

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 19, 2007

TO: Honorable Rodney Ellis, Chair, Senate Committee on Government Organization

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB899 by Ellis (Relating to design and construction standards for newly constructed or renovated state buildings, public school facilities, and higher education facilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB899, As Introduced: a negative impact of (\$1,150,900) through the biennium ending August 31, 2009.

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
2008	(\$594,146)
2009	(\$556,754)
2010	(\$1,198,098)
2011	(\$558,202)
2012	(\$559,130)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from GENERAL REVENUE FUND 1
2008	(\$594,146)
2009	(\$556,754)
2010	(\$1,198,098)
2011	(\$558,202)
2012	(\$559,130)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	8.0
2009	8.0
2010	8.0
2011	8.0
2012	8.0

Fiscal Analysis

The bill would require that a state building or an instructional facility being constructed or a state building or an instructional facility being renovated must be designed and constructed or renovated so that the building may be certified to meet or exceed the silver standard under the United States Green Building Council's Leadership in Energy and Environmental Design (LEED).

The bill would require the Texas Building and Procurement Commission, Texas Education Agency, and the Higher Education Coordinating Board to monitor and document the compliance of this requirement of each state agency, school district and institution of higher education; any operating savings resulting from the design and construction or renovation of buildings; and not later than September 1 of each even-numbered year submit to the legislature and governor a report regarding a) the commission's findings; b) any instances and reasons a state building was not designed and constructed or renovated to meet or exceed the LEED standard; c) any recommendations that the commission, agency, or coordinating board considers appropriate.

The bill would require the State Auditor's Office to prepare a report to the Eighty-second Legislature concerning the implementation of the design and construction specifications required if the bill was passed. The bill would require the report to include: 1) the costs of implementing the specifications; 2) the operating savings attributable to implementing the specifications, including energy and maintenance savings; 3) any impact on employee productivity and student performance resulting from implementing the specifications; 4) the effectiveness of the implementation of the specifications; 5) any recommendations the state auditor considers appropriate. The report would be due no later than January 15, 2011.

Methodology

It is assumed that the State Auditor's Office (SAO) will monitor Texas Building and Procurement Commission's (TBPC) advisory committee during fiscal year 2008 and fiscal year 2009 and the associated costs would be absorbed with existing resources. It is also assumed the SAO will perform an audit in fiscal year 2010 in order to gather information to complete the report which is due to the Eighty-second Legislature no later than January 15, 2011 and would require approximately 5,300 hours of audit work at \$96 an hour for a total cost to General Revenue Fund of \$508,800 in fiscal year 2010.

It is assumed that affected agencies, including TBPC, Texas Education Agency (TEA), and Texas Higher Education Coordinating Board (THECB) will need additional resources in order to monitor and document compliance with the requirements of the bill if passed. Costs in 2008 include one time costs for furniture and computer and telephone equipment.

TBPC will need 1 FTE (Program Specialist) at a cost to General Revenue of \$65,338 in fiscal year 2008 and \$62,239 in fiscal year 2009.

THECB will need 1 FTE (Program Specialist) at a cost to General Revenue of \$65,338 in fiscal year 2008 and \$62,239 in fiscal year 2009.

TEA will need 6 FTE (5 Program Specialist and 1 Administrative Technician) at a cost to General Revenue of \$463,469 in fiscal year 2008 and \$432,275 in fiscal year 2009. Costs for TEA include travel costs associated with monitoring visits to statewide school district locations.

These cost estimates could be higher or lower depending on the implementation of monitoring visits by each affected agency.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. However, the increased cost of construction to meet the silver standard under the LEED rating system is estimated to be 3 percent of construction costs.

Source Agencies: 303 Building and Procurement Commission, 308 State Auditor's Office, 320 Texas Workforce Commission, 601 Department of Transportation, 696 Department of Criminal Justice, 701 Central Education Agency, 781 Higher Education Coordinating Board, 802 Parks and Wildlife Department

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