

**TEXAS FACILITIES COMMISSION
STATE & FEDERAL SURPLUS PROPERTY PROGRAMS**

INTRODUCTION TO THE STATE & FEDERAL SURPLUS PROPERTY PROGRAMS FOR STATE AGENCY STAFF

The Texas Facilities Commission is statutorily charged with administering the State and Federal Surplus Property Programs. TFC's Surplus Property Program has three locations in Texas – Austin, Fort Worth, and San Antonio. TFC's State surplus property is located at their Austin location, whereas the Federal property is located at the Fort Worth and San Antonio warehouses.

The two programs are similar in that they both deal with the transfer of surplus government property to state agencies, however, they differ in their relationship with state agencies. The State Surplus Property Program offers state agencies assistance with the disposal and acquisition of state agency surplus property, while the Federal Surplus Property Program offers state agencies the opportunity to acquire federal agency surplus property. Per TGC Chapter 2175 (<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.2175.htm>), state agencies must use TFC for the disposal of surplus and salvage state agency property unless exempted in statute. However, participation in the Federal Program is encouraged to ensure best value to the state, but is not specifically mandated by law. For more information, please see our website: <http://tfc.state.tx.us/surplus>.

Purchasing from both programs is exempt from the typical requirements for purchasers to obtain bids and post solicitations. See TGC Sec. 771.003 - Interagency Agreements <http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.771.htm>

PURCHASER/CONTRACT MANAGER'S ROLE

The first step in the procurement cycle is to "identify need." This is a critical step because if a need has not been recognized or made clear, you won't be able to pursue the other steps in the procurement cycle. The term "Identify Need" serves two functions:

1. To identify the need of the end user.
2. To identify the need to make a procurement.

As a public purchaser, you are responsible for obtaining maximum value for the goods or services procured by challenging wasteful and avoidable costs. If an item is available in Surplus Property, then it may be possible to fulfill the need of the end user without the need to purchase an item from a third party.

The best way to reduce the risk of financial loss to an organization and to avoid wasteful spending is to transfer surplus or unwanted property to another organization. TFC aids this effort by administering the State and Federal Surplus Property Programs.

Additionally, during the property disposal process, state agency purchasers, asset managers, and contract managers should be on the lookout for potential for waste, fraud & theft. Due to improper disposal, an agency could be missing out on hundreds of thousands of dollars of revenue from the sale of surplus and salvage property.

PROPERTY MANAGER'S ROLE

Property managers (also called asset managers) are responsible for ensuring the proper, legal disposal of surplus and salvage personal property for his/her agency. Therefore, property managers work very closely with TFC's State Surplus Property Program, which is statutorily charged with overseeing the advertisement and disposal of state agency surplus and salvage property. Unless an agency or item has a specific exemption in statute, then you should follow the standard advertisement and disposal process outlined below and in [TGC Chapter 2175](#). TFC periodically sends out email updates to agency property managers. If you would like to be added to TFC's email distribution list, please contact TFC at state.surplus@tfc.state.tx.us.

STATE SURPLUS PROPERTY PROGRAM

This section is split into two parts:

- 1) How to acquire State Surplus and Salvage Property
- 2) How to dispose of State Surplus and Salvage Property

Section 1: How to Acquire State Surplus and Salvage Property

There are two methods to *acquire* State Surplus Property – via transfer directly from the surplusing agency, or from public sales at the Austin storefront. State agencies are highly encouraged to take advantage of the Transfer Process (method #1), particularly for vehicles and other high dollar items.

#1 - Transfer from State Agency

- State agencies are required to post all surplus and salvage property on TFC's website (<http://tfc.state.tx.us/divisions/supportserv/prog/statesurplus/political-subdivisions-and-non-profits/property-available-for-transfer.html>) for ten (10) business days*. During the posting period, state property is available for transfer to state agencies, political subdivisions, and TFC-approved assistance organizations as defined by TGC Chapter 2175.
- Using this method, the requesting agency picks up the property from surplusing agency. TFC does not need to approve inter-agency transfers (however, TFC must approve the price for all transfers to political subdivision and assistant organizations).
- Keep in mind that property is available for a limited amount of time. Requests for property must be received within the 10-business day posting period to take advantage of this method.
- Examples of items commonly available for transfer include office furniture & equipment, vehicles, heavy equipment, trailers, and computer equipment.

#2 - From TFC Storefront (Public Sales)

- After the transfer period ends, the property is then offered for sale to the public through the TFC Storefront in Austin, or through online auction. The price will be closer to fair market value, **therefore state agencies are encouraged to utilize the transfer method described above** in the interest of conserving state resources.
- The property available at TFC's State Surplus Storefront comes from two sources: State agencies and the Transportation Security Administration (TSA). The TSA turns over abandoned and willfully surrendered property collected at Texas airports to TFC, and in turn, TFC sells it to the public from their storefront in east Austin. The airport property, however, is not available for transfer, only for sale.

- The general public, including state agencies may purchase items from Austin Storefront. Our Austin Storefront offers a variety of items, including cars, trucks, SUVs, office equipment, supplies, and furniture.
- State agency property (priced at \$200 or less) is available to state agencies for transfer at no cost. This does not apply to TSA property, or property for personal use.
- Online auctions are conducted as-needed for specialty items and property located outside of the Austin area. TFC does not recommend agencies use this method to purchase property.

