

Section 1

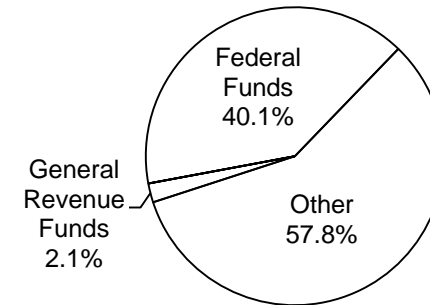
**Department of Transportation
Summary of Recommendations - House**

Page: VII-17
Phil Wilson, Executive Director

Thomas Galvan, LBB Analyst

Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% Change
General Revenue Funds	\$181,321,533	\$429,800,646	\$248,479,113	137.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$181,321,533</i>	<i>\$429,800,646</i>	<i>\$248,479,113</i>	<i>137.0%</i>
Federal Funds	\$6,931,609,537	\$8,348,041,483	\$1,416,431,946	20.4%
Other	\$11,187,208,583	\$12,020,662,279	\$833,453,696	7.5%
All Funds	\$18,300,139,653	\$20,798,504,408	\$2,498,364,755	13.7%

RECOMMENDED FUNDING
BY METHOD OF FINANCING



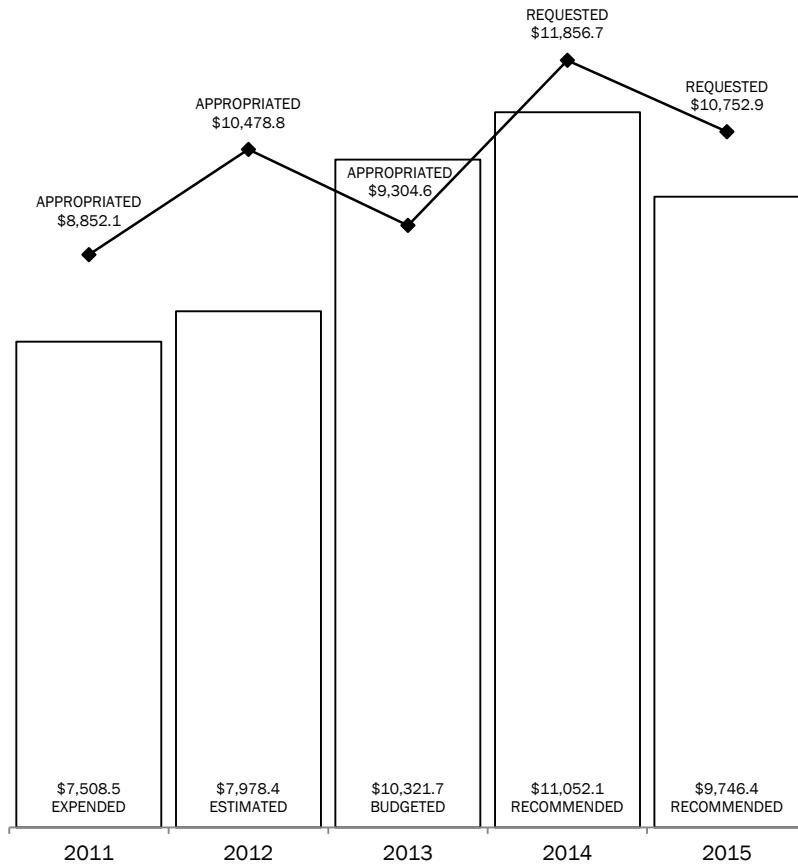
	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	12,087.0	12,087.0	0.0	0.0%

The bill pattern for this agency (2014-15 Recommended) represents an estimated 97% of the agency's estimated total available funds for the 2014-15 biennium.

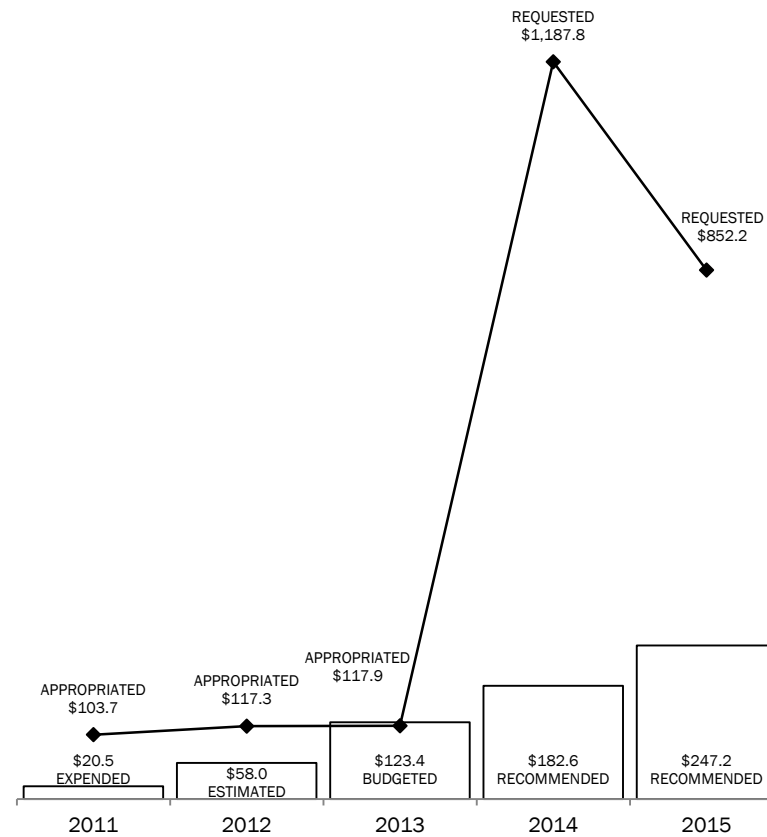
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Department of Transportation
2014-2015 BIENNIUM
 IN MILLIONS

TOTAL= \$20,798.5 MILLION

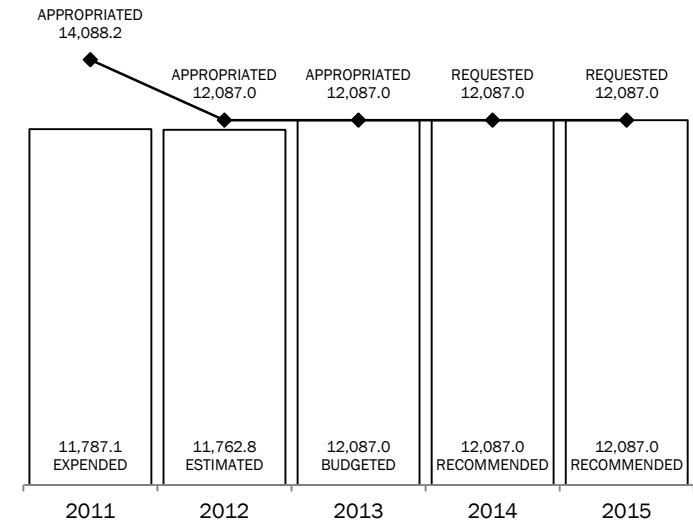
ALL FUNDS



**GENERAL REVENUE AND
 GENERAL REVENUE-DEDICATED FUNDS**



FULL-TIME-EQUIVALENT POSITIONS



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Department of Transportation
Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
PLAN/DESIGN/MANAGE A.1.1	\$649,317,962	\$717,701,934	\$68,383,972	10.5%	Recommendations provide funding for planning, design, and management of transportation projects in alignment with the agency's request. Recommendations reflect an All Funds increase of \$26.7 million to provide funding for full staffing at the 2013 budgeted level and \$30.3 million in other operating costs associated with increases in project letting and construction contracts in fiscal years 2013 through 2014 (see Selected Fiscal and Policy Issues #1).
FEDERAL FUNDS	\$349,314,737	\$416,950,588	\$67,635,851	19.4%	
OTHER FUNDS	\$300,003,225	\$300,751,346	\$748,121	0.2%	
CONTRACTED PLANNING AND DESIGN A.1.2	\$816,685,230	\$795,068,376	(\$21,616,854)	(2.6%)	
GENERAL REVENUE FUNDS	\$8,344,925	\$0	(\$8,344,925)	(100.0%)	2012-13 Base General Revenue includes one-time funding for preliminary planning activities related to the Lone Star (Austin-San Antonio) passenger rail project (See Rider Highlights, Modified Rider #32).
FEDERAL FUNDS	\$296,514,379	\$319,032,417	\$22,518,038	7.6%	
OTHER FUNDS	\$511,825,926	\$476,035,959	(\$35,789,967)	(7.0%)	
RIGHT-OF-WAY ACQUISITION A.1.3	\$1,687,167,746	\$726,501,523	(\$960,666,223)	(56.9%)	Recommendations provide funding for acquisition of right-of-way in alignment with the agency's request (see Selected Fiscal and Policy Issues #1). The 2012-13 base includes \$1,034.1 million in All Funds budgeted for right-of-way acquisition in fiscal year 2013, including many commercial parcels for major highway construction projects.
FEDERAL FUNDS	\$443,386,905	\$214,485,941	(\$228,900,964)	(51.6%)	
OTHER FUNDS	\$1,243,780,841	\$512,015,582	(\$731,765,259)	(58.8%)	
RESEARCH A.1.4	\$43,848,751	\$45,864,502	\$2,015,751	4.6%	Recommendations provide \$43.8 million in All Funds (\$35.7 million in Federal Funds; \$8.1 million in State Highway Funds) to fund transportation research performed by state-supported colleges and universities, which includes an increase of \$2 million in State Highway Funds in alignment with the agency's request.
FEDERAL FUNDS	\$37,442,038	\$37,318,262	(\$123,776)	(0.3%)	
OTHER FUNDS	\$6,406,713	\$8,546,240	\$2,139,527	33.4%	

