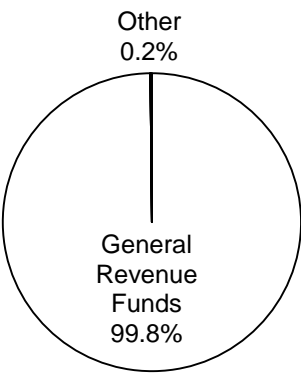


Section 1

Method of Financing	2014-15 Base	2016-17 Recommended	Biennial Change	% Change
General Revenue Funds	\$31,935,841	\$23,692,035	(\$8,243,806)	(25.8%)
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$31,935,841	\$23,692,035	(\$8,243,806)	(25.8%)
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$344,747	\$38,000	(\$306,747)	(89.0%)
All Funds	\$32,280,588	\$23,730,035	(\$8,550,553)	(26.5%)

RECOMMENDED FUNDING
BY METHOD OF FINANCING

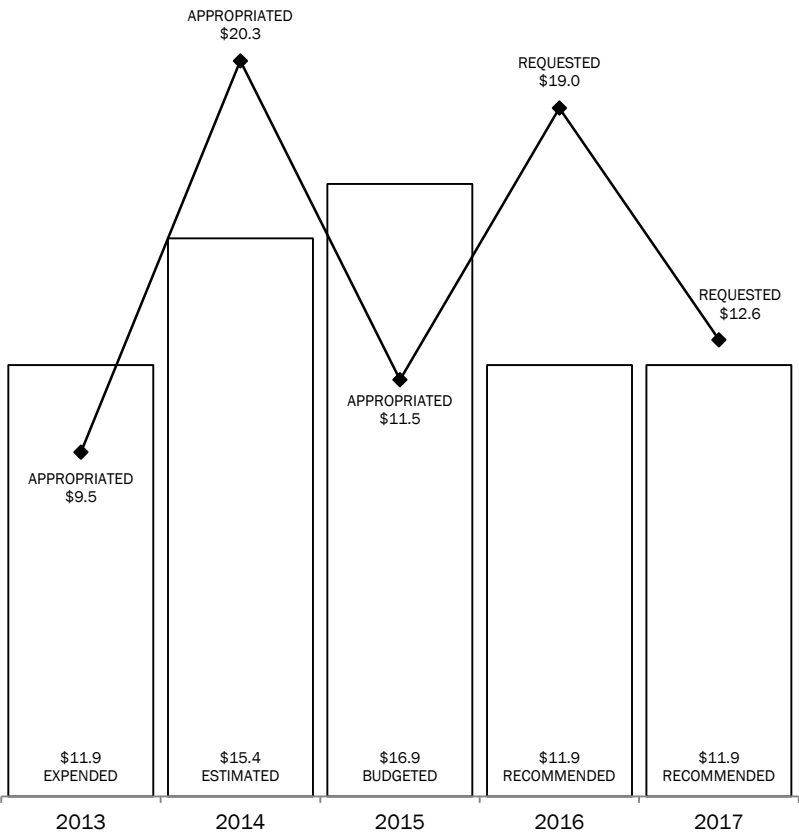


The bill pattern for this agency (2016-17 Recommended) represents an estimated 37.5% of the agency's estimated total available funds for the 2016-17 biennium.

