

Preservation Board
Summary of Recommendations - House

Section 1

Page I-86

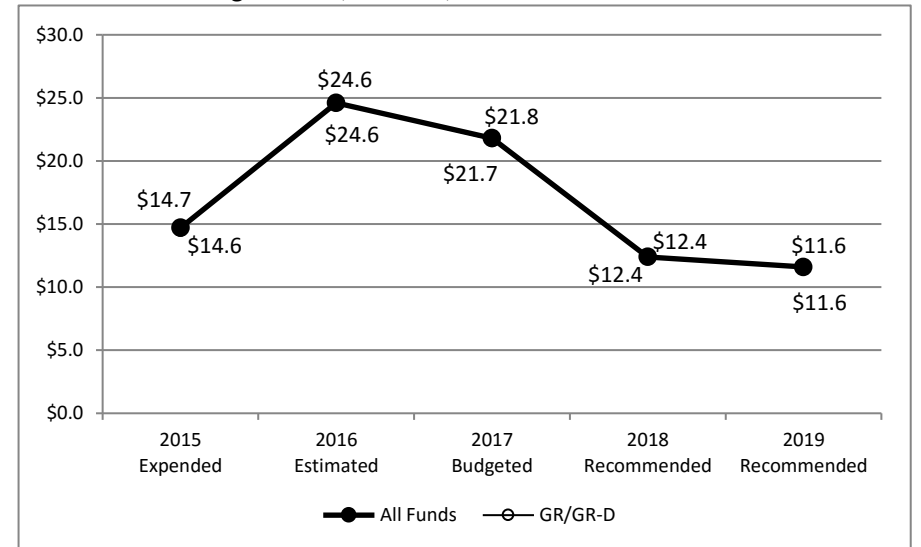
Roderick Welsh, Executive Director

Lena Conklin, LBB Analyst

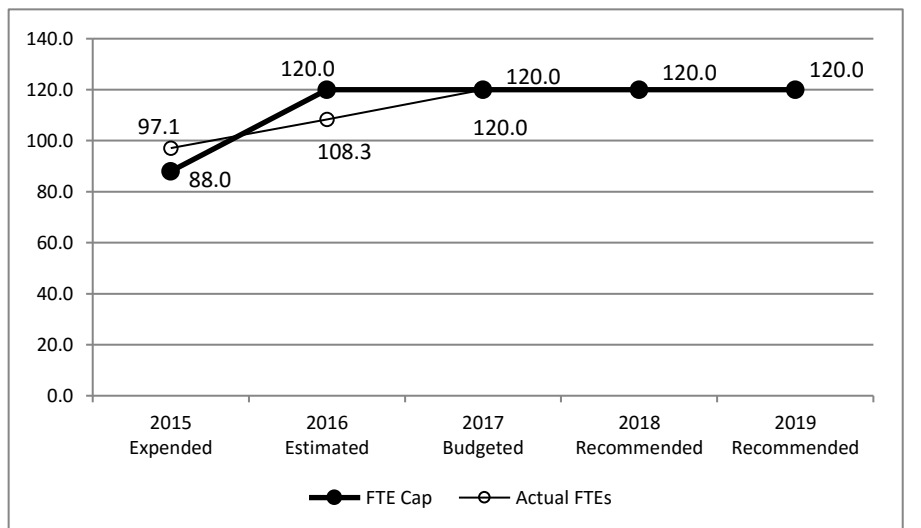
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$46,272,800	\$23,954,591	(\$22,318,209)	(48.2%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$46,272,800</i>	<i>\$23,954,591</i>	<i>(\$22,318,209)</i>	<i>(48.2%)</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$129,770	\$42,752	(\$87,018)	(67.1%)
All Funds	\$46,402,570	\$23,997,343	(\$22,405,227)	(48.3%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	120.0	120.0	0.0	0.0%

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 31.2% of the agency's estimated total available funds for the 2018-19 biennium.

