason for the outlook downgrade as well as lack of a comprehensive capital plan. As mandated by the 76th Legislature, the statewide capital expenditure plan was implemented and a report is prepared biennially to assist the state's policymakers' efforts to effectively manage the state debt and positively impact the state's bond rating. The state's borrowing costs and bond rating, however, are also affected by external factors, such as the state's economy and finances, that the Board cannot control.

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 2 Ensure That Public Officials Have Current Info on Debt Management
OBJECTIVE: 1 Inform State and Local Officials on Debt Planning/Management
STRATEGY: 1 Analyze Data on Local Government Finance and Debt Management

Statewide Goal/Benchmark: 8 4
Service Categories:
Service: 07 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Local Government Financings Analyzed	631.00	1,200.00	1,150.00	1,150.00	1,200.00
Efficiency Measures:						
1	Average Issuance Cost Per $1,000 Debt Issued by Locals	13.64	14.00	13.00	14.00	14.00
Explanatory/Input Measures:						
1	Number of Local Governments Issuing Debt	900.00	700.00	650.00	675.00	700.00
Objects of Expense:						
1001	SALARIES AND WAGES	$126,404	$129,521	$131,639	$133,750	$133,750
1002	OTHER PERSONNEL COSTS	$13,940	$2,491	$8,991	$3,750	$3,750
2001	PROFESSIONAL FEES AND SERVICES	$3,978	$2,080	$2,080	$4,500	$4,500
2003	CONSUMABLE SUPPLIES	$3,794	$650	$650	$1,385	$1,385
2004	UTILITIES	$281	$0	$0	$0	$0
2005	TRAVEL	$491	$1,040	$1,040	$1,500	$1,500
2007	RENT - MACHINE AND OTHER	$2,283	$1,300	$1,300	$1,250	$1,250
2009	OTHER OPERATING EXPENSE	$16,342	$16,398	$9,900	$7,000	$7,000
5000	CAPITAL EXPENDITURES	$6,681	$0	$0	$0	$0
TOTAL, OBJECT OF EXPENSE		**$174,194**	**$153,480**	**$155,600**	**$153,135**	**$153,135**
Method of Financing:						
1	General Revenue Fund	$174,194	$153,480	$155,600	$153,135	$153,135
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$174,194**	**$153,480**	**$155,600**	**$153,135**	**$153,135**

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 2 Ensure That Public Officials Have Current Info on Debt Management
OBJECTIVE: 1 Inform State and Local Officials on Debt Planning/Management
STRATEGY: 1 Analyze Data on Local Government Finance and Debt Management

Statewide Goal/Benchmark: 8 4
Service Categories:
Service: 07 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
	TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)				$153,135	$153,135
	TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)	$174,194	$153,480	$155,600	$153,135	$153,135
	FULL TIME EQUIVALENT POSITIONS:	2.0	2.9	3.0	3.0	3.0

STRATEGY DESCRIPTION AND JUSTIFICATION:

The strategy for ensuring that public officials have access to current information regarding local government debt issuance, finance and debt management is to: collect, maintain, and analyze data on the current status of, and improvements to, local government debt issuance, finance and debt management; and to report findings to the Legislature, other state officials, and local policy makers. Chapter 1202, Texas Government Code, has greatly facilitated BRB data collection efforts. This statute authorizes the Attorney General to collect information on bonds issued by political subdivisions of the state and to forward such information to the BRB.

Reports of findings, including the outstanding debt of local governments, costs of issuance, volume of debt issued each fiscal year, and the results of bond refinancings will be distributed to state and local officials, rating agencies, and the public. The agency streamlined the local government debt databases with a simplified review and data entry process that enables staff to focus on improved analysis and communication efforts. Staff posts the searchable databases on the agency's website and updates them annually as well as provides expanded local government debt information giving website visitors the ability to download spreadsheets that contain debt outstanding, debt ratio and population data by government type at fiscal year end.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

There are nearly 4,300 local governments that have authority to issue debt in Texas. Tracking the outstanding debt, assessed values, and tax rates or all of these entities requires that BRB staff allocate its time and resources efficiently. Furthermore, SB 1, 77th Legislature, charged the agency to also offer debt issuance technical assistance to school districts. This rider places additional demands upon the staff allocated to that strategy.

