

Transparency in Government

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Texans for Positive Economic Prosperity

www.LoneStarSuccess.org

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Introduction

TIME

The Little State That Could

Straight-shooting Gina Raimondo overhauled Rhode Island's pension system in less than a year. Washington should sit up and take notes

By David Von Drehle | Monday, Dec. 05, 2011

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They say the truth hurts, and they are correct. Pain seeps from the cracks in retired Rhode Island teacher John Corsetti's voice as he laments what is happening to his pension: his check will no longer rise each year. His wife is sick; his adult son can't find a job in this crummy economy. "I contributed 9% of my salary for 31 years," he says. "Why are they stabbing me in the heart?"



Rhode Island Problem- Crowding-Out

“I was reading a story about budget cuts in the Providence Journal. The story talked about libraries closing and bus service being cut. I had an image of a kid like me trying to get into the library and it’s closed. The public bus is how I got to school every day. The public library is where I studied. It is where my grandfather taught himself English”, said Gina Raimondo in Time Magazine. She ran for State Treasurer, and won, in 2010. She is now Governor.

“...unless the pension hole was filled, those services and others would face even deeper cuts” (Von Drehle 2010).

What Was Done? A Progressive Approach

Raimondo is a Democrat but wants to make cuts to public-pension plans???

“...the progressive case for tackling bankrupt public-sector pensions rests on the idea that government has obligations to the future as well as to the past.”

She went on tour equipped with a PowerPoint to tell Rhode Islanders, the “doomed story of ever expanding benefits with no corresponding increase in funding.”

In 1960 the average life expectancy was 70 and retirement age was 60. A retiree could expect retirement benefits equal to about 50% of their salary.

In 1990 the average life expectancy was 75 and the retirement age was 50. A retiree could expect retirement benefit to about 80% plus periodic raises. All combined, a retired public servant could receive +100% of their salary after they stopped working.

RI - Public-Pension Problem + Lack of Information and Transparency

What About Texas?

No one knows - Taxes

Debt

Pensions

Schools

All Government

The Texas Story- Bigger than Rhode Island

Types of Taxes and Taxing Entities

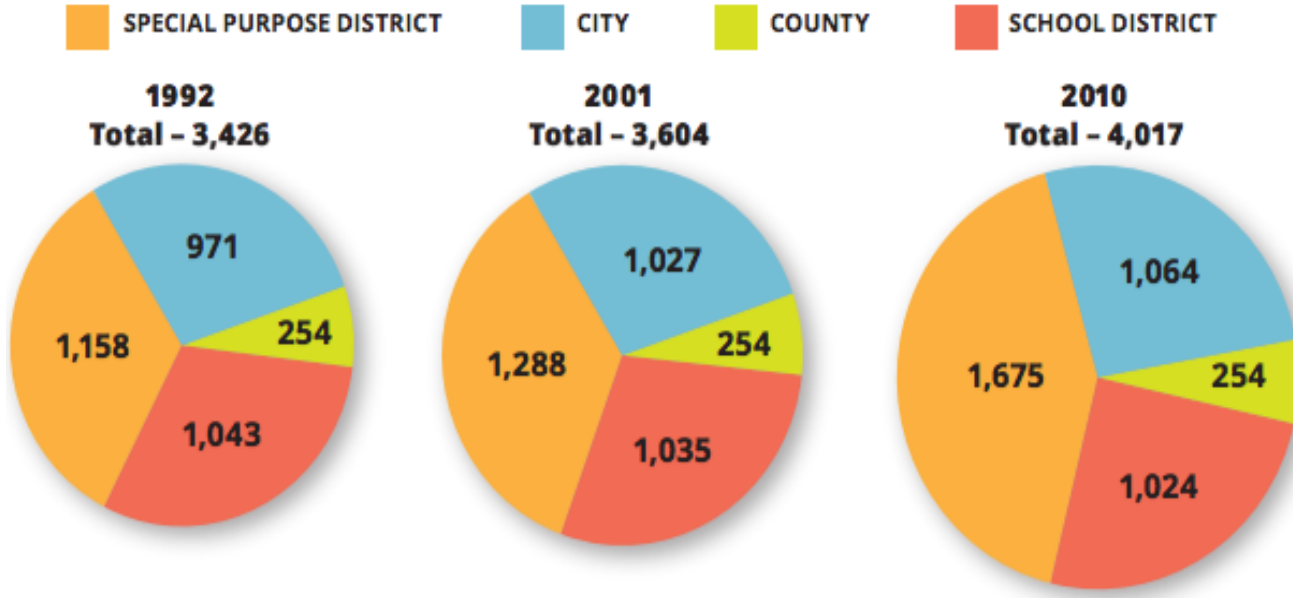
Taxing Entity	Property Tax	Sales Tax
Cities (1,216)	\$	\$
Counties (254)	\$	\$
School Districts (1,266)	\$	
Transit Authorities (9)		\$
Special Purpose Districts:	\$	\$
Community College		
Crime Control		
Development & Improvement		

Taxing Entity	Property Tax	Sales Tax
Emergency Services		
Fire Control		
Hospital District		
Health Services		
Library		
Water & Conservation Related		
Other		

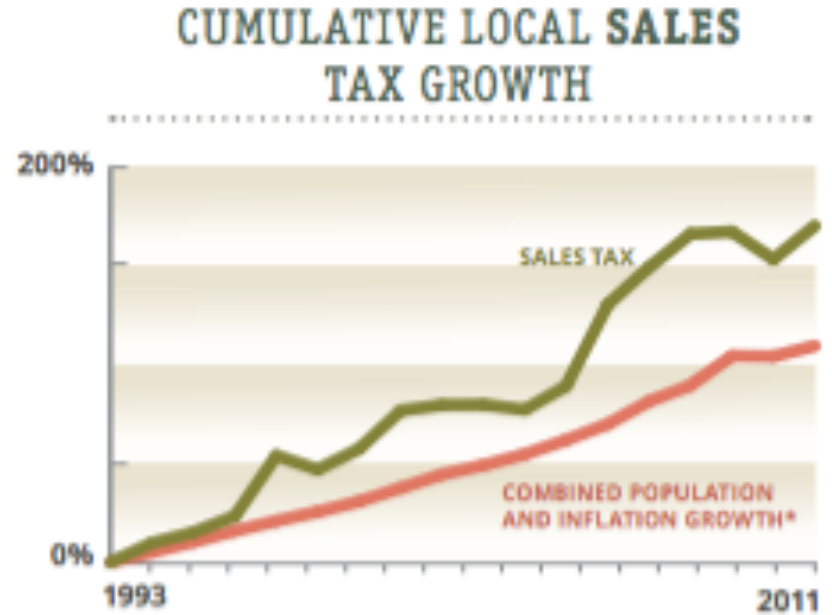
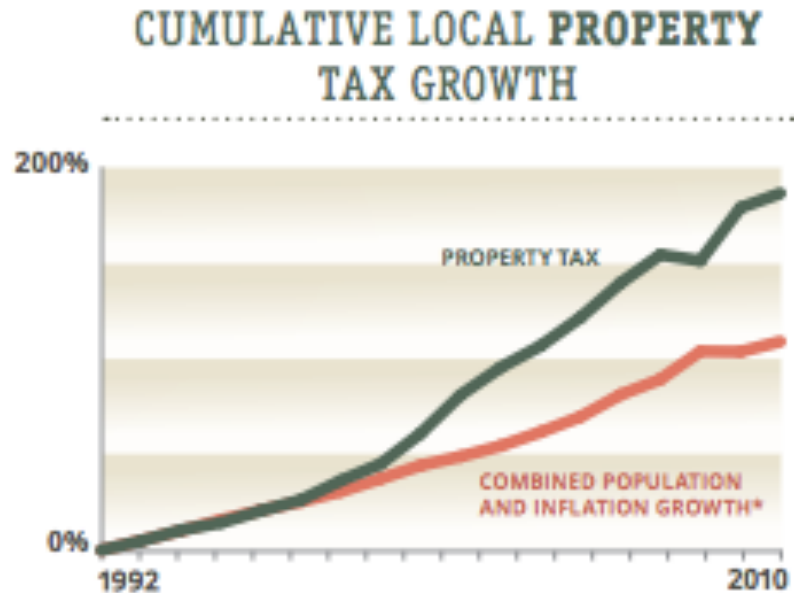
Source: *Overview of local taxes in Texas*. (2001).
Austin, Texas: Texas Legislative Council.

