



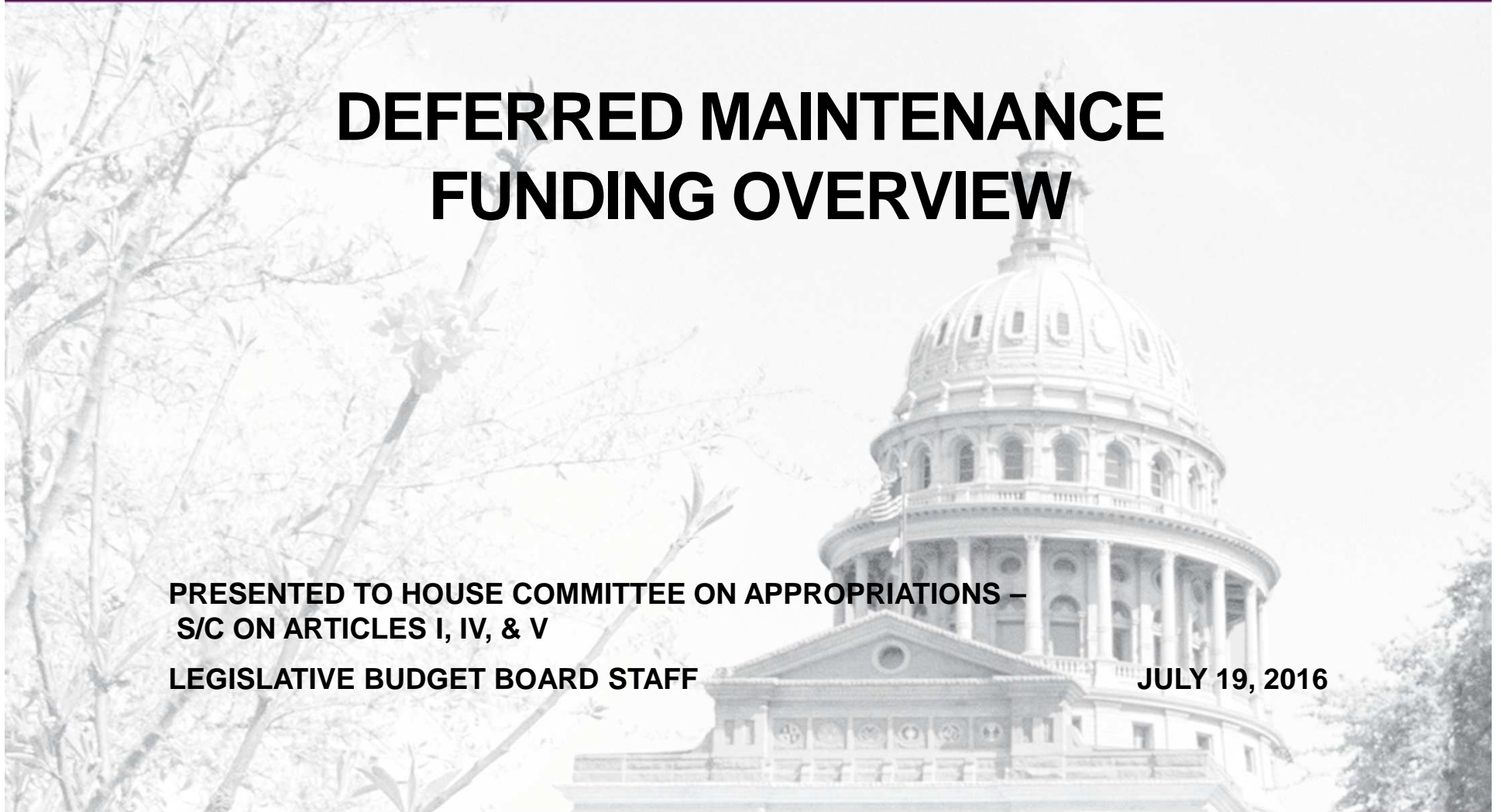
LEGISLATIVE BUDGET BOARD

DEFERRED MAINTENANCE FUNDING OVERVIEW

**PRESENTED TO HOUSE COMMITTEE ON APPROPRIATIONS –
S/C ON ARTICLES I, IV, & V**

LEGISLATIVE BUDGET BOARD STAFF

JULY 19, 2016



Statement of Interim Charge

House Committee on Appropriations:

Charge #4: Evaluate deferred maintenance and physical plant needs of state buildings. Evaluate the appropriate funding mechanisms and timing that should be used to address the ongoing maintenance needs of state assets.