External factors that affect the workload of the Local Government Services staff include interest rate fluctuations. When interest rates are low, the number of bond refundings will normally increase. Additionally, voter approval of projects and local government budget balances affect the need for local governments to issue debt.

These issues make it difficult to gauge the number of bonds that will be issued in any given year.

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 3 Equitably Administer the Private Activity Bond Allocation for Texas
OBJECTIVE: 1 Maximize the Public and Geographic Benefit from Private Activity Bonds
STRATEGY: 1 Effectively Administer the Private Activity Bond Allocation Program

Statewide Goal/Benchmark: 8 0
Service Categories:
Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
Output Measures:						
KEY 1	Number of Applications Reviewed	324.00	170.00	175.00	180.00	185.00
2	Number of Allocations Issued	122.00	75.00	80.00	85.00	90.00
3	Amount of Allocation Issued	1,477,893,000.00	1,850,000,000.00	1,900,000,000.00	2,000,000,000.00	2,000,000,000.00
Explanatory/Input Measures:						
1	Amount of Demand for Private Activity Bonds	1,977,190,000.00	3,000,000,000.00	3,000,000,000.00	3,000,000,000.00	3,200,000,000.00
Objects of Expense:						
1001	SALARIES AND WAGES	$77,137	$96,682	$98,322	$133,750	$133,750
1002	OTHER PERSONNEL COSTS	$2,880	$1,916	$6,916	$3,750	$3,750
2001	PROFESSIONAL FEES AND SERVICES	$3,293	$1,600	$1,600	$4,500	$4,500
2003	CONSUMABLE SUPPLIES	$3,500	$500	$500	$1,385	$1,385
2005	TRAVEL	$2,086	$800	$800	$1,500	$1,500
2007	RENT - MACHINE AND OTHER	$1,046	$1,000	$1,000	$1,250	$1,250
2009	OTHER OPERATING EXPENSE	$14,638	$12,614	$7,615	$7,000	$7,000
TOTAL, OBJECT OF EXPENSE		**$104,580**	**$115,112**	**$116,753**	**$153,135**	**$153,135**
Method of Financing:						
1	General Revenue Fund	$104,580	$115,112	$116,753	$153,135	$153,135
SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		**$104,580**	**$115,112**	**$116,753**	**$153,135**	**$153,135**
TOTAL, METHOD OF FINANCE (INCLUDING RIDERS)					**$153,135**	**$153,135**
TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS)		**$104,580**	**$115,112**	**$116,753**	**$153,135**	**$153,135**
FULL TIME EQUIVALENT POSITIONS:		**1.0**	**1.0**	**2.0**	**2.0**	**2.0**

Agency code: 352 Agency name: **Bond Review Board**

GOAL: 3 Equitably Administer the Private Activity Bond Allocation for Texas

OBJECTIVE: 1 Maximize the Public and Geographic Benefit from Private Activity Bonds

STRATEGY: 1 Effectively Administer the Private Activity Bond Allocation Program

Statewide Goal/Benchmark: 8 0

Service Categories:

Service: 13 Income: A.2 Age: B.3

CODE	DESCRIPTION	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011

STRATEGY DESCRIPTION AND JUSTIFICATION:

Administer the private activity bond allocation program efficiently and effectively to ensure the total utilization of the state's annual private activity bond allocation according to federal regulations and compile and analyze the results of each allocation in an annual report, including recommendations for statutory and/or rule changes to ensure that the program effectively addresses the needs of the state. (Statutory authorization for the Board's administration of the private activity bond allocation is found in Chapter 1372 of the Texas Government Code.)

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Federal legislation determines the projects that qualify under the allocation program. Neither the Board nor agency staff has control over sunset provisions and tax laws. Additional increases in demand are expected due to the needs of private activity bond issuers and the effects of inflation.