1992, 2001 and 2010 Comparison

MORE **LOCAL** GOVERNMENTS LEVY **PROPERTY** TAXES EVERY YEAR*

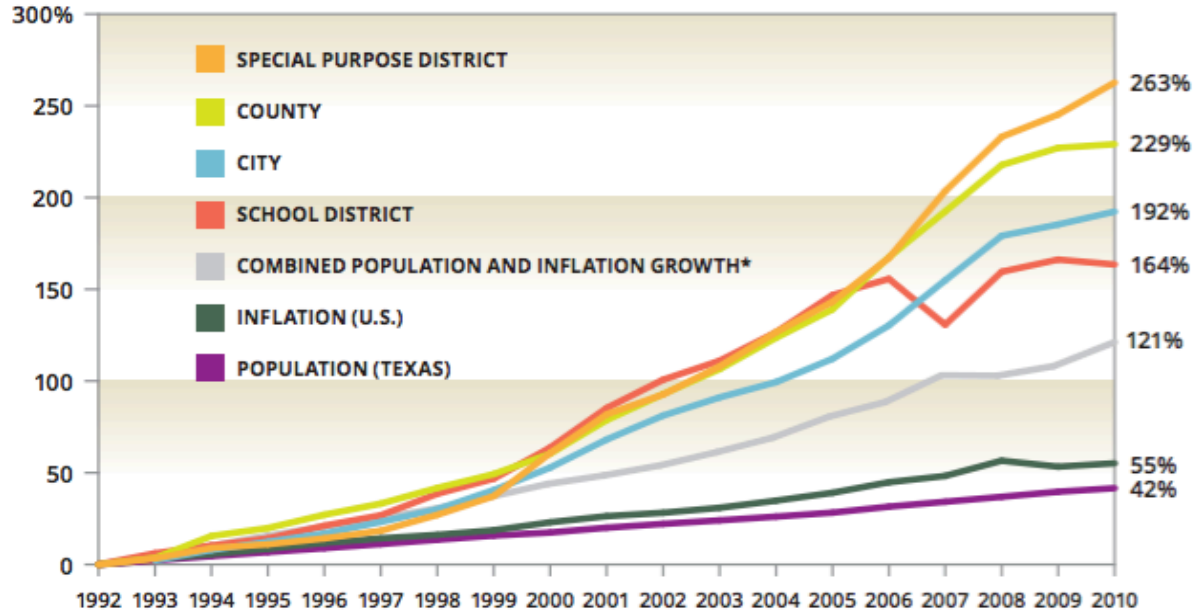


Property taxes grew by **188%** from 1992 to 2010. **Sales taxes** increased by almost **170%**. Combined **population and inflation** grew only slightly more than **120%**.



Source: *Your money and the taxing facts*. (2012). (3). Austin, Texas: Texas Comptroller of Public Accounts.

CUMULATIVE PERCENTAGE GROWTH IN LOCAL PROPERTY TAX LEVIES



All property tax categories grew much more than the combined population and inflation rate of **121%**.

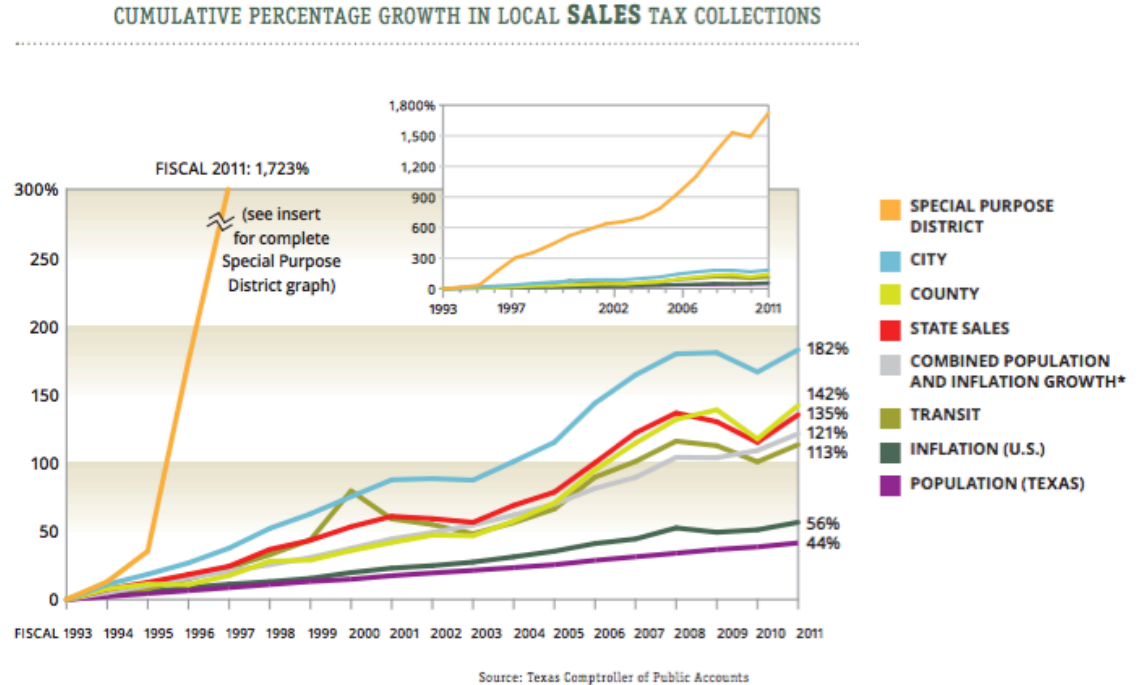
Population growth, +40% < Property tax growth, 188%



Source: *Your money and the taxing facts*. (2012). (6). Austin, Texas: Texas Comptroller of Public Accounts.

Each type of sales tax collections increased **much more** than the combined population and inflation of **121%**.