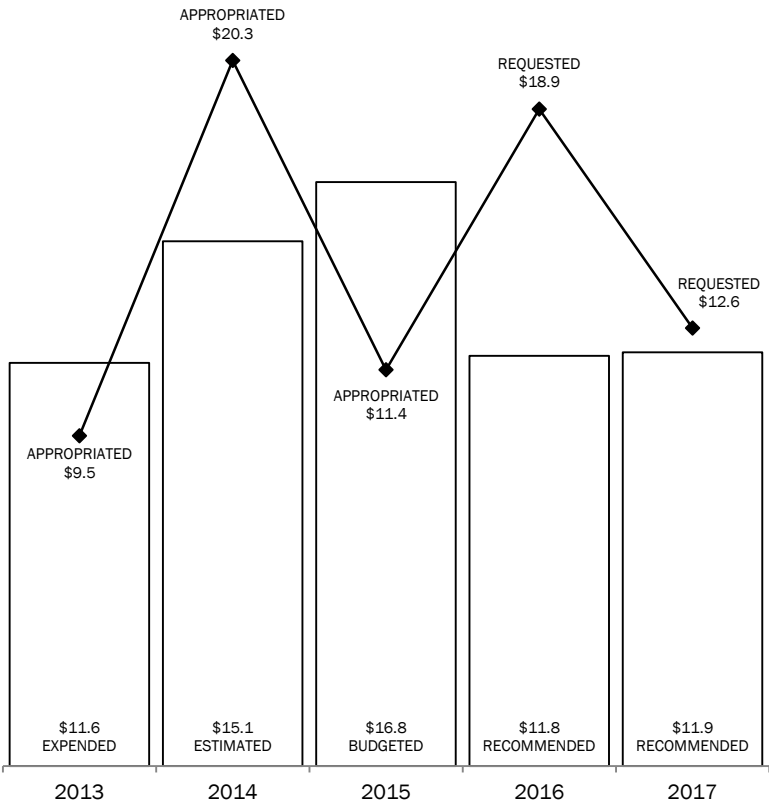
Section 1
Preservation Board
2016-2017 BIENNIUM
IN MILLIONS

TOTAL= \$23.8 MILLION

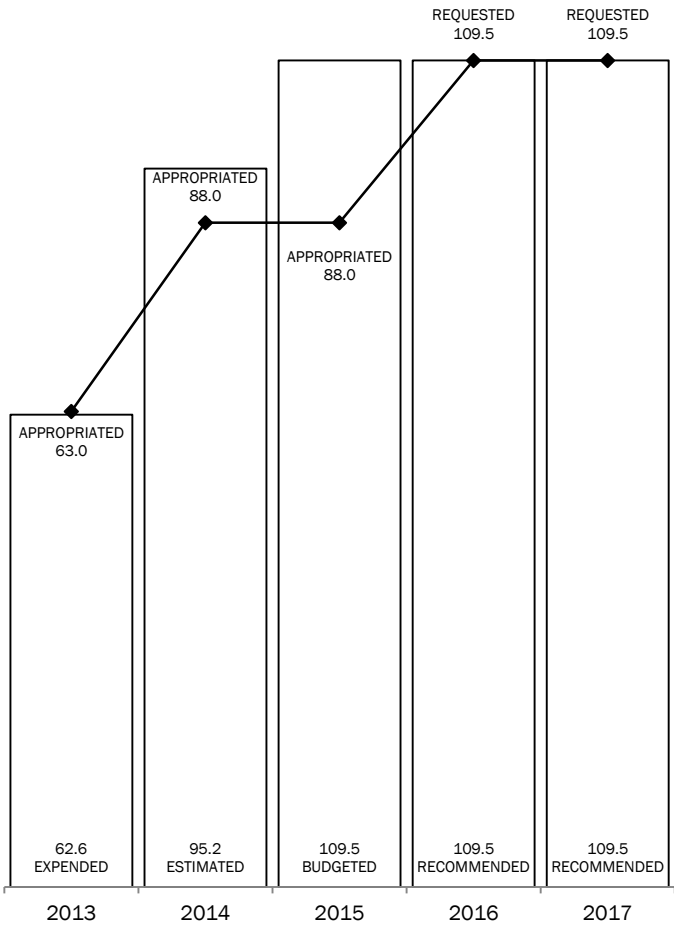
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