Beginning in 2003, the private activity volume cap was $75.00 per capita and will be indexed to an inflationary factor for future years. Volume cap is currently $85.00 per capita and is expected to increase to $90.00 during the 2010-2011 biennium. Demand for the private activity is steady but is expected to be flat for the short term due to difficulty in the single and multi-family housing programs. Program receipts (unappropriated) totaled $2.5 million for the 2006-2007 biennium. Receipts are expected to dip to $2 million in the 2008-2009 biennium but begin to increase in the 2010-2011 biennium caused by a better housing market and larger volume cap due to larger population and increase in per capita volume cap.

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	$525,672	$604,396	$612,541	$612,540	$612,541
METHODS OF FINANCE (INCLUDING RIDERS):				$612,540	$612,541
METHODS OF FINANCE (EXCLUDING RIDERS):	$525,672	$604,396	$612,541	$612,540	$612,541
FULL TIME EQUIVALENT POSITIONS:	7.8	8.7	9.5	9.5	9.5

4.A. EXCEPTIONAL ITEM REQUEST SCHEDULE

DATE: 8/4/2008
TIME: 7:44:38AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: Agency name:

CODE DESCRIPTION

Item Name:
Item Priority:

DESCRIPTION / JUSTIFICATION:

EXTERNAL/INTERNAL FACTORS:

4.B. EXCEPTIONAL ITEMS STRATEGY ALLOCATION SCHEDULE

DATE: **8/4/2008**
TIME: **7:44:51AM**

Automated Budget and Evaluation System of Texas (ABEST)

Agency code: Agency name

Code	Description

Item Name:

Allocation to Strategy: --

4.C. EXCEPTIONAL ITEMS STRATEGY REQUEST

DATE: 8/4/2008
TIME: 7:45:07AM

Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: Agency name:

GOAL: Statewide Goal/Benchmark: -

OBJECTIVE: Service Categories:

STRATEGY: Service: Income: Age:

CODE DESCRIPTION

GENERAL REVENUE (GR) & GENERAL REVENUE DEDICATED (GR-D) BASELINE REPORT

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/4/2008**
TIME: **7:45:20AM**

Agency code:

Agency name: **Bond Review Board**

GR Baseline Request Limit = $1,225,081

GR-D Baseline Request Limit = $1

Strategy/Strategy Option/Rider	2010 Funds			2011 Funds				Biennial	Biennial	
	FTEs	Total	GR	Ded	FTEs	Total	GR	Ded	Cumulative GR	Cumulative Ded	Page #
Strategy: 1 - 1 - 1 **Review Bond Issues to Assure Legality and Other Provisions**	2.5	171,511	171,511	0	2.5	171,512	171,512	0	343,023	0	
Strategy: 1 - 1 - 2 **Report to the Legislature on Debt Obligation and Policy Alternatives**	2.0	134,759	134,759	0	2.0	134,759	134,759	0	612,541	0	
Strategy: 2 - 1 - 1 **Analyze Data on Local Government Finance and Debt Management**	3.0	153,135	153,135	0	3.0	153,135	153,135	0	918,811	0	
Strategy: 3 - 1 - 1 **Effectively Administer the Private Activity Bond Allocation Program**	2.0	153,135	153,135	0	2.0	153,135	153,135	0	1,225,081	0	
	9.5	**$612,540**	**$612,540**	**$0**	**9.5**	**$612,541**	**$612,541**	**0**			

6.A. HISTORICALLY UNDERUTILIZED BUSINESS SUPPORTING SCHEDULE

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/4/2008**
Time: **7:48:41AM**

Agency Code: **352** Agency: **Bond Review Board**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2006 - 2007 HUB Expenditure Information