Preservation Board
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Decrease in funding for one-time projects included in the agency's submitted reductions for the four percent reduction (\$1.4 million) and additional decreases included in the agency request (\$8.1 million).	(\$9.5)	\$0.0	\$0.0	\$0.0	(\$9.5)	A.1.2, A.1.3, A.2.2
B)	Reductions to remove remaining funds reallocated from one-time projects included in the agency's request.	(\$11.7)	\$0.0	\$0.0	\$0.0	(\$11.7)	A.1.2, A.1.3, A.2.2
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
C)	Decrease in revenue bond debt service obligations for the State History Museum.	(\$1.1)	\$0.0	\$0.0	\$0.0	(\$1.1)	A.2.2
D)	Decrease in unexpended balances of donations (Appropriated Receipts) for the Governor's Mansions carried forward from the 2014-15 biennium.	\$0.0	\$0.0	\$0.0	(\$0.1)	(\$0.1)	A.1.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		(\$22.3)	\$0.0	\$0.0	(\$0.1)	(\$22.4)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		(\$22.3)	\$0.0	\$0.0	(\$0.1)	(\$22.4)	As Listed

NOTE: Totals may not sum due to rounding.

Preservation Board
Selected Fiscal and Policy Issues - House

1. **Adjustments to the Agency’s Baseline Budget.** Recommendations remove General Revenue (GR) funding for one-time projects included in the agency’s 2016-17 base funding. These projects total to \$21.2 million and include:
- Preservation and repair capital projects for the Capitol, Capitol Visitor Center, and the Texas State History Museum (\$15.0 million);
 - Unexpended balances carried forward from the 2014-15 biennium for the State History Museum’s history education program (\$2.8 million);
 - Conversion of projectors at the State History Museum’s IMAX theater from a film to digital format and other theater improvements (\$1.5 million);
 - Completion of the African American Texans Monument on the Capitol grounds (\$1.5 million);
 - Preservation and repair projects at the State Cemetery (\$0.3 million); and
 - Expansion of the Volunteer Firemen monument on the Capitol grounds (\$0.1 million).

Agency submitted reductions: The agency submitted reductions of \$10.6 million in GR from 2016-17 funding levels. This amount includes \$1.1 million in reduced debt service obligations for the State History Museum and \$9.5 million reduced from one-time funding projects referenced above. Of the \$9.5 million, \$1.4 million met the four percent reduction target and the remaining amount of \$8.1 million were additional reductions made by the agency.

Recommended additional reductions: Recommendations reduce \$11.7 million from the agency’s request to fully remove reallocations of one-time funding. The agency reallocated this amount towards the following in the 2018-19 biennial baseline funding request:

- Additional preservation and repair projects for the Capitol, Capitol Visitor Center, and State History Museum (\$8.6 million);
 - Upgrading the State Cemetery website (\$0.1 million);
 - Estimated increase in the agency’s housekeeping services contract (\$0.1 million);
 - Increases in salaries for current and additional 10.0 FTE staff (\$2.5 million); and
 - Increases in other operating costs (\$0.4 million) including assessments from the State Office of Risk Management, leasing of personal computers from the Legislative Council, telecommunication and utility expenses, and other operating expenses.
2. **Informational: Funds Outside the Treasury.** The agency has additional resources outside of appropriations. The agency maintains five funds outside the treasury.

Figure 1 Funds Outside the Treasury

	FY 2016 Beginning Balance	2016-17 Net Gain (Loss)	2018-19 Net Gain (Loss)	FY 2019 Estimated Ending Balance
Capitol Fund	\$ 13,362,584	\$ 2,279,329	\$ 2,279,329	\$ 17,921,242
Capital Renewal Fund	\$ 4,153,056	\$ (238,440)	\$ 61,560	\$ 3,976,176
Museum Fund	\$ 4,261,249	\$ (598,983)	\$ (98,983)	\$ 3,563,283
Mansion Renewal Fund	\$ 789,784	\$ (1,520)	\$ 12,480	\$ 800,744
Cemetery Preservation Trust Fund	\$ -	\$ 10,106,126	\$ 160,000	\$ 10,266,126

Source: State Preservation Board

- **Capitol Fund and Capital Renewal Fund:** The Capitol Fund is used to pay for educational programming, historic preservation, groundskeeping, housekeeping, facilities maintenance and other operating expenses of the Capitol and Capitol Visitors Center. The fund also provides for transfers to the Capital Renewal Fund for major facilities projects. The fund receives revenue primarily from two gift shops, parking revenue from the visitor's parking garage and parking meters, commissions from the cafeteria operations, leasing of space to news media and cellular carrier space, donations and depository interest.

The Capital Renewal Fund is used to fund major repairs and replacement of fixtures and equipment and restoration of historic artifacts and fixtures at the Capitol and the Capitol Visitors Center. The Renewal Fund has no revenue source other than depository interest earned on the balance of the account. However, the fund may receive transfers from the Capitol Fund to fund projects.