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Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal A, PROVIDE TRANSPORTATION PLANNING	\$3,197,019,689	\$2,285,136,335	(\$911,883,354)	(28.5%)	
GENERAL REVENUE FUNDS	\$8,344,925	\$0	(\$8,344,925)	(100.0%)	
FEDERAL FUNDS	\$1,126,658,059	\$987,787,208	(\$138,870,851)	(12.3%)	
OTHER FUNDS	\$2,062,016,705	\$1,297,349,127	(\$764,667,578)	(37.1%)	
EXISTING CONSTRUCTION CONTRACTS B.1.1	\$1,784,346,012	\$2,971,252,107	\$1,186,906,095	66.5%	Recommendations reflect funding for progress payments on construction contracts awarded prior to fiscal year 2014 in alignment with the agency's revenue projections and request (see Selected Fiscal and Policy Issues #1).
FEDERAL FUNDS	\$1,004,152,740	\$879,541,144	(\$124,611,596)	(12.4%)	
OTHER FUNDS	\$780,193,272	\$2,091,710,963	\$1,311,517,691	168.1%	
NEW CONSTRUCTION CONTRACTS B.1.2	\$1,609,034,054	\$1,227,237,786	(\$381,796,268)	(23.7%)	Recommendations reflect funding for progress payments on construction contracts to be awarded and started during the 2014-15 biennium in alignment with the agency's revenue projections and request (see Selected Fiscal and Policy Issues #1). The 2012-13 base expenditures reflect progress payments on construction contracts awarded and started during the 2012-13 biennium. Funding for ongoing payments on these contracts is included in Strategy B.1.1, Existing Construction Contracts.
FEDERAL FUNDS	\$594,552,998	\$889,321,706	\$294,768,708	49.6%	
OTHER FUNDS	\$1,014,481,056	\$337,916,080	(\$676,564,976)	(66.7%)	
CONSTRUCTION GRANTS & SERVICES B.1.3	\$1,343,297,524	\$1,902,739,505	\$559,441,981	41.6%	Recommendations from All Funds reflect the agency's request, which includes: <ul style="list-style-type: none"> • \$672.9 million for comprehensive development agreements (CDAs; see Selected Fiscal and Policy Issues #12); • \$571.3 million for the Dallas "Horseshoe" design-build project; • \$345.1 million for pass-through financing agreements (see Selected Fiscal and Policy Issues #13); • \$301.8 million for toll equity projects (TxDOT financial participation in local toll projects); and • \$11.6 million in General Obligation bond proceeds for Border Colonia Access Program (BCAP) grant projects in alignment with the agency's request.
FEDERAL FUNDS	\$947,659,568	\$1,157,835,870	\$210,176,302	22.2%	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$395,637,956	\$744,903,635	\$349,265,679	88.3%	
AVIATION SERVICES B.1.4	\$173,572,407	\$193,910,412	\$20,338,005	11.7%	Recommendations provide funding for general aviation services and state aircraft services in alignment with the agency's request. <ul style="list-style-type: none"> • Recommendations include \$84.1 million in State Highway Funds and \$100 million in Federal Funds for services and capital improvements for general aviation, reliever, and non-primary commercial service airports. • Recommendations include \$9 million from Interagency Contracts and \$0.8 million from State Highway Funds to provide state flight transportation services and maintain state aircraft.
FEDERAL FUNDS	\$100,448,798	\$100,000,000	(\$448,798)	(0.4%)	
OTHER FUNDS	\$73,123,609	\$93,910,412	\$20,786,803	28.4%	Recommendations reflect a decrease of \$4.1 million in new State Highway Fund appropriations for general aviation services offset by \$25 million in unexpended balances from general aviation grants carried forward from fiscal year 2013.
Total, Goal B, TRANSPORTATION IMPROVEMENTS	\$4,910,249,997	\$6,295,139,810	\$1,384,889,813	28.2%	
FEDERAL FUNDS	\$2,646,814,104	\$3,026,698,720	\$379,884,616	14.4%	
OTHER FUNDS	\$2,263,435,893	\$3,268,441,090	\$1,005,005,197	44.4%	
EXISTING MAINTENANCE CONTRACTS C.1.1	\$1,582,825,517	\$3,115,775,132	\$1,532,949,615	96.8%	Recommendations reflect funding for progress payments on maintenance contracts awarded prior to fiscal year 2014 in alignment with the agency's revenue projections and request (see Selected Fiscal and Policy Issues #1).
FEDERAL FUNDS	\$1,132,783,423	\$2,181,954,784	\$1,049,171,361	92.6%	
OTHER FUNDS	\$450,042,094	\$933,820,348	\$483,778,254	107.5%	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
NEW MAINTENANCE CONTRACTS C.1.2	\$2,351,737,764	\$2,232,031,621	(\$119,706,143)	(5.1%)	Recommendations reflect funding for progress payments on maintenance contracts to be awarded and started during the 2014-15 biennium in alignment with the agency's revenue projections and request (see Selected Fiscal and Policy Issues #1). The 2012-13 base expenditures reflect progress payments on maintenance contracts awarded and started during the 2012-13 biennium. Funding for ongoing payments on these contracts is included in Strategy B.1.1, Existing Construction Contracts.
GENERAL REVENUE FUNDS	\$1,489,681	\$0	(\$1,489,681)	(100.0%)	2012-13 Base General Revenue includes one-time funding for South Orient Rail Line rehabilitation and track improvements (see Rider Highlights, Modified Rider #32).
FEDERAL FUNDS	\$1,635,053,892	\$1,767,364,231	\$132,310,339	8.1%	
OTHER FUNDS	\$715,194,191	\$464,667,390	(\$250,526,801)	(35.0%)	
CONTRACTED ROUTINE MAINTENANCE C.1.3	\$1,354,705,650	\$1,321,066,670	(\$33,638,980)	(2.5%)	
FEDERAL FUNDS	\$4,346,105	\$0	(\$4,346,105)	(100.0%)	
OTHER FUNDS	\$1,350,359,545	\$1,321,066,670	(\$29,292,875)	(2.2%)	
ROUTINE MAINTENANCE C.1.4	\$1,420,119,080	\$1,508,742,929	\$88,623,849	6.2%	
FEDERAL FUNDS	\$106,623	\$0	(\$106,623)	(100.0%)	
OTHER FUNDS	\$1,420,012,457	\$1,508,742,929	\$88,730,472	6.2%	
GULF WATERWAY C.1.5	\$940,137	\$1,653,403	\$713,266	75.9%	Recommendations provide State Highway Funds for administering the state's responsibility as the nonfederal sponsor of the Gulf Intracoastal Waterway from the Sabine River to Brownsville in alignment with the agency's request. Recommendations include \$1.4 million for the acquisition of land for the disposal of dredged material, which is an increase of \$0.7 million from the amount budgeted for fiscal year 2013.
OTHER FUNDS	\$940,137	\$1,653,403	\$713,266	75.9%	
FERRY OPERATIONS C.1.6	\$85,130,912	\$91,169,249	\$6,038,337	7.1%	Recommendations provide State Highway Funds for the maintenance and operation of two toll-free ferry systems in alignment with the agency's request.
FEDERAL FUNDS	\$1,177,613	\$0	(\$1,177,613)	(100.0%)	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$83,953,299	\$91,169,249	\$7,215,950	8.6%	
Total, Goal C, PRESERVE THE TRANSPORTATION SYSTEM	\$6,795,459,060	\$8,270,439,004	\$1,474,979,944	21.7%	
GENERAL REVENUE FUNDS	\$1,489,681	\$0	(\$1,489,681)	(100.0%)	
FEDERAL FUNDS	\$2,773,467,656	\$3,949,319,015	\$1,175,851,359	42.4%	
OTHER FUNDS	\$4,020,501,723	\$4,321,119,989	\$300,618,266	7.5%	
PUBLIC TRANSPORTATION D.1.1	\$185,671,760	\$177,026,449	(\$8,645,311)	(4.7%)	Recommendations provide funding from State Highway Funds and Federal Funds to assist small urban and rural transit providers, metropolitan planning organizations, and other local entities in the development and delivery of public transportation services. Recommendations include \$171.1 million in All funds (\$58.5 million in State Highway Funds; \$112.6 million in Federal Funds) for the distribution of state grants and federal apportionments for public transportation projects.
FEDERAL FUNDS	\$122,868,095	\$112,588,458	(\$10,279,637)	(8.4%)	Federal Funds decreases are due to changes in the structure of federal transit programs and updated federal apportionments based on 2010 census data.
OTHER FUNDS	\$62,803,665	\$64,437,991	\$1,634,326	2.6%	
TRAFFIC SAFETY D.2.1	\$117,974,457	\$121,099,875	\$3,125,418	2.6%	Recommendations provide funding to coordinate the Texas Traffic Safety Program, distribute state and federal traffic safety grant funding, and maintain the Crash Records Information System.
GENERAL REVENUE FUNDS	\$1,500,000	\$1,500,000	\$0	0.0%	Recommendations continue \$1.5 million in funding from General Revenue - Insurance Maintenance Tax and Insurance Department Fees for ongoing maintenance of the Crash Records Information System.
FEDERAL FUNDS	\$98,832,698	\$101,821,160	\$2,988,462	3.0%	
OTHER FUNDS	\$17,641,759	\$17,778,715	\$136,956	0.8%	
TRAVEL INFORMATION D.3.1	\$33,872,953	\$33,722,058	(\$150,895)	(0.4%)	Recommendations provide State Highway Funds for the operation of 12 travel information centers, publishing and distribution of Texas travel and tourism information, and publishing the monthly Texas Highways Magazine.
OTHER FUNDS	\$33,872,953	\$33,722,058	(\$150,895)	(0.4%)	