Statewide HUB Goals	Procurement Category	HUB Expenditures FY 2006 % Goal	HUB Expenditures FY 2006 % Actual	HUB Expenditures FY 2006 Actual $	Total Expenditures FY 2006	HUB Expenditures FY 2007 % Goal	HUB Expenditures FY 2007 % Actual	HUB Expenditures FY 2007 Actual $	Total Expenditures FY 2007
33.0%	Other Services	30.0 %	95.3%	$5,360	$5,625	30.0 %	39.4%	$5,506	$13,978
12.6%	Commodities	30.0 %	38.7%	$3,082	$7,959	30.0 %	32.3%	$9,805	$30,375
	Total Expenditures		**62.1%**	**$8,442**	**$13,584**		**34.5%**	**$15,311**	**$44,353**

B. Assessment of Fiscal Year 2006 - 2007 Efforts to Meet HUB Procurement Goals

Attainment:

The BRB has set an objective to include underutilized businesses (HUB's) in at least 30% of the total value of purchases and contracts awarded. The BRB achieved this objective in FY2006 and FY2007.

Applicability:

The "Heavy Construction" "Building Construction", and "Special Trade Construction" categories are not applicable to agency operations.

Factors Affecting Attainment:

Discretionary acquistions are extremely limited. Expenditures are primarily made directly with or through other agencies. Consumable items are normally obtained at TIBH's Supply Store and/or HUB vendor. Standard equipment items are obtained through CPA's automated purchasing program. DIR is used for cooperative contracts, acquistions and information services. The ultimate source for the acquistions is often a HUB vendor. The BRB has no input in award of contracts.

FY06-95.3% of Other Services were HUB vendors. 38.7% Commodities were HUB vendors.
FY07-39.4% of Other Services were HUB vendors. 32.3% Commodities were HUB vendors.

"Good-Faith" Efforts:

The BRB's "Good Faith" efforts included: inclusion of HUB vendors for four out of five contact bids (formal or informal); clear and concise requests/specifications; and direct selection of HUB's from the CPA vendor list for spot purchasing.

6.B. Current Biennium One-time Expenditure Schedule

Agency Code:	Agency Name:	Prepared By:	Date:
352	Texas Bond Review Board	Jodee Martinez	8/6/2008

Item	2006		2007	
	Amount	MOF	Amount	MOF
The Texas Bond Review Board had no one-time expenditures to report for the 2008-2009 biennium				

6.I. Allocation of the Biennial Ten Percent Reduction to Strategies Schedule

Agency Code: 352 | Agency Name: Texas Bond Review Board

Strategies		Biennial Application of 10 Percent Reduction					FTE Reductions (FY 2010-11 Base Request Compared to Budgeted 2008)		Revenue Impact? Y/N	Requesting Restoration? Y/N	Exceptional Item(s)
Code	Name	GR	GR-Dedicated	Federal	Other	All Funds	FY 10	FY 11			
1.1.1.	Review Bond Issues	$ 59,643					1.00	1.00	N	Y	1
1.1.2	State Bond Debt	$ 59,642							N	Y	1
Agency Biennial Total		$ 119,285	$ -	$ -	$ -	$ -	1.0	1.0			
Agency Biennial Total (GR + GR-D)			$ 119,285								

Strategy Code / Name
Explanation of Impact to Programs and Revenue Collections

1.1.1. Review Bond Issues

A 10% reduction of $119,285 in the agency's appropriation for the 2010-2011 biennium would force staff reduction in an agency environment experiencing high turnover. In the past four fiscal years the agency has experienced an average turnover rate of 24%, and additional staff reductions will result in heavier training and workloads for remaining staff and thus encourage further turnover. This turnover would compromise agency efficiency, the quality of its analyses and reports as well as its ability to maintain exemplary service to its customers, but it would particularly impair the agency's effectiveness in executing the state strategy that will experience additional workload with the mandates included in S.B. 1332, including the ongoing analyses of cost of issuance data and state issuers' use of derivatives, particularly swaps

1.1.2 State Bond Debt

A 10% reduction of $119,285 in the agency's appropriation for the 2010-2011 biennium would force staff reduction in an agency environment experiencing high turnover. In the past four fiscal years the agency has experienced an average turnover rate of 24%, and additional staff reductions will result in heavier training and workloads for remaining staff and thus encourage further turnover. This turnover would compromise agency efficiency, the quality of its analyses and reports as well as its ability to maintain exemplary service to its customers, but it would particularly impair the agency's effectiveness in executing the state strategy that will experience additional workload with the mandates included in S.B. 1332, including the ongoing analyses of cost of issuance data and state issuers' use of derivatives, particularly swaps.

