

## VEHICLE LEASING INFORMATION

### **Conduct Fleet Right Sizing Evaluation** **Texas Vehicle Fleet Management Plan**

Agencies are encouraged to perform fleet “rightsizing” or optimization evaluations to help determine their appropriate fleet size and composition. Factors to consider in sizing an agency’s fleet (in terms of both overall number of vehicles and vehicle type) are the agency’s mission and whether the need will be short-term (perhaps met by rentals or unassigned motor pool units) or long-term (perhaps met by lease or purchase). When conducting a “rightsizing” or optimization evaluation, one of the main factors considered should be whether the vehicle is being fully utilized; if it is not, the vehicle should be considered for reassignment or disposal.

Agency fleet managers and staff should work closely with agency management and budget staff to be certain to meet all requirements, both internal and external, to properly prepare their biennial budget request for inclusion in the Legislative Appropriations Request (LAR).

Agencies should perform a detailed buy-versus-lease study prior to entering into a lease arrangement to ensure the most cost-effective method of acquisition is utilized. Vehicles leased by agencies or institutions shall be subject to all data collection and use requirements of the Plan. Exceptions may be granted through waivers approved by OVFM if other than appropriated funds are used for the lease.

Agencies will need to consult the **State Property Account Process User Guide** and the **Annual Financial Report Reporting Requirements** to ensure the correct accounting and reporting processes needed for vehicle leasing activity.

### **Request Funds in Legislative Appropriations Request** **Detailed Instructions for Agencies for Biennium beginning September 1, 2017**

Once the agency has developed its business case and funding needs, the agency’s management and budget team will prepare the agency’s LAR and submit it to the Legislative Budget Board (LBB). If there is a need to request vehicle replacement funding on an exception item request, the agency will prepare any required justifications for inclusion in the LAR.

The LBB is responsible for reviewing state agencies’ budget requests and presenting them to the Legislature for consideration. Occasionally, agencies may request a meeting with the LBB prior to LAR submission, to discuss any concerns and to provide additional information and background on certain requests.

An agency’s budget request is presented to the Legislature by the LBB for review, approval and inclusion in the General Appropriations Act, which defines each state agency’s budget.

Authorization to purchase vehicles and the dollar amount for each fiscal year of the biennium will be included in each agency’s capital budget. The Legislature may place certain restrictions on how the agency spends these funds. Usually these directives will be communicated to agencies’ management during the legislative process.

### **General Appropriations Act, Article IX-69** **Sec. 14.03(g). Limitation on Expenditures - Capital Budget**

Appropriations restricted to capital budget purposes and not identified in a "Capital Budget" as being for lease payments to the master lease purchase program (MLPP) or for other lease purchase payments may be utilized to make lease payments under MLPP or for other lease or installment payments only if the agency to which the appropriation is made

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provides a report to the Comptroller specifying the sum of the lease payments to be made during the biennium for the Capital Budget item being acquired. The Comptroller shall reduce the appropriation made by this Act for the Capital Budget item in an amount equal to the difference between the appropriated amount and the sum of the lease payments for the biennium and deposit that amount into the unappropriated balance of the original funding source. In the event that the Comptroller cannot determine the amount appropriated for a specific Capital Budget item, the amount shall be determined by the Legislative Budget Board.