SPDs = whopping **1,723%**



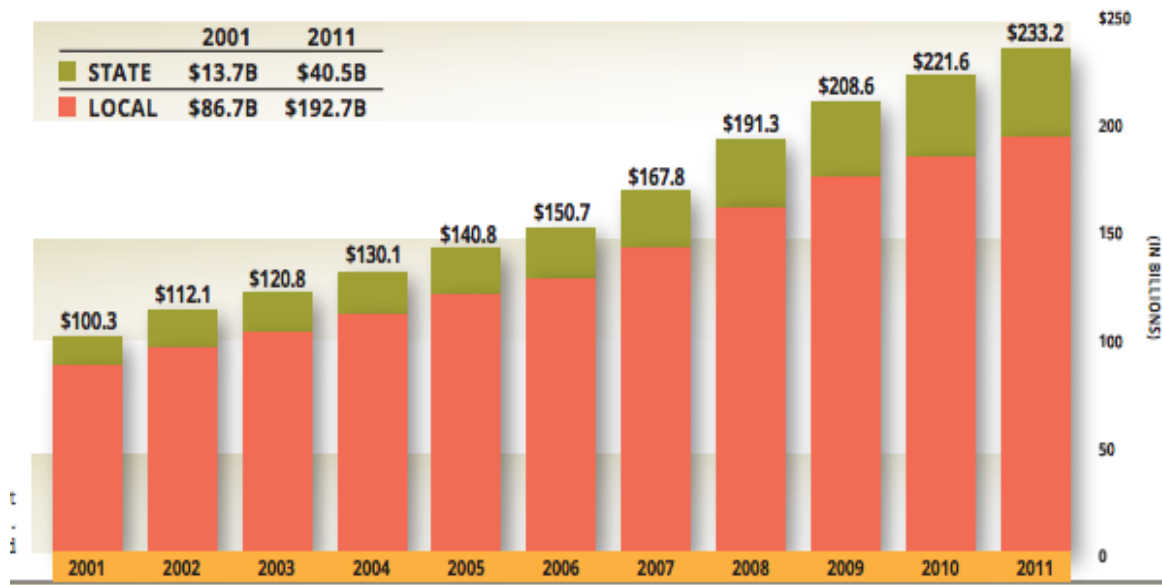
Source: *Your money and the taxing facts*. (2012). (9). Austin, Texas: Texas Comptroller of Public Accounts.

Sales taxes are largely invisible

WESTERN CLOTHING INC. 15344 LARIAT WAY, SAN ANGELO, TEXAS	CHAMBERS CLOTHING INC. 2144 HARRIS STREET, BAYTOWN, TEXAS	ELEGANT FASHIONS INC. 441 MAIN STREET, LAREDO, TEXAS
Shirt \$15.79	Collared shirts \$29.30	T-shirts \$29.30
Boots \$125.99	Pants \$41.99	Dress \$41.99
Jeans \$34.50	Socks \$4.50	Shoes \$24.60
Subtotal \$176.28	Subtotal \$75.79	Subtotal \$95.89
SALES TAX	SALES TAX	SALES TAX
Tom Green County 0.50% \$0.88	Bayt Crime Ctrl 0.125% \$0.09	Laredo City Transit 0.25% \$0.24
City of San Angelo 1.50% \$2.64	Bayt Fire/EMS 0.125% \$0.09	Webb County 0.50% \$0.48
State 6.25% \$11.02	Baytown Mun Dev 0.50% \$0.38	City of Laredo 1.25% \$1.20
Total tax 8.25% \$14.54	City of Baytown 1.25% \$0.95	State 6.25% \$5.99
YOU PAY \$190.82	State 6.25% \$4.74	Total tax 8.25% \$7.91
	Total tax 8.25% \$6.25	YOU PAY \$103.80
	YOU PAY \$82.04	

Local Debt- in general

COMBINED STATE AND LOCAL OUTSTANDING DEBT BY FISCAL YEAR



Local debt is assumed by:

- Cities
- Counties
- School Districts
- Special Purpose Districts

Debt Growth > Population Growth

Population grew **20.59%** from 2000 to 2010 (US Census)

State debt nearly **tripled** from 2001 to 2011

Local debt nearly **doubled** from 2001 to 2011

Source: *Your money and local debt*. (2012). (6). Austin, Texas: Texas Comptroller of Public Accounts.

Table 1.6

TOTAL STATE AND LOCAL DEBT OUTSTANDING: TEN MOST POPULOUS STATES

State	Total State and Local Debt				State Debt				Local Debt			
	Population (thousands)	Amount (millions)	Per Capita Amount	Per Capita Rank	Amount (millions)	% of Total Debt	Per Capita Amount	Capita Rank	Amount (millions)	% of Total Debt	Capita Amount	Capita Rank
New York	19,607	\$340,093	\$17,345	1	\$135,884	40.0%	\$6,930	1	\$204,209	60.0%	\$10,415	1
Illinois	12,874	146,233	11,359	2	64,302	44.0%	4,995	2	81,932	56.0%	6,364	5
California	38,063	419,751	11,028	3	153,529	36.6%	4,034	3	266,223	63.4%	6,994	3
Texas	26,094	270,737	10,375	4	45,626	16.9%	1,749	9	225,110	83.1%	8,626	2
Pennsylvania	12,770	129,428	10,135	5	46,199	35.7%	3,618	4	83,229	64.3%	6,518	4
Michigan	9,885	76,352	7,724	6	30,824	40.4%	3,118	5	45,528	59.6%	4,606	7
Florida	19,355	146,922	7,591	7	38,171	26.0%	1,972	7	108,751	74.0%	5,619	6
Ohio	11,551	81,238	7,033	8	33,602	41.4%	2,909	6	47,636	58.6%	4,124	9
Georgia	9,919	55,785	5,624	9	13,401	24.0%	1,351	10	42,384	76.0%	4,273	8
North Carolina	9,748	50,779	5,209	10	18,292	36.0%	1,876	8	32,488	64.0%	3,333	10
MEAN		\$171,732	\$9,342		\$57,983	34.1%	\$3,255		\$113,749	65.9%	\$6,087	

Note: Detail may not add to total due to rounding.

Source: U.S. Census Bureau, *State and Local Government Finances by Level of Government and by State: 2012*, the most recent data available.

Allen Stadium- National Story

Data on voters cannot be easily found.

Data on debt cannot be easily found.

Voters need to know before voting to add debt.

V



COUNTY	REGISTERED VOTERS	NOVEMBER 2011 VOTER PARTICIPATION
TRAVIS	581,576	8.5%
MONTGOMERY	244,955	5.8%
CORYELL	33,535	8.5%
KARNES	7,537	16.2%
MITCHELL	4,453	12.6%

Sources: Texas Bond Review Board, Texas Secretary of State

▲ There is no minimum voter participation required to approve debt issues, and typically few voters cast ballots in bond elections.

63% of voters approved a \$60 million high school football stadium (REALLY?????)

As shown on the Allen ISD Website- Bond Information

BUT, how many people actually voted in the bond election? (Not many people do)

Have to go to the county to figure that out

Collin County Voting Results

Buried in a 315 page document it shows that **Less than 6%** of registered voters approved the Allen ISD bond package

Total												
POLLING	42245	2	1350	1340	10	0	0	820	61.19%	520	38.81%	
PAPER	42245	2	8	6	2	0	0	5	83.33%	1	16.67%	
EARLY VOTING	42245	2	2345	2334	11	0	0	1518	65.04%	816	34.96%	
MAIL	42245	2	33	33	0	0	0	21	63.64%	12	36.36%	
Total	42245	8	3736	3713	23	0	0	2364	63.67%	1349	36.33%	