Deferred Maintenance Categorization

Capital project categorization for projects outside of new construction is defined as follows:

- **Health and Safety.** Includes the highest priority repairs to building systems that present a safety risk or where failure is imminent and includes items associated with federal and state compliance laws.
- **Deferred Maintenance.** Includes building system repairs, retrofits, upgrades and other deferred maintenance activities that have been postponed due to funding priorities but do not represent an imminent threat to the facility or its occupants. These items are past due and relate to building systems that are either in disrepair or have exceeded their useful life.
- **Maintenance.** Includes items to maintain the normal operation of the facility and may include preventative maintenance, minor repairs and other general maintenance. These items are ideally scheduled for completion during the 2016–17 biennium and are not already past due.

Deferred Maintenance: Historical Funding Overview – Fiscal Years 2012-2015

AGENCY	82 nd SESSION FY 2012-13 APPROPRIATIONS	83 rd SESSION FY 2014-15 APPROPRIATIONS	FUNDING SOURCE
Facilities Commission	\$60,000,000	\$31,031,000	G.O. Bonds, Prop. 4
		\$24,506,320	General Revenue
Dept. of Aging and Disability Services		\$17,000,000	G.O. Bonds, Prop. 4
Dept. of State Health Services		\$10,000,000	G.O. Bonds, Prop. 4
Military Department		\$2,500,000	G.O. Bonds, Prop. 4
		\$2,500,000	Matching Fed Funds
Department of Criminal Justice	\$50,000,000	\$50,000,000	G.O. Bonds, Prop. 4
Juvenile Justice Department		\$5,500,000	G.O. Bonds, Prop. 4
Parks and Wildlife Department		\$11,000,000	G.O. Bonds, Prop. 4
Department of Public Safety		\$15,000,000	G.O. Bonds, Prop. 4
		\$14,123,968	General Revenue
		\$3,654,909	State Highway Fund 6
Total	\$110,000,000	\$186,816,197	

- During the **82nd Session** General Obligation Bond proceeds from Proposition 4 were distributed for deferred maintenance projects totaling \$110,000,000, not including debt service payments of \$8,835,000 in General Revenue.
- During the **83rd Session**, appropriations for deferred maintenance were mainly made from Proposition 4 General Obligations Bond proceeds totaling \$142,031,000, not including debt service payments of \$11,101,122 in General Revenue.

SOURCE: Legislative Budget Board.

Deferred Maintenance Funding Requests and Appropriations - Fiscal Years 2016-17

AGENCY	AMOUNT REQUESTED ²	AMOUNT APPROPRIATED	FUNDING SOURCE
Facilities Commission	\$315,501,961	\$217,156,348	GR-D Acct. 5166
		\$20,490,682	General Revenue via HB 2
Historical Commission	\$41,075,000	\$825,000	General Revenue
Dept. of Aging and Disability Services	\$6,141,517		
Dept. of State Health Services	\$19,534,613	\$18,297,097	General Revenue
Military Department	\$58,750,000	\$19,562,500	GR-D Acct. 5166
Department of Criminal Justice	\$0	\$60,000,000	GR-D Acct. 5166
Juvenile Justice Department	\$13,426,575		
Parks and Wildlife Department	\$42,971,100	\$91,000,000	GR-D Acct. 5166
Department of Public Safety ¹	\$50,237,811	\$17,778,877	General Revenue
Department of Transportation ¹	\$1,000,000,000		
Total	\$1,547,638,577	\$445,110,504	
Notes:			
1. DPS and TxDOT received \$21.0m and \$200.0m, respectively, in additional capital budget authority for deferred maintenance projects, but no additional appropriations.			
2. "Amount Requested" based on agency 2016-17 Legislative Appropriations Requests.			

SOURCE: Legislative Budget Board.

Deferred Maintenance Funding Sources

- **General Obligation Bonds**

- 82nd Session - \$110m in Proposition 4 G.O. Bond appropriations.
- 83rd Session - \$142m in Proposition 4 G.O. Bond appropriations.
- Proposition 4 G.O. Bond capacity has been exhausted, therefore, there would need to be a new bond authorization in order to issue additional G.O. Bonds. Furthermore, G.O. Bond appropriation requires additional appropriations of General Revenue for associated debt service payments.

- **General Revenue**

- 83rd Session - \$38.6m in General Revenue mainly to TFC (HB 1025 Supplemental Bill) and DPS.
- 84th Session - \$57.4m in General Revenue mainly to TFC (HB 2 Supplemental Bill), DSHS, and DPS.

- **General Revenue – Dedicated Acct. 5166**

- Account created in the 84th Legislature via SB 2004, which also established the Joint Oversight Committee on Government Facilities.
- SB 2004 transferred \$387.7m in General Revenue and GR-Dedicated Fund 9 appropriations to the newly created GR-D Acct. 5166 for Deferred Maintenance projects in fiscal years 2016-17.

- **Federal Funds**

- 83rd Session - \$2.5m in matching Federal Funds for Texas Military Department.



LEGISLATIVE BUDGET BOARD

Contact the LBB

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