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Summary of Recommendations - House, By Method of Finance -- Supplemental

Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal D, OPTIMIZE SERVICES AND SYSTEMS	\$337,519,170	\$331,848,382	(\$5,670,788)	(1.7%)	
GENERAL REVENUE FUNDS	\$1,500,000	\$1,500,000	\$0	0.0%	
FEDERAL FUNDS	\$221,700,793	\$214,409,618	(\$7,291,175)	(3.3%)	
OTHER FUNDS	\$114,318,377	\$115,938,764	\$1,620,387	1.4%	
RAIL PLAN/DESIGN/MANAGE E.1.1	\$4,392,025	\$4,951,602	\$559,577	12.7%	Recommendations provide State Highway Funds and Federal Funds for rail management and planning activities including rail inventory surveys, freight rail traffic and passenger rail volume studies, and the development of the state rail plan in alignment with the agency's request.
FEDERAL FUNDS	\$1,411,910	\$1,188,000	(\$223,910)	(15.9%)	
OTHER FUNDS	\$2,980,115	\$3,763,602	\$783,487	26.3%	
CONTRACT RAIL PLAN/DESIGN E.1.2	\$21,619,000	\$20,620,000	(\$999,000)	(4.6%)	
FEDERAL FUNDS	\$20,299,179	\$20,220,000	(\$79,179)	(0.4%)	Recommendations include \$8 million in Federal Highway Administration state planning and research funds for passenger and freight rail studies and \$12.2 million in Federal Railroad Administration grants for the Dallas-Fort Worth to Houston corridor (\$8.9 million) and Oklahoma to South Texas corridor (\$3.3 million) passenger rail projects.
OTHER FUNDS	\$1,319,821	\$400,000	(\$919,821)	(69.7%)	Recommendations provide State Highway Funds for contract services related to ongoing maintenance and rehabilitation projects on the state-owned South Orient Rail Line in alignment with the agency's request.
RAIL CONSTRUCTION E.1.4	\$27,905,580	\$27,666,666	(\$238,914)	(0.9%)	Recommendations provide \$5 million in State Highway Funds for continued state support of the Amtrak Heartland Flyer route and Federal Funds for freight rail improvements at Tower 55 in Fort Worth.
FEDERAL FUNDS	\$15,505,580	\$22,666,666	\$7,161,086	46.2%	
OTHER FUNDS	\$12,400,000	\$5,000,000	(\$7,400,000)	(59.7%)	The 2012-13 base includes \$6.4 million in State Highway Funds from local contributions to South Orient Rail Line projects and \$1 million in Appropriated Receipts budgeted from surplus property proceeds that are not continued in the recommendations in alignment with the agency's request.

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
RAIL MAINTENANCE E.1.5	\$953,549	\$0	(\$953,549)	(100.0%)	The 2012-13 base includes local funds contributions deposited to the State Highway Fund for South Orient Rail Line maintenance. The agency did not request funding for rail maintenance projects in 2014-15
OTHER FUNDS	\$953,549	\$0	(\$953,549)	(100.0%)	
RAIL SAFETY E.1.6	\$2,213,731	\$2,336,450	\$122,719	5.5%	Recommendations provide fee-generated General Revenue for rail safety inspections, investigations, and education in support of the Federal Railroad Administration's rail safety enforcement efforts in alignment with the agency's request.
GENERAL REVENUE FUNDS	\$2,213,731	\$2,336,450	\$122,719	5.5%	
Total, Goal E, ENHANCE RAIL TRANSPORTATION	\$57,083,885	\$55,574,718	(\$1,509,167)	(2.6%)	
GENERAL REVENUE FUNDS	\$2,213,731	\$2,336,450	\$122,719	5.5%	
FEDERAL FUNDS	\$37,216,669	\$44,074,666	\$6,857,997	18.4%	
OTHER FUNDS	\$17,653,485	\$9,163,602	(\$8,489,883)	(48.1%)	
CENTRAL ADMINISTRATION F.1.1	\$94,411,236	\$104,693,772	\$10,282,536	10.9%	Recommendations provide State Highway Funds for the Texas Transportation Commission, executive administration, government and public affairs, general counsel, and administrative support for the agency's divisions and central offices.
OTHER FUNDS	\$94,411,236	\$104,693,772	\$10,282,536	10.9%	Increase reflects the agency's reallocation of personnel and operating costs from other strategies due to agency reorganization.
INFORMATION RESOURCES F.1.2	\$162,240,288	\$189,167,653	\$26,927,365	16.6%	Recommendations include net increases of \$12 million for information technology and telecommunications support for daily operations and \$13.6 million for data center services (see Selected Fiscal and Policy Issues #18).
OTHER FUNDS	\$162,240,288	\$189,167,653	\$26,927,365	16.6%	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES F.1.3	\$69,252,652	\$76,389,523	\$7,136,871	10.3%	Recommendations provide State Highway Funds for indirect administrative support services for agency divisions and central offices including internal mail, facilities maintenance, and security; and statewide support for purchasing, warehousing, property management, document and records management, and printing services.
OTHER FUNDS	\$69,252,652	\$76,389,523	\$7,136,871	10.3%	
REGIONAL ADMINISTRATION F.1.4	\$83,745,607	\$91,712,004	\$7,966,397	9.5%	Recommendations provide State Highway Funds for indirect administrative support of agency district and regional operations.
OTHER FUNDS	\$83,745,607	\$91,712,004	\$7,966,397	9.5%	
Total, Goal F, INDIRECT ADMINISTRATION	\$409,649,783	\$461,962,952	\$52,313,169	12.8%	
OTHER FUNDS	\$409,649,783	\$461,962,952	\$52,313,169	12.8%	
GENERAL OBLIGATION BONDS G.1.1	\$192,859,336	\$451,050,336	\$258,191,000	133.9%	Recommendations provide General Revenue and Federal Funds for debt service and other financing costs associated with the Proposition 12 GO Bond program (see Selected Fiscal and Policy Issues #4 and #6).
GENERAL REVENUE FUNDS	\$167,773,196	\$425,964,196	\$258,191,000	153.9%	Recommendations include \$102 million in General Revenue for debt service on current Proposition 12 GO Bond obligations and \$322.5 million for debt service on new obligations anticipated to be issued over fiscal years 2013 through 2015 (see Selected Fiscal and Policy Issues #4).
FEDERAL FUNDS	\$25,086,140	\$25,086,140	\$0	0.0%	
STATE HIGHWAY FUND BONDS G.1.2	\$749,529,804	\$868,871,666	\$119,341,862	15.9%	Recommendations provide State Highway Funds and Federal Funds for debt service and other financing costs associated with the Proposition 14 State Highway Fund Revenue Bond program (see Selected Fiscal and Policy Issues #5a and #6).
FEDERAL FUNDS	\$54,058,248	\$54,058,248	\$0	0.0%	
OTHER FUNDS	\$695,471,556	\$814,813,418	\$119,341,862	17.2%	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
TEXAS MOBILITY FUND BONDS G.1.3	\$700,079,644	\$735,949,969	\$35,870,325	5.1%	Recommendations provide funding from Texas Mobility Fund No. 365 and Federal Funds for debt service and other financing costs associated with the Texas Mobility Fund Bond program (see Selected Fiscal and Policy Issues #5b and #6).
FEDERAL FUNDS	\$46,607,868	\$46,607,868	\$0	0.0%	
OTHER FUNDS	\$653,471,776	\$689,342,101	\$35,870,325	5.5%	
OTHER DEBT SERVICE G.1.4	\$10,343,664	\$410,000,000	\$399,656,336	3,863.8%	Recommendations provide \$10 million in State Highway Funds for ongoing short-term credit agreements and financing costs (\$5 million each year) and \$400 million in fiscal year 2014 for the repayment of short-term borrowing anticipated to occur in fiscal year 2013 (see Selected Fiscal and Policy Issues #7).
OTHER FUNDS	\$10,343,664	\$410,000,000	\$399,656,336	3,863.8%	
Total, Goal G, DEBT SERVICE PAYMENTS	\$1,652,812,448	\$2,465,871,971	\$813,059,523	49.2%	
GENERAL REVENUE FUNDS	\$167,773,196	\$425,964,196	\$258,191,000	153.9%	
FEDERAL FUNDS	\$125,752,256	\$125,752,256	\$0	0.0%	
OTHER FUNDS	\$1,359,286,996	\$1,914,155,519	\$554,868,523	40.8%	
PLAN/DESIGN/MANAGE - SUBACCOUNT H.1.1	\$9,539,179	\$5,470,000	(\$4,069,179)	(42.7%)	
OTHER FUNDS	\$9,539,179	\$5,470,000	(\$4,069,179)	(42.7%)	
CONTRACTED PLAN/DESIGN - SUBACCOUNT H.1.2	\$21,777,960	\$20,625,000	(\$1,152,960)	(5.3%)	
OTHER FUNDS	\$21,777,960	\$20,625,000	(\$1,152,960)	(5.3%)	
RIGHT-OF-WAY - SUBACCOUNT H.1.3	\$270,268,725	\$104,835,000	(\$165,433,725)	(61.2%)	
OTHER FUNDS	\$270,268,725	\$104,835,000	(\$165,433,725)	(61.2%)	
CONSTRUCTION CONTRACTS - SUBACCOUNT H.1.4	\$638,759,757	\$501,601,236	(\$137,158,521)	(21.5%)	
OTHER FUNDS	\$638,759,757	\$501,601,236	(\$137,158,521)	(21.5%)	
MAINTENANCE CONTRACTS - SUBACCOUNT H.1.5	\$0	\$0	\$0	0.0%	