Voter Turnout

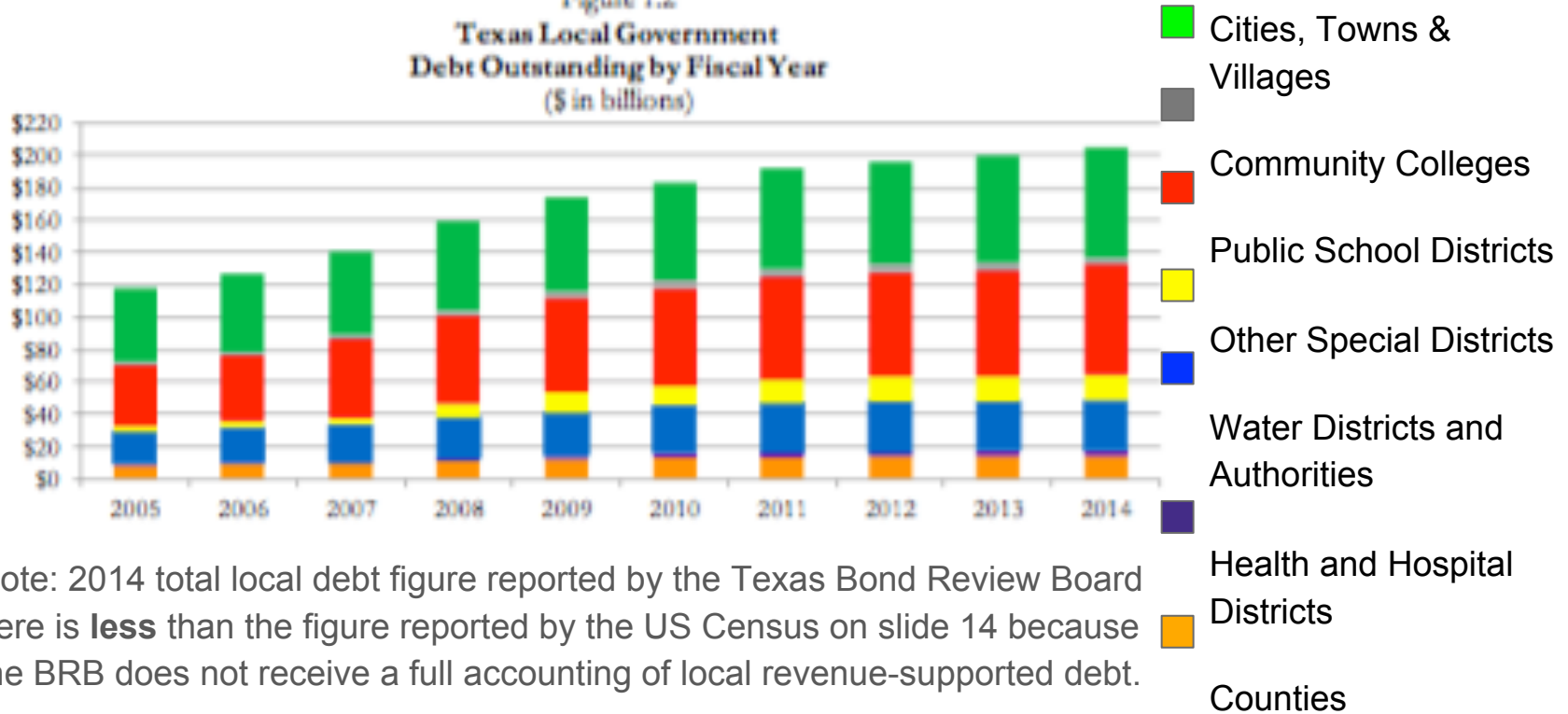
$$3,736 / 42,245 = 0.0884 = 8.84\%$$

Approval

$$2,364 / 42,245 = 0.0559 = 5.59\%$$

Source: *Statement of votes cast may 9th 2009 city and school general and special SOVC for jurisdiction wide, all counties, all races combined statement of votes cast.* (2009). (115). Collin County, Texas: Collin County.

Figure 1.2
Texas Local Government
Debt Outstanding by Fiscal Year
(\$ in billions)



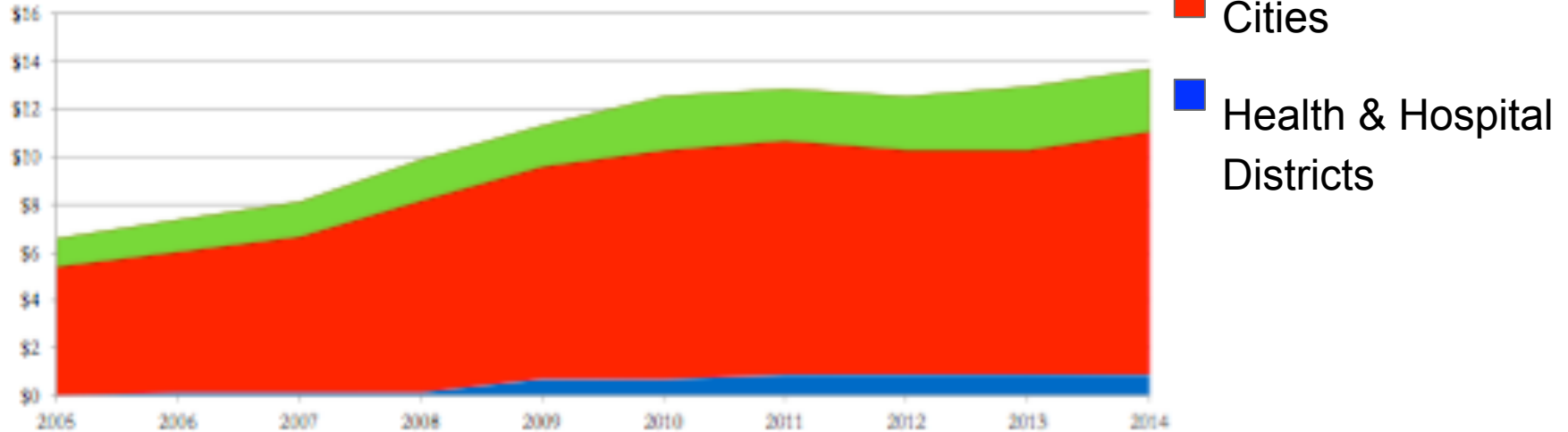
Note: 2014 total local debt figure reported by the Texas Bond Review Board here is **less** than the figure reported by the US Census on slide 14 because the BRB does not receive a full accounting of local revenue-supported debt.

Certificates of Obligation

DEFINITION: “An obligation by a **county** or certain **cities** or **hospital districts** under Subchapter C of Chapter 271 of the Local Gov’t Code. Voter approval is NOT required unless at least 5% of the total voters in the taxing area sign a petition and submit it prior to approval of the authority document to sell such certificate” (Source: *Bond Review Board 2014 local annual report*. (2015). (99). Austin, Texas: Texas Bond Review Board.)

CAN BE USED FOR: COs are generally issued as tax-supported debt to pay for the construction of a public work; purchase of materials, supplies, equipment, machinery, buildings, land, and rights-of-way; and to pay for professional services such as engineers, architects, attorneys and financial advisors. Debt for COs is paid from ad-valorem taxes and/or a combination of revenues available from other sources (Source: *Bond Review Board 2014 local annual report*. (2015). (12). Austin, Texas: Texas Bond Review Board.).