The Capitol Fund is anticipated to operate with a net gain during the 2016-17 biennium. This is largely due to appropriation of \$15.0 million in General Revenue in the 2016-17 biennium for renewal projects that would otherwise necessitate a transfer of funds from the Capitol Fund to the Capital Renewal Fund for financing of these projects. The net gain shown for the 2018-19 biennium assumes continued appropriation of all or a portion of planned renewal projects with appropriated funds.

The net loss shown for the Capital Renewal Fund in the 2016-17 biennium reflects expenditures of \$300,000 as a contingency for potential projects. No expenditures are anticipated for the 2018-19 biennium, which also assumes continued appropriation for renewal projects out of GR.

- **Texas State History Museum Fund:** The Museum Fund is used to pay for the operations of the Texas State History Museum. The fund receives revenue from admissions, concessions, gift shop sales, facility rentals, parking, membership, commissions from the cafeteria and catering events, donations and depository interest. The fund is expected to operate at a net loss during the 2016-17 and 2018-19 biennia. Because of anticipated decreasing balances, the agency is requesting GR appropriations of \$1.4 million for 10.0 FTEs currently funded through the Museum Fund. This request was reallocated in the agency's baseline request out of funds originally appropriated for one-time projects in the 2016-17 biennium; this amount is not included in recommendations.
- **Governor's Mansion Renewal Trust Fund:** The Mansion Renewal Trust Fund was created for the purpose of funding major repair projects and preservation of the Governor's mansion. The fund has no revenue source other than gifts and donations, depository interest earned, and money transferred to the fund at the direction of the legislature. Estimates assume the fund only receives depository interest over the 2016-17 and 2018-19 biennia. Net loss in the 2016-17 biennium reflects minor painting improvements to mansion.
- **Cemetery Preservation Trust Fund:** The Cemetery Preservation Trust Fund was established by HB 2206, Eighty-fourth Legislature, Regular Session for the purpose of funding maintenance, major repair projects and preservation of the State Cemetery and also for the acquisition of land in close proximity to the Cemetery for its expansion. The fund may receive money transferred or appropriated to the fund, gifts and donations received by the State Cemetery Committee, and interest received from investment of money in the fund. The fund received a transfer in fiscal year 2016 of \$10 million from the State Highway Fund 6 from proceeds of the sale of Texas State Cemetery Annex, commonly referred to as the Bull Creek property. Estimates in Figure 1 assume the fund earns only depository interest in the 2018-19 biennium with no anticipated expenditures.

**Preservation Board
Rider Highlights - House**

Modification of Existing Riders

3. **Appropriation: Debt Service for Construction of State History Museum.** Recommendations reflect revised estimates of debt service payments for the State History Museum.
5. **Unexpended Balances: Texas History Education Program.** Recommendations provide authority to carry forward to the 2018-19 biennium remaining unexpended and unobligated balances for the Texas History Education Program.

New Riders

6. **Unexpended Balances: Capitol, Capitol Visitor Center and State History Museum Repair and Preservation Projects.** Recommendations provide authority to carry forward to the 2018-19 biennium remaining unexpended and unobligated balances for repair and preservation projects at the Capitol, Capitol Visitor Center and Museum.
7. **Unexpended Balances: Maintenance of Historic Property at the Texas State Cemetery.** Recommendations provide authority to carry forward to the 2018-19 biennium remaining unexpended and unobligated balances for repair and preservation projects at the State Cemetery.

Deleted Riders

6. **African American Texans Memorial Monument.** Recommendations delete rider due to completion of the African American Texans Memorial Monument.

Preservation Board
Items Not Included in Recommendations - House

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Repair and preservation projects for the Capitol, Capitol Visitor's Center and the State History Museum.	\$8,600,000	\$8,600,000	0.0	No	Yes	\$0
2)	Transfer the funding for 10.0 FTE positions from the State History Museum Fund outside the treasury to the General Revenue Fund.	\$1,200,000	\$1,200,000	10.0	No	No	\$1,200,000
3)	Funding for the Capitol housekeeping contract, cost increases for various maintenance contracts, and addition of 1.0 FTE position for an assistant project manager. No increase to the FTE cap is requested.	\$363,000	\$363,000	0.0	No	Yes	\$380,000
4)	Funding to maintain fiscal year 2016 salaries and to also provide a three percent salary increase. Request would also add 1.0 FTE positions for two part-time clerks; no increase to the FTE cap is requested.	\$840,600	\$840,600	0.0	No	No	\$840,600
5)	Funding for indirect administration including 2.0 FTE positions (a contract specialist and a systems support specialist) and increased costs for telecommunications, computer support services, postage, and State Office of Risk Management (SORM) assessments. No increase to the FTE cap is requested.	\$240,400	\$240,400	0.0	Yes	No	\$260,000