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Strategy/Fund Type/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
Total, Goal H, DEVELOP TOLL SUBACCOUNT PROJECTS	\$940,345,621	\$632,531,236	(\$307,814,385)	(32.7%)	Recommendations provide funding from proceeds deposited to dedicated toll project subaccounts in the State Highway Fund related to State Highway 121, State Highway 161, and State Highway 130 (Segments 5 & 6) toll facilities (see Selected Fiscal and Policy Issues #10 and #11).
OTHER FUNDS	\$940,345,621	\$632,531,236	(\$307,814,385)	(32.7%)	
Grand Total, All Agency	\$18,300,139,653	\$20,798,504,408	\$2,498,364,755	13.7%	
GENERAL REVENUE FUNDS	\$181,321,533	\$429,800,646	\$248,479,113	137.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$6,931,609,537	\$8,348,041,483	\$1,416,431,946	20.4%	
OTHER FUNDS	\$11,187,208,583	\$12,020,662,279	\$833,453,696	7.5%	

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Summary of Recommendations - House, By Method of Finance -- 6 - State Highway Fund

excluding Toll Project Subaccount funds and Proposition 14 Bond Proceeds held within State Highway Fund No. 006

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
PLAN/DESIGN/MANAGE A.1.1	\$241,529,403	\$263,361,076	\$21,831,673	9.0%	
CONTRACTED PLANNING AND DESIGN A.1.2	\$298,606,975	\$363,379,583	\$64,772,608	21.7%	
RIGHT-OF-WAY ACQUISITION A.1.3	\$242,678,083	\$120,392,841	(\$122,285,242)	(50.4%)	
RESEARCH A.1.4	\$6,406,713	\$8,546,240	\$2,139,527	33.4%	
Total, Goal A, PROVIDE TRANSPORTATION PLANNING	\$789,221,174	\$755,679,740	(\$33,541,434)	(4.2%)	
EXISTING CONSTRUCTION CONTRACTS B.1.1	\$182,128,556	\$201,544,963	\$19,416,407	10.7%	
NEW CONSTRUCTION CONTRACTS B.1.2	\$155,304,917	\$217,715,132	\$62,410,215	40.2%	
CONSTRUCTION GRANTS & SERVICES B.1.3	\$228,450,173	\$294,074,262	\$65,624,089	28.7%	
AVIATION SERVICES B.1.4	\$64,272,708	\$84,910,412	\$20,637,704	32.1%	
Total, Goal B, TRANSPORTATION IMPROVEMENTS	\$630,156,354	\$798,244,769	\$168,088,415	26.7%	
EXISTING MAINTENANCE CONTRACTS C.1.1	\$255,114,853	\$535,613,138	\$280,498,285	109.9%	
NEW MAINTENANCE CONTRACTS C.1.2	\$422,096,806	\$441,841,057	\$19,744,251	4.7%	
CONTRACTED ROUTINE MAINTENANCE C.1.3	\$1,350,359,545	\$1,321,066,670	(\$29,292,875)	(2.2%)	
ROUTINE MAINTENANCE C.1.4	\$1,420,012,457	\$1,508,742,929	\$88,730,472	6.2%	
GULF WATERWAY C.1.5	\$940,137	\$1,653,403	\$713,266	75.9%	
FERRY OPERATIONS C.1.6	\$83,953,299	\$91,169,249	\$7,215,950	8.6%	
Total, Goal C, PRESERVE THE TRANSPORTATION SYSTEM	\$3,532,477,097	\$3,900,086,446	\$367,609,349	10.4%	
PUBLIC TRANSPORTATION D.1.1	\$62,803,665	\$64,437,991	\$1,634,326	2.6%	
TRAFFIC SAFETY D.2.1	\$17,641,759	\$17,778,715	\$136,956	0.8%	
TRAVEL INFORMATION D.3.1	\$33,872,953	\$33,722,058	(\$150,895)	(0.4%)	
Total, Goal D, OPTIMIZE SERVICES AND SYSTEMS	\$114,318,377	\$115,938,764	\$1,620,387	1.4%	
RAIL PLAN/DESIGN/MANAGE E.1.1	\$2,980,115	\$3,763,602	\$783,487	26.3%	
CONTRACT RAIL PLAN/DESIGN E.1.2	\$1,319,821	\$400,000	(\$919,821)	(69.7%)	
RAIL CONSTRUCTION E.1.4	\$11,400,000	\$5,000,000	(\$6,400,000)	(56.1%)	
RAIL MAINTENANCE E.1.5	\$953,549	\$0	(\$953,549)	(100.0%)	
Total, Goal E, ENHANCE RAIL TRANSPORTATION	\$16,653,485	\$9,163,602	(\$7,489,883)	(45.0%)	

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Department of Transportation

Summary of Recommendations - House, By Method of Finance -- 6 - State Highway Fund

excluding Toll Project Subaccount funds and Proposition 14 Bond Proceeds held within State Highway Fund No. 006

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
CENTRAL ADMINISTRATION F.1.1	\$94,411,236	\$104,693,772	\$10,282,536	10.9%	
INFORMATION RESOURCES F.1.2	\$162,240,288	\$189,167,653	\$26,927,365	16.6%	
OTHER SUPPORT SERVICES F.1.3	\$69,252,652	\$76,389,523	\$7,136,871	10.3%	
REGIONAL ADMINISTRATION F.1.4	\$83,745,607	\$91,712,004	\$7,966,397	9.5%	
Total, Goal F, INDIRECT ADMINISTRATION	\$409,649,783	\$461,962,952	\$52,313,169	12.8%	
STATE HIGHWAY FUND BONDS G.1.2	\$695,471,556	\$814,813,418	\$119,341,862	17.2%	
OTHER DEBT SERVICE G.1.4	\$10,343,664	\$410,000,000	\$399,656,336	3,863.8%	
Total, Goal G, DEBT SERVICE PAYMENTS	\$705,815,220	\$1,224,813,418	\$518,998,198	73.5%	
Grand Total, All Strategies	\$6,198,291,490	\$7,265,889,691	\$1,067,598,201	17.2%	