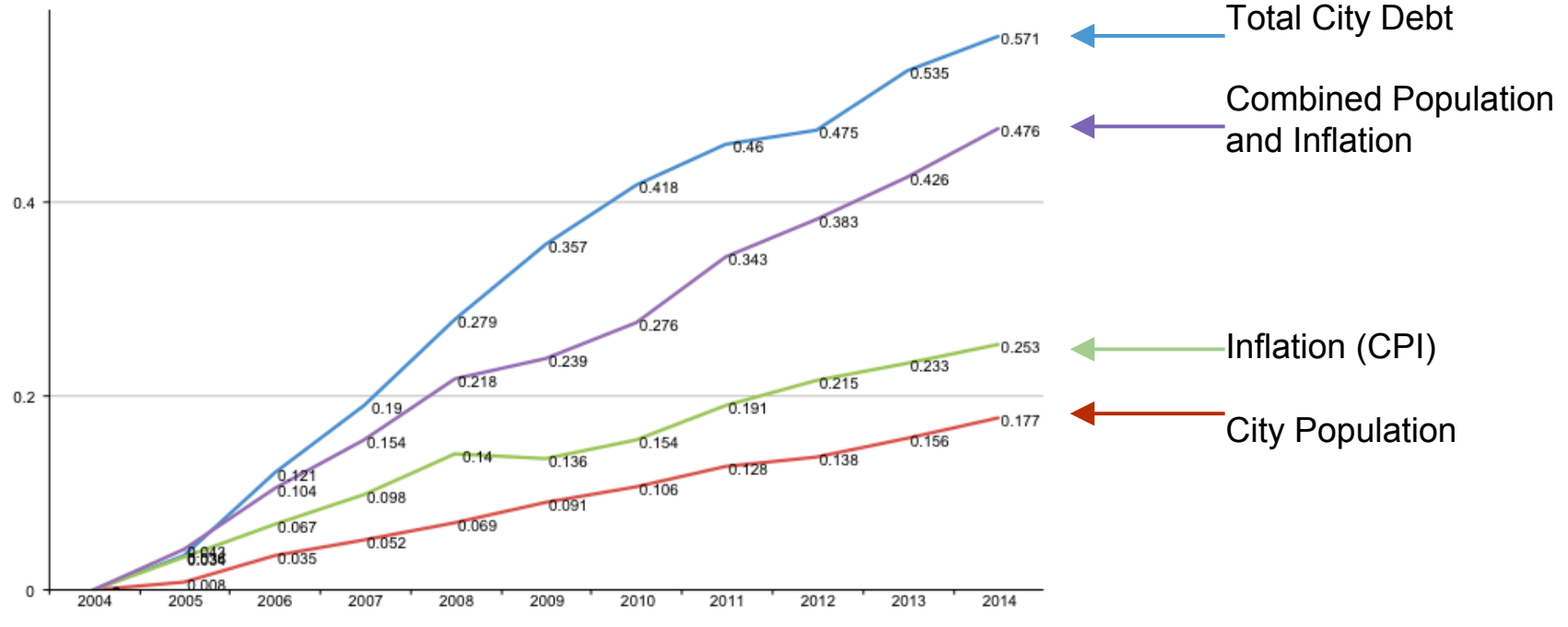
Figure L7
Texas Local Government
Total CO Debt Outstanding
(\$ in billions)



Source: *Bond Review Board 2014 local annual report*. (2015). (13). Austin, Texas: Texas Bond Review Board.

Cities

Cumulative Percentage of City Debt Growth by Fiscal Year



Source: Email from Texas Comptroller of Public Accounts

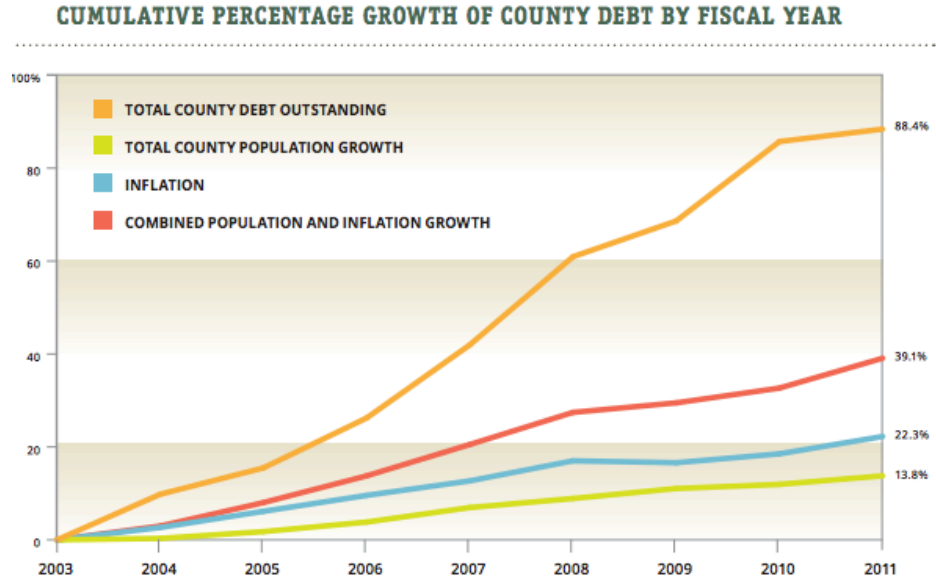
Texas Cities
Top 10 Issuers of Tax-Supported Debt

	Amount (in millions)	Debt per Capita
Houston	\$3,239.7	\$1,475
Dallas	1,547.2	1,230
San Antonio	1,494.8	1,061
Austin	1,344.2	1,518
El Paso	1,046.4	1,552
Lubbock	981.5	4,097
Fort Worth	786.0	992
Frisco	630.8	4,611
Denton	462.6	3,758
Garland	452.5	1,929

Source: *Bond Review Board 2014 local annual report*. (2015). (20).
 Austin, Texas: Texas Bond Review Board.

Counties

“A Texas county can finance projects in several ways. The most common are the issuance of General Obligation Bonds, Certificates of Obligation, Tax Notes, and Contractual Obligations” (Source: Pollan, T. (2014). *Public finance handbook for texas counties 2014*. (1). Austin, Texas: Texas Association of Counties.



Can issue debt to fund jail construction, technology upgrades, equipment, and road and bridge improvements

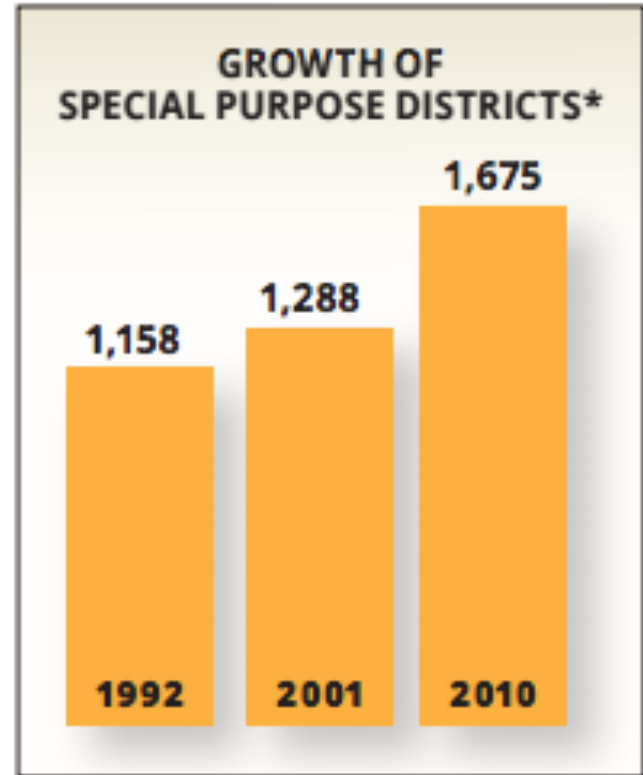
Special Purpose Districts- a local gov't device

Mostly cities and counties

DEFINITION: “The most basic level of **local government** is the SPD. These districts are areas of the state, county, municipality, or other political subdivision that have been divided for judicial, political, electoral, or administrative purposes. Originally created because of urban sprawl and the desire of suburban residents to provide their own infrastructure and levy taxes for those purposes” (Source: *Invisible government: Special purpose districts in Texas*. (2008). (2). Austin, Texas: Texas Senate Research Center.