Section 2: How to Dispose of State Surplus and Salvage Property

TFC is responsible for overseeing the advertisement and disposal of all state agency surplus AND salvage personal property (regardless of initial or current value), including

- Scrap metal, recycling (*except paper*)
- Vehicles, including wrecked/salvage
- Modular furniture (cubicles)
- Office furniture & equipment
- Computer peripherals & other electronics
- Computers (**TDCJ handles final disposal*)

This policy applies to capitalized, controlled, and non-capitalized assets. If an agency thinks an item may not have significant value, then it does not exempt it from [TGC Chapter 2175](#)'s requirement to go through TFC. There are some exemptions in [TGC Chapter 2175](#) (examples includes universities, trade-ins, chairs for certain officials, TFC-delegated disposals). Unless a state agency has specific legal authority or written delegated authority from TFC, then your agency may not dispose of surplus OR salvage property without, first, advertising it for transfer, and second, contacting TFC to determine the final disposal or sale method. TFC monitors state property disposal records and may report violations to the LBB.

To initiate the disposal process, state agencies are required to post all surplus and salvage property on TFC's website (<http://tfc.state.tx.us/divisions/supportserv/prog/statesurplus/political-subdivisions-and-non-profits/property-available-for-transfer.html>) for ten (10) business days* (also called the "advertisement period"). During the advertisement period, state property is available for transfer to state agencies, political subdivisions, and TFC-approved assistance organizations as defined by [TGC Chapter 2175](#). Requests from state agencies have priority over all other organizations; however, if no state agency requests the property, the first organization requesting the property and agreeing to the price is entitled to it.

- *NOTE: Effective September 1, 2015, House Bill 3438 transferred the responsibility for posting available surplus property online from the Comptroller to the Texas Facilities Commission. However, this bill did not change the method in SPA by which state agencies will indicate that an item is ready for the surplus process. Agencies should continue using the SPA system to communicate that an item is ready for posting.

For transfers to political subdivisions and TFC-approved assistance organizations during the 10 business day-advertisement period:

- TFC, in conjunction with the owning agency, determines the price, if any, for each item;

- Agencies are responsible for verifying an assistance organization's eligibility by obtaining a copy of the organization's TFC-issued approval letter which includes a list of property that the organization has been approved to request; and
- For transfers to political subdivisions and assistance organizations, a [TFC Certificate of Acquisition form](#) must also be completed, signed, and forwarded to TFC.

If the property has not been transferred during the advertisement period, then once the item falls off TFC's advertisement website, an agency may contact TFC for final disposal instructions. At this point, there are three options:

- Sell from TFC warehouse;
- Auction in place; or
- TFC-authorized donation in lieu of abandonment.

If TFC cannot otherwise sell or dispose of the property, or has determined that the property has no resale value, then the property may be destroyed as worthless salvage.

Contact TFC's State Surplus Property Program when ready to dispose of property:

- For items to be dropped off at Austin Warehouse, complete a [TFC Bill of Lading](#), and submit to storefront.surplus@tfc.state.tx.us.
 - NOTE: San Antonio and Fort Worth Warehouses will not accept State property.
- For items to be auctioned in place, complete a [TFC Auction Request Form](#), and submit to auctions@tfc.state.tx.us.
- For final disposal of commuter equipment (CPUs, laptops, tablets), please contact [TDCJ's Computer Recovery Program](#). TFC will accept peripherals (monitors, mice, keyboards, printers), but cannot accept CPUs, tablets or laptops.

For more information, including all State Agency Forms, please visit our website:

<http://tfc.state.tx.us/SSP>. The State Surplus Property Program can be reached at (512) 463-1990 or storefront.surplus@tfc.state.tx.us.

FEDERAL SURPLUS PROPERTY PROGRAM

The Federal Surplus Property Program offers state agencies the opportunity to obtain surplus federal government property at pennies on the dollar (when comparing TFC's fees to the original value of the property). TFC has a standing inventory of thousands of items at their San Antonio and Fort Worth Warehouses. If an agency cannot find what it needs in TFC's inventory (available online at <http://tfc.state.tx.us/FSP>), then TFC's Federal Program will gladly accept a request, and notify the agency if/when that item is available.

Purchasing from this program is exempt from the typical requirements to obtain bids and post solicitations. See TGC Sec. 771.003 - Interagency Agreements

<http://www.statutes.legis.state.tx.us/Docs/GV/htm/GV.771.htm>

TFC's Federal Surplus Property Program manages the disposition of surplus property donated to the state by federal programs. Our Federal Surplus Property Program requests, warehouses, and transfers surplus federal government equipment to eligible organizations in Texas. TFC certifies organizations as eligible under federal management regulations to receive and use the property. All state agencies are eligible, however must have an active account to be able to obtain property. Private citizens and the general public may not participate in this program.

The program is not funded by the legislature, but is totally supported by the revenues generated from handling fees. This means that the cost of maintaining the staff and facilities are passed on to the program participants in the form of the handling fee. Handling fees will vary according to condition of the item and demand, but are usually significantly lower than the cost of comparable items on the open market. The difference in value is considered a "donation" from the federal government; hence, participants in the program are referred to as "donees." As a recipient of surplus property under the Federal Surplus Property Program, the agency is considered a sub-recipient of federal financial assistance. The fair market value of property received must be reported as part of the Schedule of Expenditures of Federal Awards in your organization's Annual Financial Report. Property received through this program are subject to federal handling and use restrictions including the requirement that the recipient organization keep and use the property for a certain amount of time (usually 12-18 months) before disposing of it. Payment for handling fees may be made by ITV.

For questions about the Federal Surplus Property Program, please contact TFC at 512-463-2688 or federal.surplus@tfc.state.tx.us.

TFC's Federal Surplus Warehouses are located in San Antonio and Fort Worth. For complete details, including a link to our complete inventory, warehouse contact information, and forms, please visit our website: <http://tfc.state.tx.us/FSP>

Rev. 5/18/17