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Department of Transportation
 Summary of Recommendations - House, By Method of Finance -- 8105 - Bond Proceeds - Texas Mobility Fund

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
PLAN/DESIGN/MANAGE A.1.1	\$11,000,000	\$0	(\$11,000,000)	(100.0%)	
CONTRACTED PLANNING AND DESIGN A.1.2	\$8,771,587	\$4,178,401	(\$4,593,186)	(52.4%)	
RIGHT-OF-WAY ACQUISITION A.1.3	\$130,299,369	\$735,000	(\$129,564,369)	(99.4%)	
Total, Goal A, PROVIDE TRANSPORTATION PLANNING	\$150,070,956	\$4,913,401	(\$145,157,555)	(96.7%)	
EXISTING CONSTRUCTION CONTRACTS B.1.1	\$221,033,975	\$407,521,722	\$186,487,747	84.4%	
NEW CONSTRUCTION CONTRACTS B.1.2	\$77,880,944	\$106,210,616	\$28,329,672	36.4%	
CONSTRUCTION GRANTS & SERVICES B.1.3	\$9,947,683	\$222,136	(\$9,725,547)	(97.8%)	
Total, Goal B, TRANSPORTATION IMPROVEMENTS	\$308,862,602	\$513,954,474	\$205,091,872	66.4%	
Grand Total, All Strategies	\$458,933,558	\$518,867,875	\$59,934,317	13.1%	

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Department of Transportation

Summary of Recommendations - House, By Method of Finance -- 8106 - Bond Proceeds - State Highway Fund (Proposition 14)

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
PLAN/DESIGN/MANAGE A.1.1	\$23,593,276	\$0	(\$23,593,276)	(100.0%)	
CONTRACTED PLANNING AND DESIGN A.1.2	\$96,250,826	\$28,612,877	(\$67,637,949)	(70.3%)	
RIGHT-OF-WAY ACQUISITION A.1.3	\$119,178,429	\$61,480,571	(\$57,697,858)	(48.4%)	
RESEARCH A.1.4	\$0	\$0	\$0	0.0%	
Total, Goal A, PROVIDE TRANSPORTATION PLANNING	\$239,022,531	\$90,093,448	(\$148,929,083)	(62.3%)	
EXISTING CONSTRUCTION CONTRACTS B.1.1	\$168,297,663	\$244,062,485	\$75,764,822	45.0%	
NEW CONSTRUCTION CONTRACTS B.1.2	\$170,164,490	\$13,990,332	(\$156,174,158)	(91.8%)	
CONSTRUCTION GRANTS & SERVICES B.1.3	\$67,983,333	\$53,500,004	(\$14,483,329)	(21.3%)	
Total, Goal B, TRANSPORTATION IMPROVEMENTS	\$406,445,486	\$311,552,821	(\$94,892,665)	(23.3%)	
EXISTING MAINTENANCE CONTRACTS C.1.1	\$194,927,241	\$398,207,210	\$203,279,969	104.3%	
NEW MAINTENANCE CONTRACTS C.1.2	\$289,341,738	\$22,826,333	(\$266,515,405)	(92.1%)	
Total, Goal C, PRESERVE THE TRANSPORTATION SYSTEM	\$484,268,979	\$421,033,543	(\$63,235,436)	(13.1%)	
Grand Total, All Strategies	\$1,129,736,996	\$822,679,812	(\$307,057,184)	(27.2%)	

Section 2

Department of Transportation
 Summary of Recommendations - House, By Method of Finance -- 8120 - Bond Proceeds - Proposition 12 GO Bonds

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
PLAN/DESIGN/MANAGE A.1.1	\$23,880,546	\$37,390,270	\$13,509,724	56.6%	
CONTRACTED PLANNING AND DESIGN A.1.2	\$108,196,538	\$79,865,098	(\$28,331,440)	(26.2%)	
RIGHT-OF-WAY ACQUISITION A.1.3	\$751,624,960	\$329,407,170	(\$422,217,790)	(56.2%)	
Total, Goal A, PROVIDE TRANSPORTATION PLANNING	\$883,702,044	\$446,662,538	(\$437,039,506)	(49.5%)	
EXISTING CONSTRUCTION CONTRACTS B.1.1	\$208,733,078	\$1,238,581,793	\$1,029,848,715	493.4%	
NEW CONSTRUCTION CONTRACTS B.1.2	\$611,130,705	\$0	(\$611,130,705)	(100.0%)	
CONSTRUCTION GRANTS & SERVICES B.1.3	\$65,256,767	\$385,507,233	\$320,250,466	490.8%	
Total, Goal B, TRANSPORTATION IMPROVEMENTS	\$885,120,550	\$1,624,089,026	\$738,968,476	83.5%	
NEW MAINTENANCE CONTRACTS C.1.2	\$3,755,647	\$0	(\$3,755,647)	(100.0%)	
Total, Goal C, PRESERVE THE TRANSPORTATION SYSTEM	\$3,755,647	\$0	(\$3,755,647)	(100.0%)	
Grand Total, All Strategies	\$1,772,578,241	\$2,070,751,564	\$298,173,323	16.8%	

Section 3

Department of Transportation Selected Fiscal and Policy Issues

1. **Estimated Funding for Transportation Planning, Right-of-way, Construction, and Maintenance.** Recommendations include \$17,150.6 million in All Funds for transportation planning and design, right-of-way acquisition, construction, and maintenance and preservation based on the Department of Transportation's (TxDOT) revenue and expenditure forecasts provided in the agency's baseline appropriations request for the 2014–15 biennium. TxDOT anticipates that actual project funding demands will change based on updates to specific project schedules and has proposed providing updates to its appropriations request to the Eighty-third Legislature.
2. **Federal Funds.** Recommendations include \$8,348.0 million in Federal Funds based on the agency's anticipated level of available funding for 2014–15. A total of \$7,764.4 million in Federal Funds is from federal reimbursements for highway planning and construction expenditures. The current federal transportation authorization known as the Moving Ahead for Progress in the 21st Century Act (MAP-21) provides funding for federal transportation programs for federal fiscal years 2013 and 2014. MAP-21 continues federal transportation funding at levels that exceed the amount of revenue projected to be deposited to the federal Highway Trust Fund (HTF). In recent years, Congress has provided a transfer of federal general funds to the HTF to sustain the authorized transportation funding levels rather than reducing funding to be within the amount of available HTF revenue. Because MAP-21 funding expires in 2014, TxDOT's baseline funding request assumes the authorized transportation funding levels for federal fiscal year 2015 will be decreased to an amount that can be sustained by the HTF. If MAP-21 funding is maintained at fiscal year 2014 levels in fiscal year 2015, TxDOT estimates that it could let an additional \$550 million in projects and receive \$202 million in additional federal reimbursements in fiscal year 2015 (see Items not Included in Recommendations #4).
3. **Proposition 12 General Obligation Bond Proceeds.** Recommendations include \$2.1 billion in Proposition 12 General Obligation (GO) bond proceeds for highway improvement projects in alignment with the agency's request. This amount reflects the agency's forecasted expenditures from Proposition 12 GO bond proceeds during the 2014–15 biennium for contracted planning and design, right-of-way acquisition, and progress payments on highway construction contracts. The agency was appropriated \$4 billion in new Proposition 12 GO bond authority for the 2012–13 biennium. Based on the agency's appropriations request, the recommendations assume the agency will issue approximately \$2 billion in Proposition 12 GO bonds during the 2012–13 biennium and \$2 billion in the 2014–15 biennium. Recommendations provide appropriation authority in the 2014–15 biennium for any unexpended balances of proceeds from the sale of Proposition 12 GO bonds and any unissued authority remaining from appropriations to the agency for the 2012–13 biennium (see Rider Highlights, Modified Rider #31).

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4. **Debt Service – Proposition 12 General Obligation Bonds.** Recommendations include \$424.5 million in General Revenue and \$25.1 million in Federal Funds from Build America Bonds (BAB) interest rate subsidy payments (see Item #6, below) for Proposition 12 GO bond debt service. As of the end of fiscal year 2012, the agency had issued approximately \$1 billion of the \$5 billion in Proposition 12 GO capacity authorized by the Texas Constitution. Recommendations provide \$102 million in General Revenue and \$25.1 million in Federal Funds for debt service payments for current Proposition 12 GO obligations in the 2014–15 biennium. Based on the agency’s original appropriations request, the recommendations estimate debt service on the remaining \$4 billion in unissued bond authority to be \$64.5 million per year per \$1 billion in bonds issued. Recommendations provide \$322.5 million in 2014–15 for debt service on new Proposition 12 GO bonds anticipated to be issued by the end of fiscal year 2015. The table below shows the estimated General Revenue requirements for Proposition 12 GO bond debt service for fiscal years 2012 through 2017 for \$1 billion in current obligations and \$4 billion in remaining unissued obligations that are anticipated to be issued over fiscal years 2013 through 2015.