7.A. INDIRECT ADMINISTRATIVE AND SUPPORT COSTS

81st Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/4/2008**
TIME : **7:49:15AM**

Agency code: **352**

Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-1	**Review Bond Issues to Assure Legality and Other Provisions**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 6,591	$ 8,196	$ 8,327	$ 8,046	$ 8,046
1002	OTHER PERSONNEL COSTS	474	153	153	128	128
2001	PROFESSIONAL FEES AND SERVICES	168	928	928	128	128
2003	CONSUMABLE SUPPLIES	192	40	40	46	46
2004	UTILITIES	4	0	0	0	0
2005	TRAVEL	44	64	64	32	32
2007	RENT - MACHINE AND OTHER	77	80	80	48	48
2009	OTHER OPERATING EXPENSE	760	209	209	160	160
5000	CAPITAL EXPENDITURES	107	0	0	0	0
	Total, Objects of Expense	**$ 8,417**	**$ 9,670**	**$ 9,801**	**$ 8,588**	**$ 8,588**
METHOD OF FINANCING:						
1	General Revenue Fund	8,417	9,670	9,801	8,588	8,588
	Total, Method of Financing	**$ 8,417**	**$ 9,670**	**$ 9,801**	**$ 8,588**	**$ 8,588**
FULL TIME EQUIVALENT POSITIONS		**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Method of Allocation

This agency does not have an indirect administrative goal. In general, indirect administrative and support costs are allocated proportionately among the four strategies on the basis of the actual budget size for each fiscal year. The percentage that applies to A.1.1. is 5% for FY2007-FY2011. This method was selected because this agency is general government and the administrative demands are closely related to budget size.

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-2	**Report to the Legislature on Debt Obligation and Policy Alternatives**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 4,531	$ 5,635	$ 5,724	$ 5,531	$ 5,531
1002	OTHER PERSONNEL COSTS	326	105	105	88	88
2001	PROFESSIONAL FEES AND SERVICES	115	638	638	88	88
2003	CONSUMABLE SUPPLIES	132	28	28	32	32
2004	UTILITIES	3	0	0	0	0
2005	TRAVEL	30	44	44	22	22
2007	RENT - MACHINE AND OTHER	53	55	55	33	33
2009	OTHER OPERATING EXPENSE	523	143	144	111	111
5000	CAPITAL EXPENDITURES	73	0	0	0	0
	Total, Objects of Expense	**$ 5,786**	**$ 6,648**	**$ 6,738**	**$ 5,905**	**$ 5,905**
METHOD OF FINANCING:						
1	General Revenue Fund	5,786	6,648	6,738	5,905	5,905
	Total, Method of Financing	**$ 5,786**	**$ 6,648**	**$ 6,738**	**$ 5,905**	**$ 5,905**
FULL TIME EQUIVALENT POSITIONS		**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Method of Allocation

This agency does not have an indirect administrative goal. In general, indirect administrative and support costs are allocated proportionately among the four strategies on the basis of the actual budget size for each fiscal year. The percentage that applies to A.1.2.is 5% for FY2007-FY2011. This method was selected because this agency is general government and the administrative demands are closely related to budget size.

