

## State Debt Overview

Senate Finance Committee  
Prepared by Legislative Budget Board Staff  
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**Figure 1**  
**Total Debt Outstanding (in billions)**  
*As of August 31, 2014*

Local Debt	\$205.3	82.3%
State Debt	\$44.3	17.7%
<b>Total</b>	<b>\$249.6</b>	<b>100.0%</b>

- Local debt is issued by local governments and is not an obligation of the state. Examples of local debt include construction and renovation of schools, city halls, and county courthouses.
- State debt is issued by state agencies and universities and is an obligation of the state.

**Figure 2**  
**Total State Debt Outstanding (in millions) – GO / Non-GO**  
*As of August 31, 2014*

General Obligation Debt		
	Self-Supporting	\$10,445.7
	Not Self-Supporting	\$4,642.7
	<i>GO Subtotal</i>	<i>\$15,088.4</i>
Non-General Obligation Debt (Revenue Bonds)		
	Self-Supporting	\$23,377.0
	Not Self-Supporting	\$185.7
	<i>Non-GO Subtotal</i>	<i>\$23,562.7</i>
<b>Subtotal</b>		<b>\$38,651.1</b>
Conduit Debt – <i>not an obligation of the state</i>		\$5,675.8
<b>Total with Conduit Debt</b>		<b>\$44,326.9</b>

- General Obligation (GO) bonds are backed by the full faith and credit of the state. GO bond authority must be approved by two-thirds of both chambers to be placed on the ballot, then approved by a majority of voters.
  - GO bonds are used for repair and construction projects, veterans' housing, parks, transportation projects, grants, and loans.
- Revenue bonds are authorized by the Legislature, secured by a specific revenue source, and do not require voter approval.
- Self-Supporting debt is expected to be repaid with revenues other than General Revenue.
- Not Self-Supporting debt is expected to be repaid with General Revenue.
- Conduit debt is debt issued on behalf of third parties and is not a legal liability of the state, such as the Texas Public Finance Authority's Charter School Finance Corporation, which issues bonds on behalf of charter schools.

**Figure 3**  
**State Debt Outstanding (in millions) – Self-Supporting / Not Self-Supporting**  
*As of August 31, 2014*

	In the Intro Bill	Not Subject to Appropriations	Total <sup>(1)</sup>	Percent
Self-Supporting	\$12,350.4	\$21,472.3	\$33,822.7	87.5%
Not Self-Supporting	\$4,778.1	\$50.3	\$4,828.4	12.5%
<b>Total <sup>(1)</sup></b>	<b>\$17,128.5</b>	<b>\$21,522.6</b>	<b>\$38,651.1</b>	<b>100.0%</b>

(1) Totals do not include Conduit debt

- Debt service is directly appropriated by the Legislature in the General Appropriations Act for \$17,128.5 million in outstanding state debt.
- \$21,522.6 million in outstanding state debt does not receive a direct appropriation for debt service by the Legislature in the General Appropriations Act. These bond programs primarily include College and University revenue bonds, Texas Workforce Commission Unemployment Compensation Revenue Bonds, Veterans' Land and Housing Bonds, and certain Water Development bonds.

**Figure 4**  
**State Debt Outstanding with Debt Service Included in Introduced Bill (in millions)**

<b>Issuer and Program</b>	<b>Outstanding Debt as of August 31, 2014</b>	<b>2016-17 Debt Service in Introduced Bill <sup>(1)</sup></b>
<b>General Obligation, Self-Supporting</b>		
Governor's Office - Economic Growth and Tourism	\$45.0	\$0.5
TPFA - Military Value Revolving Loan Bonds	\$36.4	\$6.1
TxDOT - Mobility Fund	\$5,648.7	\$833.2
<b>Revenue, Self-Supporting</b>		
TxDOT - State Highway Funds	\$4,460.5	\$849.8
Institutions and TPFA -Tuition Revenue Bonds	\$2,159.8	\$571.8
<i>Self-Supporting Subtotal</i>	<i>\$12,350.4</i>	<i>\$2,261.4</i>
<b>General Obligation, Not Self-Supporting (included in CDL)</b>		
TxDOT - Proposition 12 GO Bonds	\$1,814.7	\$725.0
TPFA - Propositions 4 and 8 GO Bonds	\$1,623.6	\$469.1
TPFA - CPRIT Bonds	\$486.6	\$189.3
Water Development Board - WIF and EDAP	\$692.8	\$197.9
<b>Revenue, Not Self-Supporting (included in CDL)</b>		
TPFA - Revenue Bonds <sup>(2)</sup>	\$98.3	\$95.7
TPFA - MLPP	\$62.1	\$11.5
<i>Not Self-Supporting Subtotal (included in CDL)</i>	<i>\$4,778.1</i>	<i>\$1,688.5</i>
<b>Total</b>	<b>\$17,128.5</b>	<b>\$3,949.9</b>

(1) Debt Service amounts provide for debt outstanding as of August 31, 2014 and debt expected to be issued during fiscal year 2015 and appropriated for the 2016-17 biennium.

(2) Proceeds for TPFA – Revenue Bonds are appropriated to various state agencies and issued by TPFA. General Revenue-Related funds are appropriated to the respective agencies and transferred to TPFA to pay the debt service on the bonds.

(3) TxDOT = Department of Transportation; TPFA = Texas Public Finance Authority; WIF = Water Infrastructure Fund; EDAP = Economically Distressed Areas Program; MLPP = Master Lease Purchase Program

- The bond programs listed above are the only programs for which debt service is directly appropriated by the Legislature in the General Appropriations Act.
- \$3,949.9 million is included in the Introduced Bill for 2016-17 debt service requirements for the programs listed above. The Method of Finance breakout is as follows: \$1,922.6 million in General Revenue; \$196.1 million in General Revenue-Dedicated; \$137.3 million in Federal Funds; and \$1,694.1 million in Other Funds.

### 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 unrestricted General Revenue (GR) (not self-supporting debt), excluding constitutionally dedicated revenues, exceeds 5.0 percent of the average annual unrestricted GR for the previous three years.

**Figure 5**  
**Constitutional Debt Limit Ratios**

	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2014</b>
Outstanding Debt	1.34%	1.20%
Outstanding and Authorized but Unissued Debt	3.04%	2.71%

To monitor where the state stands in relation to the constitutional debt limit, the Bond Review Board calculates two debt ratios. The first ratio is the debt service on outstanding or issued debt as a percentage of unrestricted General Revenue Funds. The second ratio is the debt service on outstanding debt plus estimated debt service for authorized but unissued bonds. The table below summarizes these ratios for the previous two fiscal years.