Preservation Board					
Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS					
Strategy/Goal	2014-15 Base	2016-17 Recommended	Biennial Change	% Change	Comments
PRESERVE BUILDINGS AND CONTENTS A.1.1	\$621,427	\$626,703	\$5,276	0.8%	Recommendations out of General Revenue reflect a decrease of \$2.1 million for completion of one-time projects offset by an increase of \$1.1 million for a method of finance swap for a housekeeping contract and reallocation of \$0.2 million from Strategy A.2.2, Manage State History Museum.
BUILDING MAINTENANCE A.1.2	\$8,155,573	\$7,146,584	(\$1,008,989)	(12.4%)	
					In addition, recommendations reflect a decrease of \$0.3 million in Appropriated Receipts from donations due to completion of restoration of the Governor's Mansion and renovation of adjacent parking area.
MANAGE EDUCATIONAL PROGRAM A.2.1	\$1,140,542	\$1,151,977	\$11,435	1.0%	Recommendations out of General Revenue reflect decreases of \$7.0 million for completion of one-time projects, \$0.4 million for reduced debt service requirements, and \$0.2 million reallocated to Strategy A.1.2, Building Maintenance.
MANAGE STATE HISTORY MUSEUM A.2.2	\$19,555,931	\$11,977,766	(\$7,578,165)	(38.8%)	
MANAGE ENTERPRISES A.3.1	\$116,041	\$117,132	\$1,091	0.9%	
Total, Goal A, MANAGE CAPITOL AND OTHER BUILDINGS	\$29,589,514	\$21,020,162	(\$8,569,352)	(29.0%)	
INDIRECT ADMINISTRATION B.1.1	\$2,691,074	\$2,709,873	\$18,799	0.7%	
Total, Goal B, INDIRECT ADMINISTRATION	\$2,691,074	\$2,709,873	\$18,799	0.7%	
Grand Total, All Strategies	\$32,280,588	\$23,730,035	(\$8,550,553)	(26.5%)	Recommendations reflect an overall decrease of \$8.2 million in General Revenue as a result of a decreases of \$9.1 million in one-time funding for several projects and \$0.4 million in debt service requirements for the Texas State History Museum offset by increases of \$1.1 million to transfer funding for a housekeeping contract from the Capitol Fund outside the treasury to General Revenue and \$0.1 million for the biennialization of the fiscal year 2015 two percent general state employee salary increase.
					In addition, recommendations reflect a decrease of \$0.3 million in Appropriated Receipts from donations due to completion of restoration of the Governor's Mansion and renovation of adjacent parking area.

Section 3

State Preservation Board
Selected Fiscal and Policy Issues - Senate

1. **One-time Funding Reallocation.** Recommendations reallocate \$1.1 million in General Revenue from funding for one-time projects in the 2014-15 biennium. The reallocation provides for a method of finance swap for a housekeeping contract. The method of finance swap would shift funding for the contract from the Capitol Fund outside the treasury to General Revenue and would preserve balances out of the Capitol Fund to transfer to the Capital Renewal Fund for funding of major repair and restoration projects for the Capitol and Capitol Visitor Center.
2. **Informational: Funds Outside the Treasury.** The agency maintains four funds outside the treasury which fund expenses related to the Capitol, Capitol Visitor Center, operation and maintenance of the Texas State History Museum and the preservation of the Governor’s Mansion. The information below provides a summary of their uses, revenue sources and balances.

- **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 and donations.

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 interest earned on the balance of the account. However the fund receives transfers from the Capitol Fund to fund projects.

The combined balance of the Capitol and Renewal Fund has decreased by \$6.8 million from \$25.4 million at the end of fiscal year 2009 to \$18.5 million at the end of fiscal year 2013. The agency anticipates the balances of the funds to further decrease to \$12.8 million at the end of the 2014-15 biennium and to \$4.8 million at the end of the 2016-17 biennium. These estimates are primarily due to scheduled capital renewal projects during the 2014-15 biennium totaling \$7.4 million and projects for the 2016-17 biennium totaling \$9.8 million. Renewal projects include, but are not limited to, projects such as upgrade of building automation systems, carpet replacement, sump pump replacement, and ceiling and roofing repairs or upgrades. A list of renewal projects scheduled for fiscal years 2014 through 2017 are shown following Section 3 Selected Fiscal and Policy Issues.