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-1	**Analyze Data on Local Government Finance and Debt Management**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 5,355	$ 6,659	$ 6,765	$ 6,537	$ 6,537
1002	OTHER PERSONNEL COSTS	385	125	125	104	104
2001	PROFESSIONAL FEES AND SERVICES	136	754	754	104	104
2003	CONSUMABLE SUPPLIES	155	33	33	38	38
2004	UTILITIES	4	0	0	0	0
2005	TRAVEL	36	52	52	26	26
2007	RENT - MACHINE AND OTHER	62	65	65	39	39
2009	OTHER OPERATING EXPENSE	618	169	169	130	130
5000	CAPITAL EXPENDITURES	87	0	0	0	0
	Total, Objects of Expense	**$ 6,838**	**$ 7,857**	**$ 7,963**	**$ 6,978**	**$ 6,978**
METHOD OF FINANCING:						
1	General Revenue Fund	6,838	7,857	7,963	6,978	6,978
	Total, Method of Financing	**$ 6,838**	**$ 7,857**	**$ 7,963**	**$ 6,978**	**$ 6,978**
FULL TIME EQUIVALENT POSITIONS		**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Method of Allocation

This agency does not have an indirect administrative goal. In general, indirect administrative and support costs are allocated proportionately among the four strategies on the basis of the actual budget size for each fiscal year. The percentage that applies to B.1.1.is 5% for FY2007-FY2011. This method was selected because this agency is general government and the administrative demands are closely related to budget size.

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
3-1-1	**Effectively Administer the Private Activity Bond Allocation Program**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 4,119	$ 5,122	$ 5,204	$ 5,029	$ 5,029
1002	OTHER PERSONNEL COSTS	296	96	96	80	80
2001	PROFESSIONAL FEES AND SERVICES	105	580	580	80	80
2003	CONSUMABLE SUPPLIES	120	25	25	29	29
2004	UTILITIES	3	0	0	0	0
2005	TRAVEL	27	40	40	20	20
2007	RENT - MACHINE AND OTHER	48	50	50	30	30
2009	OTHER OPERATING EXPENSE	475	131	130	100	100
5000	CAPITAL EXPENDITURES	67	0	0	0	0
	Total, Objects of Expense	**$ 5,260**	**$ 6,044**	**$ 6,125**	**$ 5,368**	**$ 5,368**
METHOD OF FINANCING:						
1	General Revenue Fund	5,260	6,044	6,125	5,368	5,368
	Total, Method of Financing	**$ 5,260**	**$ 6,044**	**$ 6,125**	**$ 5,368**	**$ 5,368**
FULL TIME EQUIVALENT POSITIONS		**0.1**	**0.1**	**0.1**	**0.1**	**0.1**

Method of Allocation

This agency does not have an indirect administrative goal. In general, indirect administrative and support costs are allocated proportionately among the four strategies on the basis of the actual budget size for each fiscal year. The percentage that applies to C.1.1. is 5% for FY2007-FY2011. This method was selected because this agency is general government and the administrative demands are closely related to budget size.

Agency code: **352** Agency name: **Bond Review Board**

	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	$20,596	$25,612	$26,020	$25,143	$25,143
1002 OTHER PERSONNEL COSTS	$1,481	$479	$479	$400	$400
2001 PROFESSIONAL FEES AND SERVICES	$524	$2,900	$2,900	$400	$400
2003 CONSUMABLE SUPPLIES	$599	$126	$126	$145	$145
2004 UTILITIES	$14	$0	$0	$0	$0
2005 TRAVEL	$137	$200	$200	$100	$100
2007 RENT - MACHINE AND OTHER	$240	$250	$250	$150	$150
2009 OTHER OPERATING EXPENSE	$2,376	$652	$652	$501	$501
5000 CAPITAL EXPENDITURES	$334	$0	$0	$0	$0
Total, Objects of Expense	**$26,301**	**$30,219**	**$30,627**	**$26,839**	**$26,839**
Method of Financing					
1 General Revenue Fund	$26,301	$30,219	$30,627	$26,839	$26,839
Total, Method of Financing	**$26,301**	**$30,219**	**$30,627**	**$26,839**	**$26,839**
Full-Time-Equivalent Positions (FTE)	**0.4**	**0.4**	**0.4**	**0.4**	**0.4**