HOW MANY: 1,740 (as of 2013)

EXAMPLES: County Health Services,
Public Library Districts, Crime Control and
Prevention, Special Improvement Districts
(aka Business Improvement Districts),
Municipal Development Districts,
Emergency Services.



TOP 10 SPECIAL PURPOSE DISTRICTS TOTAL OUTSTANDING DEBT

OTHER SPECIAL PURPOSE DISTRICT	COUNTY	AS OF AUGUST 31, 2011
NORTH TEXAS TOLLWAY AUTHORITY	DALLAS	\$8,595,176,210
DALLAS AREA RAPID TRANSIT	DALLAS	\$3,448,430,000
CENTRAL TEXAS REGIONAL MOBILITY AUTHORITY	TRAVIS	\$809,777,265
BEXAR COUNTY HOSPITAL DISTRICT	BEXAR	\$744,835,000
DALLAS COUNTY HOSPITAL DISTRICT	DALLAS	\$705,000,000
METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY	HARRIS	\$650,610,000
TEXAS MUNICIPAL POWER AGENCY	BRAZOS	\$534,915,815
HARRIS COUNTY HOSPITAL DISTRICT	HARRIS	\$299,910,000
EL PASO COUNTY HOSPITAL DISTRICT	EL PASO	\$256,085,000
CAMINO REAL REGIONAL MOBILITY AUTHORITY	EL PASO	\$233,355,000
ALL OTHER SPECIAL PURPOSE DISTRICTS		\$1,956,341,361

City SPDs

Fort Worth Police Department + Crime Control District Budgets

2016 Police Department Budget: \$229,073,957

Funded by:
property and
sales taxes

Police Appropriations 228,857,161

Debt Service 194,296

Transfer - Equipment 22,500

Included in the
annual city
budget document
at the city's
website

2016 Crime Control District Budget: \$86,002,513

Funded by:
½ cent sales
tax

Not included in
the city budget
document.

Sources: *City of fort worth FY2016 budget*. (F4). Fort Worth, Texas: City of Fort Worth.

Comparison of crime control and prevention district fund expenditures. Retrieved from

<https://www.fortworthpd.com/CCPD/ccpd-documents.aspx>

MUDs- Municipal Utility Districts

DEFINITION: “A MUD is a political subdivision special purpose district of the State of Texas authorized by the TCEQ to provide water, sewage, drainage and other services within the MUD boundaries”. For residents outside of incorporated cities.

PURPOSE: An alternate way for developers to finance the building of infrastructure.

POWERS: Can authorize bonds and levy taxes.

Lost Creek MUD controversy over statutory authority.

FUNDED BY: Bonds issued to reimburse the developer for authorized improvements.

DEBT SERVICED BY: Use property taxes and user fees to repay debt.

HOW MANY: More than 800 statewide. About half of those are in Harris County alone.

TOTAL DEBT OF MUDs: Unavailable. The BRB only has the total amount of debt of ALL water districts, which is \$11,498,621,002- tax supported and \$19,523,624,636 (Source: Email with Texas Comptroller of Public Accounts)

BOND LAW FIRMS: 7 firms with 72% of Harris County MUDs (Source: Debt at a glance- water districts within Harris County. Retrieved from http://www.texastransparency.org/Special_Features/Debt_at_a_Glance/MUD.php?countyname=Harris&mudsubmit=View+MUD+Debt)

Source: What you need to know about municipal utility districts. Retrieved from <http://www.jbgoodwin.com/municipal-utility-districts.php>

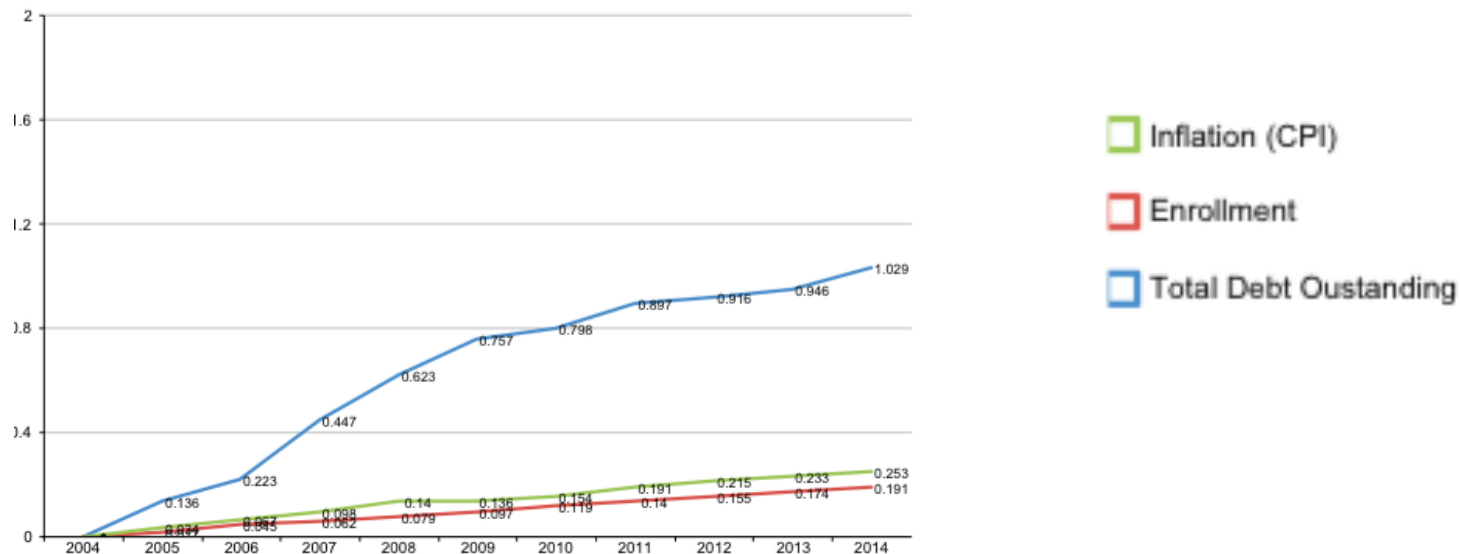
MUDs and SPDs- A History of Opaqueness

Multiple agencies have MUD data, however, each agency has its own naming and numbering conventions therefore the matching of data must be done manually.

Until 2003, local laws that govern special purpose districts were published separately and not part of the typical law books used by attorneys and other interested parties. Additionally, local laws are amended quite frequently which required people to physically compare multiple versions.