- **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 and donations. The balance of the fund has overall increased by \$1 million from \$1.1 million at the end of fiscal year 2009 to \$2.1 million at the end of fiscal year 2013. The agency anticipates the balances of the funds to increase to \$3 million at the end of the 2014-15 biennium and to \$3.9 million the end of the 2016-17 biennium. This increase is primarily due to the shifting of certain costs of Museum operations to General Revenue appropriations as well as an anticipated increase in revenues to the Museum Fund. In fiscal years 2008 through 2011 appropriations to the agency for Museum operations (Strategy A.2.2, Manage State History Museum) solely funded debt

Section 3

service and insurance payments to the Texas Public Finance Authority for the construction of the Museum; the agency received appropriations for operations in subsequent biennia. Additionally, the agency is estimating an increase in donations received as part of a capital campaign to raise funds for the La Belle exhibit as well as an increase in anticipated revenue from admissions, concessions, and merchandise sales.

- **Governor's Mansion Renewal Trust Fund:** Established under Senate Bill 201, Eighty-third Legislature, Regular Session, 2013, 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 and money transferred to the fund at the direction of the legislature. In fiscal year 2014, the agency transferred to the fund \$782,945 out of remaining unexpended balances of General Revenue appropriated for the Mansion's restoration. The agency anticipates earning \$10,750 in interest over the 2014-15 and 2016-17 biennia and is not anticipating on making any expenditure for renewal projects during that time. The agency anticipates an ending fiscal year 2017 balance of \$793,695.

3. **Transfer of Texas State Cemetery.** Recommendations for the Facilities Commission include a contingency rider to transfer funding and FTEs for the operation of the Texas State Cemetery to the Preservation Board contingent on enactment of legislation modifying Government Code, §§ 2165.256 and 2165.2561, to transfer administrative duties of the State Cemetery to the Preservation Board. Recommendations for the Facilities Commission provide \$1.5 million in All Funds (\$1.5 million in General Revenue and less than \$5,000 in Appropriated Receipts) and 10.5 FTEs for the State Cemetery; recommendations do not include the State Cemetery's two exceptional items totaling \$450,000 in General Revenue. The transfer would align responsibilities of the State Cemetery with other historic properties such as the State Capitol, Capitol Visitor Center, and the Governor's Mansion at the Preservation Board. No negative fiscal implications are anticipated as a result of the transfer.

Capital Renewal Fund Projects

FY 2014

Amount	
1 Steam Generators	\$ 70,000
2 Teletrol/Upgrade Capitol	\$ 700,000
3 Fresh Air Units Extension	\$ 750,000
4 Speed Drives	\$ 269,000
TOTAL	<u>\$ 1,789,000</u>

FY 2015

Amount	
1 Teletrol/Upgrade Capitol	\$ 1,750,000
2 Chamber Carpet Replacement	\$ 100,000
3 Capitol/Extension Fire System Phase I	\$ 495,000
4 Waterproofing Consultant	\$ 350,000
5 Extension Wall Panels	\$ 48,000
6 HW/CW Valve Replacement	\$ 195,000
7 Sump Pump Replacement	\$ 225,000
8 Extension Carpet Replacement	\$ 1,750,000
9 Capitol Light Fixtures	\$ 108,599
10 Extension Lighting Control	\$ 165,000
11 Condensate Return Station/System	\$ 150,000
12 Lighting Replacement Library/Capitol/Extension	\$ 250,000
TOTAL	<u>\$ 5,586,599</u>