TOTAL Items Not Included in Recommendations	\$11,244,000	\$11,244,000	10.0			\$2,680,600
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**Preservation Board
Appendices - House**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	8
B	Summary of Federal Funds	*
C	FTE Highlights	9
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	10

* Appendix is not included - no significant information to report

Preservation Board
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
PRESERVE BUILDINGS AND CONTENTS A.1.1	\$640,811	\$640,811	\$0	0.0%	
BUILDING MAINTENANCE A.1.2	\$24,011,678	\$7,329,660	(\$16,682,018)	(69.5%)	Recommendations reflect General Revenue (GR) reductions for completion of one-time projects funded in the 2016-17 biennium, including the African American Texans Monument (\$1.5 million), Volunteer Firemen monument (\$0.1 million), and preservation and repair projects for the Capitol, Capitol Visitor Center, and the State History Museum (\$15.0 million). Funding level also reflects a decrease of \$0.1 million in Appropriated Receipts from donations for the Governor's mansion carried forward from the 2014-15 biennium.
STATE CEMETERY A.1.3	\$2,024,584	\$1,724,584	(\$300,000)	(14.8%)	Recommendations reflect GR reductions in one-time funding for improvements at the State Cemetery (\$0.3 million).
MANAGE EDUCATIONAL PROGRAM A.2.1	\$1,176,551	\$1,176,551	\$0	0.0%	
MANAGE STATE HISTORY MUSEUM A.2.2	\$15,665,043	\$10,241,834	(\$5,423,209)	(34.6%)	Recommendations reflect GR reductions for payment of revenue bond debt service obligations for the State History Museum (\$1.1 million). Funding level also includes reductions in one-time costs for conversion of the museum's IMAX theater projector from a film to digital format and other theater improvements (\$1.5 million) and a decrease in unexpended balances carried forward from the 2014-15 biennium for the museum's history education program (\$2.8 million).
MANAGE ENTERPRISES A.3.1	\$120,026	\$120,026	\$0	0.0%	
Total, Goal A, MANAGE CAPITOL AND OTHER BUILDINGS	\$43,638,693	\$21,233,466	(\$22,405,227)	(51.3%)	
INDIRECT ADMINISTRATION B.1.1	\$2,763,877	\$2,763,877	\$0	0.0%	
Total, Goal B, INDIRECT ADMINISTRATION	\$2,763,877	\$2,763,877	\$0	0.0%	
Grand Total, All Strategies	\$46,402,570	\$23,997,343	(\$22,405,227)	(48.3%)	

**Preservation Board
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	109.5	120.0	120.0	120.0	120.0
Actual/Budgeted	97.1	108.3	120.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 5	\$182,160	\$186,714	\$186,714	\$150,000	\$150,000

Notes:

- a) The agency's fiscal year 2015 FTE cap of 88.0 identified in the 2014-15 General Appropriations Act was increased to 109.5 FTEs in accordance with Article IX, Section 6.10, Limitation on State Employment Levels.
- b) Fiscal years 2015 and 2016 reflect actual FTE figures which are lower than the FTE cap primarily due to staff vacancies.
- c) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 16-706, August 2016), indicates a market average salary of \$195,544 and recommended salary range of \$186,714 to \$227,038, including a change in the recommended salary group from group 5 to group 6, for the Executive Director position at the State Preservation Board. The agency is not requesting any changes to its Exempt Position salary cap or salary group. The recommended salary cap was reduced to correspond with the current Executive Director's salary, who was hired in October 2016.

Preservation Board
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Capitol Housekeeping Contract	Funding for the Capitol housekeeping contract would be shifted to the Capitol Trust Fund outside the treasury.	\$1,268,400	\$1,268,400	0.0	\$0	56%	Yes/ Partial
2)	Capitol, CVC, & TSHM Repairs and Preservation Projects	Item would delay or defer capital projects for the Capitol, Capitol Visitor Center, and State History Museum to the 2020-21 biennium.	\$2,172,163	\$2,172,163	0.0	\$0	14%	Yes
TOTAL, 10% Reduction Options			\$3,440,563	\$3,440,563	0.0	\$0		