Public Education Debt

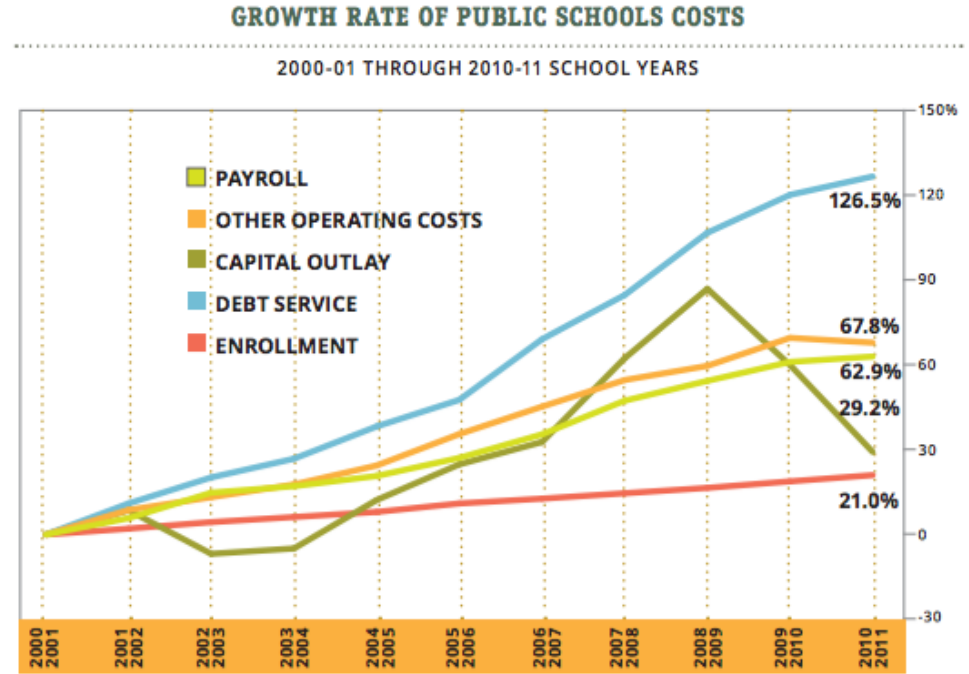
Cumulative Percentage Growth of School District Debt by Fiscal Year



Bonds can be used for construction and renovation, land acquisition, capital equipment purchase.

Houston ISD \$211m shortfall:

\$11.6m went to salaries, catered food, plane fare



Source: *Your money and education debt*. (2012). (5). Austin, Texas: Texas Comptroller of Public Accounts

Mellon, E. (2015, October 11). HISD bonds miss target. *Houston Chronicle* Retrieved from <http://www.houstonchronicle.com/news/education/article/HISD-bonds-miss-target-scrutiny-6565449.php>.

CHANGE IN SCHOOL DISTRICT DEBT

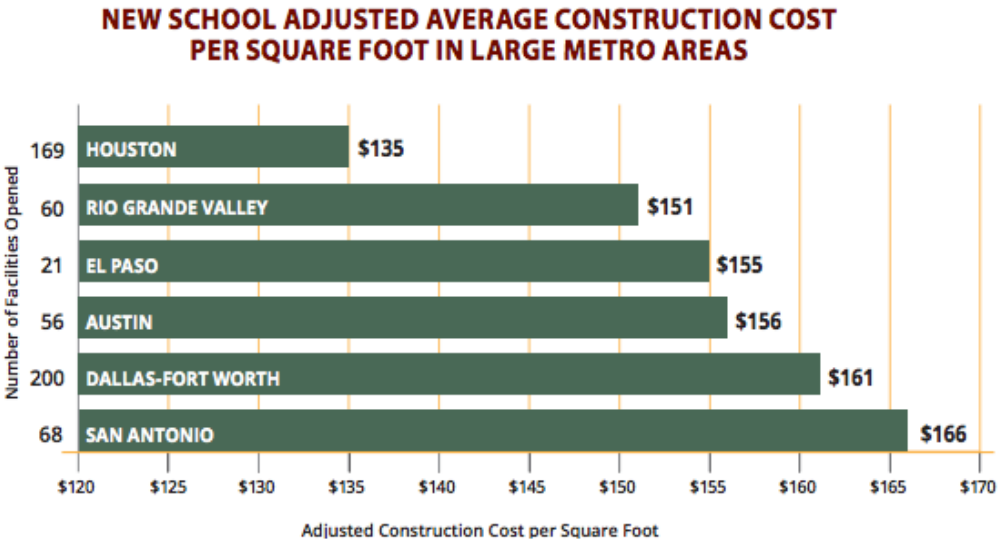
QUINTILE GROUPS BY 2001-2011 ENROLLMENT GROWTH	NUMBER OF DISTRICTS	AVERAGE ENROLLMENT CHANGE	2001 AVERAGE DEBT PER STUDENT	2011 AVERAGE DEBT PER STUDENT	TOTAL DEBT PER STUDENT CHANGE
80TH - 100TH PERCENTILE	205	62.8%	\$7,066.97	\$16,846.56	138.4%
60TH - 80TH PERCENTILE	205	13.8%	\$4,123.05	\$10,181.13	146.9%
40TH - 60TH PERCENTILE	204	2.7%	\$3,476.94	\$9,295.27	167.3%
20TH - 40TH PERCENTILE	205	-6.0%	\$2,590.87	\$8,156.54	214.8%
0 - 20TH PERCENTILE	205	-21.7%	\$1,987.88	\$7,109.38	257.6%
ALL DISTRICTS	1024	10.3%	\$3,849.51	\$10,318.77	168.1%

Sources: Texas Bond Review Board, Texas Education Agency, Texas Comptroller of Public Accounts

Why is school debt increasing while enrollment is decreasing?

School Construction

From 2007 to 2014, 873 new Texas public school campuses were built. Construction costs ranged from **\$76** (Killam Elementary) to **\$260** per square foot.



Sources: Texas Comptroller of Public Accounts, RS Means, data reported by school districts.

Source: *Public school construction costs*. (2014). (7). Austin, Texas: Texas Comptroller of Public Accounts.

HIGH COST – ELEMENTARY CAMPUSES

PORT ARTHUR ISD – ADAMS ELEMENTARY SCHOOL AND WASHINGTON ELEMENTARY SCHOOL Site improvements helped make these two schools the most expensive in Texas on a cost per square foot basis. Adams was designed with a raised floor and windows seven feet above the ground to reduce hurricane damage potential, according to district officials. The school also required an expensive sanitary sewer lift station. Washington Elementary School has similar needs, requiring floodplain protection. The district also indicates location-based security concerns prompted school officials to construct eight-foot steel palisade fences around the structure for protection.



NORTH EAST ISD – CIBOLO GREEN ELEMENTARY SCHOOL At almost 123,000 square feet, Cibolo Green is the biggest elementary school in its district. District officials attribute its high costs to its design as an energy-efficient “green school” and its “21st century learning environments.” District officials say the school consumed almost a third less energy per square foot than the average elementary school (in the 12-month period ending in February 2014), saving electricity, natural gas and water due to its design.



LOW COST – ELEMENTARY CAMPUSES



UNITED ISD – KILLAM ELEMENTARY SCHOOL At an adjusted cost of **\$76 per square foot**, Killam is the least expensive school in the Comptroller's 2007-13 survey by a significant amount. Opened in 2008, the district got a 2003 price for the school because it was the last to open as part of a **six-school guaranteed price contract** with the construction company. The six campuses **shared an architectural prototype**. Change orders for sidewalks and sprinkler systems actually reduced the cost because the district used its own staff during summer lulls instead of the contractor, officials said.



CYPRESS-FAIRBANKS ISD – MCFEE ELEMENTARY SCHOOL The district achieved efficiencies in this elementary project, one of three Cy-Fair schools opened in fall 2007, in several ways, including employing an existing **architectural prototype** and receiving favorable prices by giving a few contractors **repeat business**. School officials say changes in the construction market mean schools being built for less than **\$100 per square foot** are a thing of the past, but the district still expects to build future schools as efficiently as possible.

