

**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 government 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](mailto: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 (for all types of items, including vehicles and other capitalized assets), or from transfer of low dollar items (i.e. furniture) 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 *Preferred Method***

- State agencies are required to advertise all surplus and salvage property (via the Comptroller's Statewide Property Accounting or "SPA" system), which will, in turn, post it 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 highly 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 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. **Transfer of capitalized assets must be coordinated with the owning agency.**

## **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 must first designate that items as surplus in the Comptroller's Statewide Property Accounting (SPA) System. By designating it as surplus, it will initiate the statutorily required advertisement of 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").

TFC understands that not all property purchased is required to be entered into SPA, per the Comptroller's Office. However, TFC has established these procedures which coincide with statute. Per **TGC § 2175.1825**, all state agencies must perform this advertisement regardless of the asset's dollar value, unless said agency is exempt per statute. Controlled and Capitalized asset dollar thresholds do not impact the requirement to advertise. TFC works with the State Property Accounting Team to ensure these requirements are met. All property advertised within SPA is reported from the Comptroller's office directly to TFC on a nightly file. These properties are then advertised on TFC's website.

It should be noted that low-dollar non-controlled properties do not have to be listed for advertisement within SPA individually in order to comply with the advertisement requirement. Agencies disposing of low dollar items, not entered into SPA at the time they were purchased, can simply add these properties by accessing the "ADD PROPERTY" (PAPADD) screen located on the "MAIN MENU" of their SPA user

account. Agencies needing to dispose of multiple low dollar properties, can simplify this process by compiling all of their like properties together, by lot(s), and listing the included lot properties within the SPA “DESCRIPTION” field. Users will be required to enter in a dummy property number into the “PROPERTY” field. This dummy number must start with ZZ and be no more than ten character long, example: ZZ00000001.

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.

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 must 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 only with written authorization from TFC.

Property located outside of the Austin area, which is in need of disposal, will be auctioned from its location. All properties disposed of with the Austin warehouse, and marked as non-capitalized, will be coded (DM 33), released, and reported back to the disposing agency via SPA, by TFC, once they have been inventoried and received. Non-capitalized assets are defined as property having an original acquisition cost less than \$5K. Properties disposed of and marked as capitalized assets will not be reported back until they have sold with TFC. Capitalized assets are defined as property having an original acquisition cost of \$5K or more. All properties submitted for auction, will not be coded, released, and reported back until they are sold.

#### How to submit a request for final disposal to TFC:

NOTE: All request forms MUST be filled out electronically, saved to your computer as a PDF and submitted by email. All requests received not meeting this criteria will NOT be processed.

- For items to be dropped off at the Austin Warehouse, complete a [Bill of Lading](#) electronically, save, and email to [storefront.surplus@tfc.state.tx.us](mailto: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 an [Auction Request Form](#) electronically, save, and email to [auctions@tfc.state.tx.us](mailto:auctions@tfc.state.tx.us). Please reference sheet 3 within the Auction Request

- Form for instructions on how to submit photos.
- 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 specific information regarding the **Disposal of Property Not in SPA** please visit:  
[https://fmx.cpa.texas.gov/fmx/pubs/spaproc/ch6/6\\_3.php](https://fmx.cpa.texas.gov/fmx/pubs/spaproc/ch6/6_3.php)

**Please Note:** TFC does not have direct SPA access. All state agency inquiries regarding SPA and technical support must call [CPA IT Help Desk at 512-463-HELP \(4357\)](#), not TFC.

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](mailto: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](mailto: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. 7/10/18*