General Revenue for Proposition 12 GO Bond Debt Service (in millions)

Proposition 12 GO Bond Obligations	2012 Estimated	2013 Budgeted	2014 Recommended	2015 Recommended	2016 Projected	2017 Projected
Total Bond Obligations (cumulative)	\$1 billion	\$2 billion	\$3 billion	\$4 billion	\$5 billion	\$5 billion
Debt Service - \$1 Billion Current Obligations	\$51.0	\$51.0	\$ 51.0	\$ 51.0	\$51.0	\$51.0
Debt Service - \$4 Billion Unissued Obligations*	\$0	\$64.5	\$129.0	\$193.5	\$258.0	\$258.0
Total General Revenue, All Obligations	\$51.0	\$115.5	\$180.0	\$244.5	\$309.0	\$309.0

* The agency issued \$1.1 billion in new Proposition 12 GO bonds in December 2012 (fiscal year 2013). Actual debt service for this issuance is approximately \$11.9 million in fiscal year 2013 and \$59.9 million per year beginning in fiscal year 2014.

5. **Self-supporting Bond Programs.**

- a. **State Highway Fund Revenue Bonds (Proposition 14).** Recommendations include \$822.7 million from Proposition 14 bond proceeds in alignment with the agency’s request. As of the end of fiscal year 2012, the agency has issued \$4.6 billion of the \$6 billion in Proposition 14 bonds authorized by statute. The agency reports that all of the statutory Proposition 14 bond capacity has been obligated to projects, and the remaining \$1.4 billion will be issued as needed to fund the projects. Proposition 14 obligations are payable from revenues deposited to State Highway Fund No. 006. The recommendations include \$814.8 million in State Highway Funds and \$54 million in Federal Funds from BAB interest rate subsidy payments for Proposition 14 debt service (see Item #6, below).
- b. **Texas Mobility Fund Bonds.** Recommendations include \$518.9 million from Texas Mobility Fund Bond Proceeds in alignment with the agency’s request. As of the end of fiscal year 2009, the agency had issued approximately \$6.2 billion in Texas Mobility Fund bonds. Texas

Section 3

Mobility Fund obligations are payable from revenues deposited to Texas Mobility Fund No. 365. Issuance of Texas Mobility Fund bonds is not limited to a specific aggregate cap by the Texas Constitution or state law but is limited by statutory debt service coverage requirements based on the Comptroller’s certified estimate of Texas Mobility Fund revenue. The recommendations include \$689.3 million in Texas Mobility Funds and \$46.6 million in Federal Funds from BAB interest rate subsidy payments for debt service on Texas Mobility Fund bonds (see Item #6, below).

- 6. **Build America Bonds Debt Service Subsidy.** Recommendations include \$125.7 million in Federal Funds related to a debt service subsidy on approximately \$3.5 billion in Build America Bonds (BAB) issued under the Proposition 12 GO, Proposition 14 (State Highway Fund), and Texas Mobility Fund bond programs. The federal BAB program authorizes state and local governmental entities to issue taxable bonds with federal subsidies to offset borrowing costs. TxDOT will receive a direct subsidy of 35 percent of the interest payments due over the life of obligations issued under the BAB program. The federal Budget Control Act includes a provision that would reduce BAB subsidies by 7.6 percent across the board. The table below shows the amount of Federal Funds from the BAB subsidy included in the recommendations for each TxDOT bond program and the potential reductions in the subsidy if the provisions of the Budget Control Act take effect.

Program	Federal BAB Subsidy 2014–15 Recommendations	Potential Budget Control Act Reductions (Biennial Amount)
Proposition 12 GO	\$25.1 million	\$1.9 million
Proposition 14 (State Highway Fund)	\$54.0 million	\$4.1 million
Texas Mobility Fund	\$46.6 million	\$3.5 million
Total, All Bond Programs	\$125.7 million	\$9.5 million

- 7. **Short-term Borrowing.** Recommendations include \$400 million in State Highway Funds for the repayment of short-term obligations in fiscal year 2014. Pursuant to the enactment of Senate Bill 1, Eighty-second Legislature, First Called Session, 2011, the Comptroller is required to delay the allocation of gasoline and diesel fuel tax revenue to other state funds and accounts for July 2013 and August 2013 until September of 2013. The agency anticipates borrowing \$400 million in fiscal year 2013 through its short-term debt program to compensate for two months of delayed motor fuels tax transfers to the State Highway Fund. The short-term debt would be repaid when the delayed transfers are deposited to the State Highway Fund in September 2013 (fiscal year 2014). The agency did not include funding for this purpose in its appropriations request because Rider 17, Bond Programs, subsection (c), provides appropriation authority for debt service payments on short-term borrowing. LBB staff will monitor the status of legislation considered by the Eighty-third Legislature, 2013, that would either amend or repeal the statutorily required motor fuels tax delays and provide updates to the Senate Finance Committee and House Appropriations Committee.
- 8. **State Highway Funds Included in LBB Recommendations – All Articles.** The 2014–15 recommendations for all Articles include \$8,623.4 million in direct agency appropriations and \$774.4 million for employee benefits for a total of \$9,397.8 million in State Highway Funds, excluding funds from toll project subaccounts, federal reimbursements, and Proposition 14 bond proceeds held within State Highway Fund No. 006. The recommendations provide \$7,265.9 million in direct State Highway Fund appropriations to TxDOT. See Table 1 for a biennial comparison of the 2014–15 recommendations to the 2012–13 base for agency direct appropriations and employee benefits.

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9. **Transfers to the Texas Emissions Reduction Plan Account.** Beginning in fiscal year 2009, a portion of the revenue from vehicle title transfer fees previously deposited to the General Revenue-Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 began flowing into the Texas Mobility Fund. Also, since fiscal year 2009 and continuing through fiscal year 2019, the agency is statutorily required to remit monthly to the Comptroller, out of non-constitutionally dedicated State Highway Funds, an amount equal to the title transfer fees deposited to the Texas Mobility Fund for deposit to the TERP Account No. 5071. The Comptroller's January 2013 Biennial Revenue Estimate includes \$184.4 million in estimated title transfer fee deposits to the Texas Mobility Fund for the 2014–15 biennium. LBB staff has developed a report that includes proposals to reduce the reliance on General Revenue-Dedicated funds being counted towards certification of the General Appropriations Act. Because the General Revenue-Dedicated TERP Account No. 5071 is one of the accounts with the largest balances counted towards certification, the report includes specific options to reduce reliance on the account's revenue and balance.
10. **SH 121 and SH 161 Subaccounts (State Highway Fund No. 006 – Toll Revenue).** Recommendations include \$505.4 million from funds held in State Highway 121 (SH 121) and State Highway 161 (SH 161) toll project subaccounts in the State Highway Fund in alignment with the agency's request. These funds are derived from remaining balances and interest earnings from contract payments from the North Texas Tollway Authority for the development and operation of the toll projects in the amounts of \$3,197.1 million for SH 121 and \$469.4 million for SH 161. By law, these proceeds are held in project subaccounts in the State Highway Fund and may only be used for projects in the region encompassing each project. The toll project subaccount balances as of December 31, 2012, totaled \$1,932.5 million for SH 121 and \$162.5 million for SH 161. The Texas Transportation Commission (TTC) has delegated the authority for allocating the SH 121 and SH 161 subaccount funds to the Regional Transportation Council of the North Central Texas Council of Governments.
11. **SH 130 Segments 5 & 6 Concession Funds (State Highway Fund No. 006 – Concession Fees).** Recommendations include \$127.2 million from State Highway 130 (SH 130 Segments 5 & 6) concession fee revenue. By law, the proceeds from the SH 130 Segments 5 & 6 agreement may only be used for projects in the Central Texas region encompassing SH 130 Segments 5 & 6 (Austin and San Antonio Districts). The SH 130 toll project subaccount balance as of November 30, 2012, totaled \$127.2 million.
12. **Comprehensive Development Agreements.** Recommendations include \$672.9 million in All Funds for continuing TxDOT financial participation in comprehensive development agreements (CDA) executed prior to the 2012–13 biennium for the DFW Connector, North Tarrant Express, and I-635 LBJ Managed Lanes projects. Neither the recommendations nor the agency's request for 2014–15 includes funding for TxDOT financial participation in new CDAs. On October 29, 2012, TxDOT submitted a request for authorization from the LBB to expend appropriations to enter into a new CDA for Segments 3A and 3B of the North Tarrant Express Project, pursuant to TxDOT Rider 22, Comprehensive Development Agreements, and Rider 24, Limitation on Expenditures for Contracts, in the 2012–13 GAA. The LBB has approved the request. The enactment of Senate Bill 1420, Eighty-second Legislature, Regular Session, 2011, provided authority for TxDOT to enter into CDAs for specific projects, including Segments 3A and 3B of the North Tarrant Express project. Recommendations continue rider provisions requiring the agency to receive written approval from LBB prior to spending appropriations to enter into a CDA. The agency has requested deletion of these riders (see Items not Included in Recommendations #12 and #13).