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-1	**Review Bond Issues to Assure Legality and Other Provisions**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 0	$ 0	$ 0	$ 0	$ 0
1002	OTHER PERSONNEL COSTS	0	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0	0
2005	TRAVEL	0	0	0	0	0
2007	RENT - MACHINE AND OTHER	0	0	0	0	0
2008	DEBT SERVICE	0	0	0	0	0
	Total, Objects of Expense	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
METHOD OF FINANCING:						
1	General Revenue Fund	0	0	0	0	0
	Total, Method of Financing	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FULL-TIME-EQUIVALENT POSITIONS (FTE):		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

DESCRIPTION

This agency does not have a direct administrative goal. The agency operates using only four strategies. Review Bond Issues, State Bond Debt, Local Bond Debt, and Private Activity Bonds. All adminstrative and support costs of this agency are included in the indirect administrative and support costs schedules for the four strategies, and thus have no direct administrative and support costs.

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
1-1-2	**Report to the Legislature on Debt Obligation and Policy Alternatives**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 0	$ 0	$ 0	$ 0	$ 0
1002	OTHER PERSONNEL COSTS	0	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0	0
2005	TRAVEL	0	0	0	0	0
2007	RENT - MACHINE AND OTHER	0	0	0	0	0
2009	OTHER OPERATING EXPENSE	0	0	0	0	0
	Total, Objects of Expense	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
METHOD OF FINANCING:						
1	General Revenue Fund	0	0	0	0	0
	Total, Method of Financing	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FULL-TIME-EQUIVALENT POSITIONS (FTE):		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
2-1-1	**Analyze Data on Local Government Finance and Debt Management**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 0	$ 0	$ 0	$ 0	$ 0
1002	OTHER PERSONNEL COSTS	0	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0	0
2005	TRAVEL	0	0	0	0	0
2007	RENT - MACHINE AND OTHER	0	0	0	0	0
2009	OTHER OPERATING EXPENSE	0	0	0	0	0
	Total, Objects of Expense	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
METHOD OF FINANCING:						
1	General Revenue Fund	0	0	0	0	0
	Total, Method of Financing	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FULL-TIME-EQUIVALENT POSITIONS (FTE):		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Agency code: 352 Agency name: **Bond Review Board**

Strategy		Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
3-1-1	**Effectively Administer the Private Activity Bond Allocation Program**					
OBJECTS OF EXPENSE:						
1001	SALARIES AND WAGES	$ 0	$ 0	$ 0	$ 0	$ 0
1002	OTHER PERSONNEL COSTS	0	0	0	0	0
2003	CONSUMABLE SUPPLIES	0	0	0	0	0
2004	UTILITIES	0	0	0	0	0
2006	RENT - BUILDING	0	0	0	0	0
2009	OTHER OPERATING EXPENSE	0	0	0	0	0
	Total, Objects of Expense	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
METHOD OF FINANCING:						
1	General Revenue Fund	0	0	0	0	0
	Total, Method of Financing	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
FULL-TIME-EQUIVALENT POSITIONS (FTE):		**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

Agency code: 352

Agency name: **Bond Review Board**

	Exp 2007	Est 2008	Bud 2009	BL 2010	BL 2011
GRAND TOTALS					
Objects of Expense					
1001 SALARIES AND WAGES	$0	$0	$0	$0	$0
1002 OTHER PERSONNEL COSTS	$0	$0	$0	$0	$0
2003 CONSUMABLE SUPPLIES	$0	$0	$0	$0	$0
2004 UTILITIES	$0	$0	$0	$0	$0
2005 TRAVEL	$0	$0	$0	$0	$0
2006 RENT - BUILDING	$0	$0	$0	$0	$0
2007 RENT - MACHINE AND OTHER	$0	$0	$0	$0	$0
2008 DEBT SERVICE	$0	$0	$0	$0	$0
2009 OTHER OPERATING EXPENSE	$0	$0	$0	$0	$0
Total, Objects of Expense	**$0**	**$0**	**$0**	**$0**	**$0**
Method of Financing					
1 General Revenue Fund	$0	$0	$0	$0	$0
Total, Method of Financing	**$0**	**$0**	**$0**	**$0**	**$0**
Full-Time-Equivalent Positions (FTE)	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**