2014-15 TOTAL

\$ 7,375,599

FY 2016

Amount	
1 Wet Seal Senate Ceiling/Glass Replacement	\$ 500,000
2 Plumbing Devices and Valves	\$ 96,105
3 House Chamber Carpet	\$ 450,000
4 Extension Carpet Replacement	\$ 1,750,000
5 Paralleling Gear	\$ 120,000
6 Capitol Light Fixtures	\$ 380,315
7 Extension Expansion Joints	\$ 2,000,000
8 Grounds Tree Lighting	\$ 210,000
9 Elevator Modernization Phase I	\$ 800,000
10 Fan Coil Replacement	\$ 289,757
11 Capitol/Extension Fire System Phase II	\$ 471,000
TOTAL	<u>\$ 7,067,177</u>

FY 2017

Amount	
1 Historic Doors	\$ 300,000
2 General Land Office Exterior Brick	\$ 250,000
3 Transfer Switch Replacement	\$ 180,000
4 General Land Office Roof and Ceilings	\$ 1,200,000
5 Elevator Modernization Phase II	\$ 800,000
TOTAL	<u>\$ 2,730,000</u>

2016-17 TOTAL

\$ 9,797,177

Section 3b

State Preservation Board
FTE Highlights - Senate

Full-Time-Equivalent Positions	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
Cap	63.0	88.0	109.5	109.5	109.5
Actual/Budgeted	62.6	95.2	109.5	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 5	\$160,000	\$176,000	\$182,160	\$182,160	\$182,160

Pursuant to authority provided in Article IX, Section 6.10, Limitation on State Employment Levels, of the 2014-15 GAA, the agency's estimated/budgeted FTEs in fiscal years 2014 and 2015 reflect an increase above the FTE cap specified in the agency's bill pattern (88.0 FTEs) and the agency's FTE cap in fiscal year 2015 was also increased to 109.5 primarily to transfer funding of staff from funds outside the treasury to General Revenue appropriations. These increases are reflected in the recommended FTE cap for the 2016-17 biennium.

The State Preservation Board requested and received approval from the Governor and LBB, pursuant to Article IX, Section 3.04, Scheduled Exempt Positions, to increase the Executive Director salary from \$176,000 to \$182,160 for fiscal year 2015 within the current Group 5 salary range.

The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report No. 14-705, August 2014), indicates a market average salary of \$181,692 for the Executive Director position at the State Preservation Board and recommends a change from the current Group 5 classification to Group 6.

Additionally, the report indicates a market average salary of \$153,491 for the Schedule B classified position of Director IV for the Director of the Bullock Texas State History Museum (salary as of June 30, 2014 is \$133,220) and recommends a change from the current classified salary Group B29 to exempt salary Group 5.

Section 3c

State Preservation Board
Performance Measure Highlights - Senate

	Expended 2013	Estimated 2014	Budgeted 2015	Recommended 2016	Recommended 2017
<ul style="list-style-type: none">Number of Visitors to the Museum	396,339	399,453	380,000	391,400	403,142
Measure Explanation: Decrease in anticipated visitation in fiscal year 2015, and subsequent increase in targets for fiscal years 2016 and 2017, is due to temporary closing of first floor exhibit space from February 2015 to November 2015 for the installation of La Belle and renovation of exhibits.					
<ul style="list-style-type: none">Revenue from Parking Meters	642,216	641,458	825,860	703,244	700,000
Measure Explanation: Increase in anticipated performance in fiscal year 2015, and subsequent decrease in targets for fiscal years 2016 and 2017, reflects an increase in revenue due to a contract with the University of Texas ending in fiscal year 2016 to accommodate construction projects near the capitol complex.					