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13. **Pass-through Financing Agreements.** Recommendations include \$345.1 million in All Funds (\$276.1 million in Federal Funds; \$69 million in State Highway Funds) for pass-through financing agreement reimbursement payments in alignment with the agency’s request. Under a pass-through financing agreement, a local government or private entity funds the upfront costs for constructing a state highway project. When the state highway project is open to traffic, TxDOT begins reimbursing the upfront costs over time based on the number of vehicles that use the highway each year. The amount of reimbursement is subject to rates for vehicle usage (per vehicle or vehicle miles traveled) and annual minimum and maximum reimbursement amounts specified in each agreement. As of November 2012, the agency has executed 37 agreements for a total of \$1,733.5 million in reimbursements over the life of the agreements, and 10 pass-through financing projects totaling \$124.4 million in reimbursements have been authorized by the TTC but have not yet been executed. Recommendations reflect the aggregate maximum reimbursement amount for 21 active agreements in fiscal year 2014 and 37 agreements in fiscal year 2015 in alignment with the agency’s request.
14. **Exempt Salary Positions.** Article IX, Sec. 18.16, 2012–13 General Appropriations Act, authorizes the TTC to set the compensation for the Executive Director and up to five senior leadership positions within the Group 8 salary range specified in Article IX, Sec. 3.05, for scheduled exempt positions. The provisions of Article IX, Sec. 18.16, also authorize the TTC to request authorization from the Governor and LBB to compensate the Executive Director and exempt senior leadership positions at an amount above the Group 8 maximum salary if a study conducted by a consultant employed by the TTC indicates that the median salary for an equivalent private sector position is higher than the Group 8 maximum. In fiscal year 2012, the TTC set the annual salary for the Executive Director at the Group 8 maximum of \$292,500 (increased from \$192,500 previously authorized for the Executive Director) and established five senior leadership positions and their respective salary amounts within Group 8. The table below provides a listing of the of the current senior leadership position titles, actual salary amounts, and the TTC authorized salary cap as reported by the agency in December 2012. Recommendations continue the annual salary cap for the Executive Director at \$292,500 in Group 8 and authorize the TTC to compensate up to 5 executive leadership positions designated by the commission within the Group 8 exempt salary range in an amount not to exceed \$272,000 per year (see Rider Highlights, New Rider #36). Recommendations do not include provisions authorizing the TTC to request authorization from the Governor and LBB to compensate the Executive Director or an executive leadership position at an annual salary above the Group 8 maximum.

Exempt Position Title	Group 8 Salary (as of December 2012)	TTC Authorized Salary Cap
Deputy Executive Director/Chief Engineer	\$255,000	\$272,000
Innovative Finance/Debt Management Officer	\$250,000	\$250,000
Chief Planning/Project Officer	\$245,000	\$250,000
Chief Financial Officer	\$245,000	\$250,000
Chief Strategy and Administration Officer	\$245,000	\$250,000

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15. **Capital Budget.** Recommendations provide \$328.2 million in capital budget authority allocated to the following categories:

Category	Biennial Capital Budget
a. Acquisition of Land and Other Real Property	\$1.6 million
b. Construction of Buildings and Facilities	\$16.5 million
c. Repair or Rehabilitation of Buildings and Facilities	\$39.1 million
d. Acquisition of Information Resource Technologies	\$79.6 million
e. Transportation Items	\$15.9 million
f. Acquisition of Capital Equipment and Items	\$104.0 million
g. Data Center Consolidation	\$43.4 million
h. ProjectONE (ERP)	\$28.0 million

16. **Centralized Accounting and Payroll/Personnel System.** Recommendations include \$28 million in State Highway Funds and capital budget authority to continue development and implementation of a financial system and a human capital management (HCM) system under the statewide enterprise resource planning (ERP) system known as the Centralized Accounting and Payroll/Personnel System (CAPPS). TxDOT was appropriated \$26 million in State Highway Funds and capital budget authority in the 2010–11 biennium for participation in the Comptroller’s statewide ERP system project (also known as ProjectONE). In the current biennium, TxDOT received approval for a request to exceed capital budget limitations to provide an additional \$25.9 million for continued development of the CAPPS financial system, which began under the ERP system project. Recommendations for the 2014–15 biennium include an additional \$28.0 million in State Highway Funds for the financial system and development of an HCM system in alignment with the agency’s request.
17. **Mainframe Modernization.** Recommendations include \$41 million in State Highway Funds and capital budget authority for continuation of TxDOT’s Mainframe Modernization capital information resource technology project in alignment with the agency’s request. The purpose of the project is to modernize mainframe applications within TxDOT’s Management Information System and continue the integration and replacement of enterprise resource planning functionality that is not included within the scope of the CAPPS and ERP system projects. The agency’s 2012–13 base includes \$46 million in budgeted expenditures for this project.
18. **Data Center Consolidation.** Recommendations increase capital budget authority for the Data Center Consolidation project by \$16.3 million over the 2012–13 biennium due to cost increases for current service levels identified by the Department of Information Resources (DIR) for the 2014–15 biennium. Recommended capital budget appropriations for the Data Center Consolidation project total \$43.4 million in State Highway Funds for the biennium.

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19. Other Capital Budget Provisions.

- a. **Capital Transfer Authority.** Recommendations provide discretionary authority for the agency to transfer appropriations into and between capital budget items subject to the Article IX limitations on capital budget, with the exception of the Mainframe Modernization and CAPPs capital budget items. The agency is currently required to receive authorization from the Governor and LBB prior to transferring appropriations into the capital budget items listed in Rider 2, Capital Budget, in the agency's appropriations bill pattern. Recommendations amend the rider to remove the approval requirement and modify the current capital budget reporting requirement to include information regarding transfers of appropriations between capital budget items (see Rider Highlights, Modified Rider #2).
- b. **Lease of Transportation Items and Capital Equipment.** Recommendations authorize the agency to lease rather than purchase capital budget items included in the capital categories for Transportation Items and Capital Equipment and Items, subject to LBB approval, if the agency determines that leasing such items is in the best interest of the state (see Rider Highlights, Modified Rider #2). The agency is currently studying the costs and benefits of leasing certain capitalized equipment and fleet vehicles and has requested authority to use capital budgeted funds for operating lease expenses rather than capital purchases if the agency determines that it would result in reduced costs to the state.