HIGH COST – MIDDLE SCHOOL CAMPUSES



RICE CISD – RICE JUNIOR HIGH SCHOOL Rurally located in Rice CISD, the junior high school was built next to the existing 40-year-old Rice High School and 15 miles from each of the district's three elementary schools. The school initially housed seventh and eighth grade students, and could potentially add sixth grade students. The district already owned the land. All construction workers, however, had to travel significant distances, which district officials say raised the construction costs.



PLANO ISD – OTTO MIDDLE SCHOOL This project was initiated at the height of the construction boom, which is one reason for the school's high cost. Based on its design capacity (calculated by the district using Texas Education Agency's minimum design standards), Otto Middle School's 100 square feet per student is significantly lower than the state average of 144. The district says the compact footprint could explain why the cost per square foot is higher than the state average. District policy determines a higher functional capacity, however, so Plano students are unlikely to encounter such tight facilities as this average square footage at capacity suggests.

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HIGH COST – SECONDARY CAMPUSES

PARIS ISD – PARIS HIGH SCHOOL Problems with the architect at the start of the project and weather delays at the end resulted in a compressed timeline and additional costs for Paris' replacement high school project, according to school officials. In fact, the 2010-11 **school year was actually delayed by two weeks** because of these issues.

School officials say the district changed architects because the first architect's fees were deemed excessive. Late in the construction phase, wet weather made it difficult for contractors to access and work on the site, according to the district. The resulting compressed timeline meant higher labor costs due to overtime.



LOW COST – SECONDARY CAMPUSES



CYPRESS-FAIRBANKS ISD – CYPRESS RANCH HIGH SCHOOL Using an existing high school's plans and modifying it to comply with updated Texas Education Agency space requirements, Cypress Ranch is co-located with another campus on a 130-acre site. The school came in **\$162,000** less than the original budget.

How to Lower School Construction Costs

Architectural Prototypes

- Consistent designs save time and money

Renovate Instead of Build

- Renovations cost 50-70% than new construction

What Killam Elementary Did to Save Money

- Part of a 6-school guarantee contract
- Shared an architectural prototype
- Used its own staff during the summer for some of the work

Pensions

Pensions Obligations = Debt

How to Determine if a Plan is “Healthy”

Funded Ratio: 100% means that a plan is fully funded and can meet all of its obligations. Less than **80%** means that the plan is not fiscally healthy.

Amortization Period: The Governmental Accounting Standard Board (GASB) recommends public pension plans have an amortization period of **30 years or less**.

Rate of Return: Most plans assume an annual ROR of **7-8%** over the life of the employee (30-50 years). Compare that to the average actual ROR of **5.6%**. New GASB rules require different calculations.

Only 16.5% of local Texas public-pension plans have a funded ratio of at least 80%, and amortization period of 30 years or less and an actual ROR of 7% or greater.

New GASB Laws

“Starting in 2014, the Government Accounting Standards Board (GASB) issued new standards for the valuation of public pension assets and liabilities”, which include:

- Market-based valuation of assets instead of “smoothing”

- Municipal Bond Rate to determine the rate of return (ROR) instead of an assumed ROR

PENSION BONDS POSE POTENTIAL RISK

Dallas, Houston and El Paso are the only Texas cities that have outstanding pension bond debt.

Pension Obligation Bonds (POBs) offer governments an option for increasing assets in pension funds by borrowing money.

This option has allowed pension plans with unfunded liabilities to increase annual contributions using funds borrowed by the government that employs its members. This reduces its unfunded liabilities in the short term, while offering the potential

to generate investment revenue that will service the debt.

As **POBs** are taxable income to investors, they are issued with higher interest rates than tax-exempt bonds. In recent years, pension fund managers have calculated that by whatever point the historically low interest rates in the U.S. begin to rise, they will have paid off or substantially paid down high unfunded liabilities.

If markets are favorable, extra investment interest income (above what is

used to service bond debt) **could reduce the long-term unfunded pension liability.**

However, the retirement fund and/or the issuing government risk being **liable for funding any debt service shortfall** arising from insufficient investment returns.

OUTSTANDING PENSION BOND DEBT

DALLAS	\$315,272,086
EL PASO	\$209,195,000
HOUSTON	\$607,625,000

Note: These amounts are principal only.
Source: Bond Review Board

Selected Local Public-Pension Plan

<u>Plan Name</u>	<u>Funded Ratio</u>	<u>Amortization Period</u>	<u>Unfunded Liability</u>	<u>Unfunded Liability per Member</u>	<u>Assumed ROR</u>	<u>Actual ROR, 1-Year</u>	<u>Actual ROR, 3-Year</u>	<u>Actual ROR, 10-Year</u>	<u>Total Members</u>
Austin Police Retirement System	66.39%	28.9	\$306,202,257	\$125,441	8.00%	9.10%	5.26%	6.15%	2,441
Brownwood Firemen's Relief & Retirement Fund	39.90%	31.8	\$4,289,003	\$72,695	7.25%	14.81%	6.65%	5.62%	59
Houston Firefighter's Relief & Retirement Fund	86.56%	30	\$532,645,292	\$77,906	8.50%	17.52%	10.03%	9.34%	6,837
Houston Municipal Employees Pension System	58.07%	33	\$1,798,058,000	\$66,188	8.50%	15.97%	9.30%	8.96%	27,166
Plainview Firemen's Relief & Retirement Fund	39.00%	31.4	\$8,230,821	\$115,927	7.75%	15.14%	8.49%	4.61%	71

Source: Public pension search tool. Retrieved from <http://www.texastransparency.org/application.php/pension/>

Public-Pensions- An Unseen Bomb

What is the Danger?

Crowding out.

Money that would go to public services like police... has to be redirected.

What Can Be Done?

Increase Contributions: both employer and employee contributions

Reduce Benefit Costs: Increase the eligibility age, increase the years of service required, increase the number of months and years used to determine the average final salary, and decrease the share of the final average salary credited to the formula.

Summary

What Can Transparency Do?

1. Strengthen public trust in government
2. Save money
3. Hold government officials accountable for their actions
4. Inform voters
5. Allow for the continuation of public services

The Austin-Area

Travis County

GO Bonds \$397m

Certificates of
Obligation 385m

Source: Travis County
outstanding debt as of July
15, 2015. Retrieved from
[https://
www.traviscountytexas.gov/
images/county_auditor/Doc/
county-debt-info.pdf](https://www.traviscountytexas.gov/images/county_auditor/Doc/county-debt-info.pdf)

AIISD

GO Bonds \$779m

AIISDs cannot issue COs

Source: Austin Independent School
District analysis of outstanding
debt as of September 1, 2015.
(2015). (6). Austin, Texas: Austin
Independent School District.

City of Austin

GO Bonds \$1.3B

Certificates of
Obligation \$25m

Source: Debt at a glance - City of
Austin. Retrieved from
[http://
www.texas transparency.org/
Special_Features/
Debt_at_a_Glance/City.php?
cityname=Austin&citysubmit=GO](http://www.texas transparency.org/Special_Features/Debt_at_a_Glance/City.php?cityname=Austin&citysubmit=GO)

Selected Resources

Time Magazine, “The Little State That Could”

<http://content.time.com/time/magazine/article/0,9171,2100110,00.html> (pay wall)

Texas CPA Local Government Reports - Texas, It's Your Money

http://www.texas Transparency.org/Local_Government/Reports/

Texas Bond Review Board - Local Government Reports

http://www.brb.state.tx.us/publications_local.aspx#AR

Texas Transparency- Debt-at-a-Glance Searchable Database

http://www.texas Transparency.org/Special_Features/Debt_at_a_Glance/