Section 4

State Preservation Board
Performance Review and Policy Report Highlights - Senate

Reports & Recommendations	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

State Preservation Board Rider Highlights - Senate

2. (old) **Capital Budget.** Delete rider as recommendations do not include capital budget items.
2. (revise) **Appropriation: Debt Service for Construction of State History Museum.** Revise fiscal years and amounts to reflect estimated debt service payments for the museum. According to the Texas Public Finance Authority, at the end of fiscal year 2015, outstanding lease revenue bond debt service for the Museum is estimated to be \$22.2 million and is expected to be paid off in fiscal year 2020.
4. (revise) **Unexpended Balances: Texas History Education Program.** Revise rider to provide authority to carry forward to the 2016-17 biennium remaining unexpended and unobligated balances for the Texas History Education Program.
5. (delete) **Sunset Contingency.** Delete rider due to continuance of the agency through August 31, 2025 by Senate Bill 201, Eighty-third Legislature, Regular Session, 2013.
6. (delete) **Unexpended Balances: African American Texans Monument.** Delete rider due to transfer of remaining unexpended balances to the Historical Commission in the 2014-15 biennium for management of the monument project.
7. (delete) **La Belle Ship and Artifacts.** Delete rider due to substantial completion of the project during the 2014-15 biennium.
8. (delete) **Unexpended Balances: Restoration of the Governor's Mansion.** Delete rider due to completion of the Mansion security system project and transfer of balances to the Governor's Mansion Renewal Trust Fund outside the treasury.

Section 6

State Preservation Board
Items not Included in Recommendations - Senate

	2016-17 Biennial Total	
	GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order		
1. Capitol Windows Repairs: repair and restore over 800 windows of the Capitol due to rotted or warped framing, water infiltration, and to also increase energy efficiency.	\$ 4,400,000	\$ 4,400,000
2. IMAX Projector Conversion: convert film projectors at the IMAX theater in the Texas State History Museum from film to digital, laser-based format. Project also includes carpet replacement for lobby area, installation of tile flooring for the auditorium, and funding to recuperate lost revenue from theater closure for an estimated 39 days.	\$ 1,500,000	\$ 1,500,000
3. Building maintenance: provide for irrigation system upgrade, increases in building maintenance costs, increases in costs of paper goods and supplies, and purchase of a maintenance vehicle.	\$ 100,000	\$ 100,000
4. Staff merit salary increases and funding for 8.2 full-time equivalent (FTE) positions.	\$ 344,000	\$ 344,000
Total, Items Not Included in the Recommendations	\$ 6,344,000	\$ 6,344,000

Section 7

Preservation Board
Summary of 10 Percent Biennial Base Reduction Options - Senate

Biennial Reduction Amounts								
Priority	Item	Description/Impact	GR and GR-Dedicated	All Funds	FTEs	Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Intro Bill
1	Capitol Housekeeping Contract	According to the agency: Due to budget reductions in prior biennia, the Capitol housekeeping contract has been shifted to the Capitol Trust Fund.	\$1,126,000	\$1,126,000		\$0	14%	No
2	Educational Programs	According to the agency: Due to budget reductions in prior biennia, costs for educational programs have been shifted to the Capitol Trust Fund.	\$228,528	\$228,528		\$0	20%	No
3	Curatorial Programs	According to the agency: Due to budget reductions in prior biennia, costs for curatorial programs have been shifted to the Capitol Trust Fund.	\$138,750	\$138,750		\$0	22%	No
4	Fire Protection and Lighting in Capitol	According to the agency: Due to budget reductions in prior biennia, Capitol lighting costs and fire protection services (outside the scope of the preventative maintenance contract) have been shifted to the Capitol Trust Fund.	\$330,000	\$330,000		\$0	4%	No
5	Preventative Maintenance Contracts for Capitol Systems	According to the agency: Due to budget reductions in prior biennia, costs for preventative maintenance contracts on Capitol infrastructure systems have been shifted to the Capitol Trust Fund. These systems include fire protection, elevators, generators, and security.	\$241,792	\$241,792		\$0	3%	No
TOTAL, 10% Reduction Options			\$2,065,070	\$2,065,070		\$0		

Preservation Board
Summary of 10 Percent Biennial Base Reduction Options - Senate
Agency 10% Reduction Options by Category of Reduction

