

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 30, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2464 by Swinford (Relating to the provision of facilities management services by the Texas Building and Procurement Commission for certain state agencies.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2464, As Introduced: a positive impact of \$17,087,164 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$8,543,582
2005	\$8,543,582
2006	\$8,543,582
2007	\$8,543,582
2008	\$8,543,582

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings from <i>GENERAL REVENUE FUND</i> 1
2004	(\$14,336,418)	\$22,880,000
2005	(\$14,336,418)	\$22,880,000
2006	(\$14,336,418)	\$22,880,000
2007	(\$14,336,418)	\$22,880,000
2008	(\$14,336,418)	\$22,880,000

Fiscal Analysis

This bill would add Sections 2165.007 and 2165.057 to the Government Code to transfer to the Texas Building and Procurement Commission (TBPC) the responsibility for all facilities management services for all facilities used for a state agency's headquarters in Travis County or in a county adjacent to Travis County.

The bill would transfer the responsibility, as well as all obligations, contracts, records, appropriations, complaints, investigations, and rules associated with the transferred services from the respective agencies to TBPC.

The bill would take effect September 1, 2003.

Methodology

There would be an annual increase cost to General Revenue of approximately \$14.3 million related to the Building and Procurement Commission (TBPC) taking over facilities management services for 6.5 million square feet of office space. This would include an addition of 26.0 FTE and employee benefits per year. There are no increased costs for administrative or support staff.

TBPC estimated that there are at least 22 separate agencies that are performing the same type of maintenance services that TBPC performs. TBPC has projected that approximately \$22.88 million (including utilities) is being spent by other state agencies on maintaining 6.5 million square feet at a cost of \$3.52 per square foot. TBPC would provide the maintenance services on the same square footage at an average cost of \$2.17, which equals \$14.3 million annually, including FTEs and benefits. This would result in an overall savings to the state of approximately \$8.5 million annually. However, it is important to note that the \$22.88 million is not solely General Revenue Funds. This amount would consist of Federal Funds, General Revenue-Dedicated Accounts and Other Funds, as appropriate, for each individual agency. Therefore, the General Revenue costs incurred by the TBPC may not be entirely offset by General Revenue savings in other agencies unless other agencies are required to transfer appropriations to TBPC.

For the purposes of this fiscal note, the TBPC based its estimates on amounts paid by the Texas Department of Health (\$3.52 per square foot) and applied that rate to the 6.5 million estimated square footage it would assume under the provisions of this bill. These costs and savings do not include facilities management for institutions of higher education or the Bob Bullock State History Museum.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 303 Building and Procurement Commission, 304 Comptroller of Public Accounts, 809 Preservation Board

LBB Staff: JK, JO, GO, MS, RG