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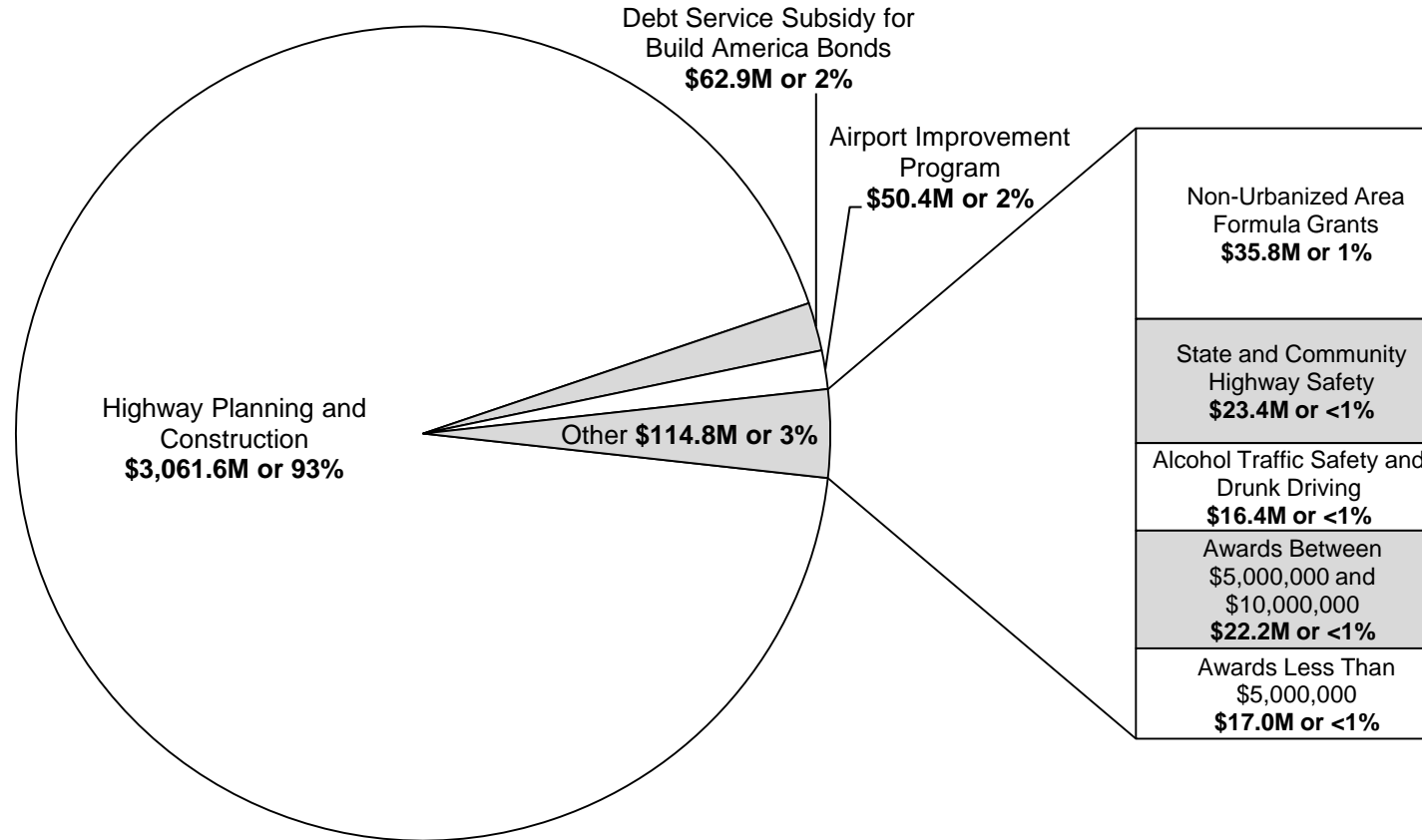
**Table 1: State Highway Fund No. 006* - All Articles - House
2014-15 Recommendations Compared to the 2012-13 Base**

Article	Agency	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	% of Total
I	Office of the Attorney General	\$11,878,216	\$11,876,584	(\$1,632)	(0.0%)	0.1%
I	Comptroller - Fiscal Programs	\$15,158,062	\$0	(\$15,158,062)	(100.0%)	0.0%
III	Texas A&M Transportation Institute	\$13,306,960	\$13,365,154	\$58,194	0.4%	0.1%
IV	Comptroller's Judiciary Section (Public Integrity Unit)	\$1,974,836	\$1,974,836	\$0	0.0%	<0.1%
V	Department of Public Safety	\$1,061,540,423	\$1,048,646,123	(\$12,894,300)	(1.2%)	11.2%
VII	Department of Motor Vehicles	\$277,206,778	\$266,755,890	(\$10,450,888)	(3.8%)	2.8%
VII	Department of Transportation	\$6,198,291,490	\$7,265,889,691	\$1,067,598,201	17.2%	77.3%
VIII	State Office of Administrative Hearings	\$6,482,443	\$6,482,443	\$0	0.0%	0.1%
VIII	Department of Insurance	\$8,454,532	\$8,454,532	\$0	0.0%	0.1%
	Agency Total	\$7,594,293,740	\$8,623,445,253	\$1,029,151,513	13.6%	91.8%
	Employee Benefits					
	<i>Retirement, Group Insurance, Social Security, and Benefit Replacement Pay</i>					
Article I		\$2,009,857	\$2,246,831	\$236,974	11.8%	<0.1%
Article III (Texas A&M Transportation Institute)		\$1,792,705	\$1,797,967	\$5,262	0.3%	0.0%
Article V		\$195,254,779	\$213,653,376	\$18,398,597	9.4%	2.3%
Article VII		\$473,206,826	\$556,333,893	\$83,127,067	17.6%	5.9%
Article VIII		\$413,616	\$410,120	(\$3,496)	(0.8%)	<0.1%
	Employee Benefits Total	\$672,677,783	\$774,442,187	\$101,764,404	15.1%	8.2%
	State Highway Fund Total, All Articles	\$8,266,971,523	\$9,397,887,440	\$1,130,915,917	13.7%	

* Excludes toll project subaccount funds (SH 121; SH 130 Segments 5 & 6), Federal Reimbursements, and Proposition 14 Bond Proceeds held in the State Highway Fund.

Section 3

Department of Transportation
Summary of Federal Funds (Estimated 2012)
TOTAL = \$3,289.7M



Note: Amounts shown may sum greater/less than actual total due to rounding.

Section 4

**Texas Department of Transportation (TxDOT)
Performance Review and Policy Report Highlights**

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
Evaluate the Benefits of and Limit State Highway Funds for Travel Information Center Operations	348					
1. Include a rider requiring TxDOT, with assistance from the Office of the Governor, Economic Development & Tourism Division, to develop a methodology to determine the economic and safety impact of travel information center activities and publish findings based on this methodology.					Rider 37	
2. Amend statute to authorize an alternative method of finance for travel information centers operations and adopt a contingency rider to replace appropriations from the State Highway Fund with the new method of finance. The biennial savings would range from \$3.5 to \$7 million, depending on the new method of finance implemented.		TBD				Amend Statute Adopt Contingency Rider

Section 5

Department of Transportation Rider Highlights

Deleted Riders

14. **Reporting Requirements.** Recommendations delete the following subsections:
 - f) **(former) Congestion Mitigation and Air Quality Projects.** Recommendations delete this subsection. This information is reported to the Federal Highway Administration and is available upon request.
 - k) **(former) Report of Indirect Costs.** Recommendations delete this subsection. The enactment of House Bill 1201, Eighty-second Legislature, Regular Session, 2011, repealed the statutory authority for the establishment and operation of the Trans-Texas Corridor.
23. **(former) Appropriation of Concession Fees and Payments Received under a Comprehensive Development Agreement.** Recommendations delete this rider. Rider 18, Additional Funds, includes similar provisions requiring the agency to submit a report and receive approval to spend funds from concession fees and other toll project funds that are in addition to the amounts included in the agency's estimated appropriations.
25. **(former) Miscellaneous Provisions Related to Toll Road and Trans-Texas Corridor Projects.** Recommendations delete this rider. The enactment of House Bill 1201, Eighty-second Legislature, Regular Session, 2011, repealed the statutory authority for the establishment and operation of the Trans-Texas Corridor.
29. **(former) Sunset Contingency.** Recommendations delete this rider. The agency underwent Sunset Review in the 2012-13 biennium and was continued for 4 years.
36. **(former) Study on Road Damage Caused by Oversize and Overweight Vehicles.** Recommendations delete this rider because the study has been completed.
37. **(former) Contingency for Increasing the State Traffic Fine.** Recommendations delete this rider. Neither House Bill 1233, House Bill 258, nor similar legislation was enacted by the Eighty-second Legislature, 2011.
40. **(former) Unexpended Balances Appropriation: Management Information System and Enterprise Resource Planning System.** Recommendations delete this rider. Unexpended balances remaining from the 2010–11 biennium were appropriated in the 2012–13 biennium and are included in the agency's 2012–13 base.

Section 5

41. **(former) Unexpended Balances Appropriation: Proposition 12 General Obligation Bonds Debt Service.** Recommendations delete this rider. Unexpended balances remaining from the 2010–11 biennium were included in the agency’s 2012–13 base. Recommendations include General Revenue Funds in amounts estimated to be necessary to pay debt service on Proposition 12 General Obligation bonds in the 2014–15 biennium.
42. **(former) Appropriations from Proposition 12 General Obligation Bond Proceeds for Bridge, Safety, Connectivity, and Congestion Relief Projects.** Recommendations delete this rider because the bond proceeds have been obligated to these projects.
43. **(former) New Letting for the 2012-13 Biennium.** Recommendations delete this rider that establishes legislative intent for a minimum amount of contract letting specifically for the 2012–13 biennium.
44. **(former) Funds for Research of Methods to Maximize Toll Revenues.** Recommendations delete this rider because the study will be completed in fiscal year 2013.
45. **(former) Transportation Development Credits.** Recommendations delete this rider. The Texas Transportation Commission has established administrative rules for the allocation of transportation development credits.
46. **(former) Contingent Revenue: Highway Beautification.** Recommendations delete this rider. Enactment of Senate Bill 1420, Eighty-second Legislature, 2011, abolished the General Revenue-Dedicated Texas Highway Beautification Fund Account.
47. **(former) Contingency for Public Education about Ban on Wireless Device Use While Driving.** Recommendations delete this rider because provisions were contingent on Senate Bill 138, Eighty-second Legislature, 2011, which was not enacted.

Modified Riders

2. **Capital Budget.** Recommendations amend this rider to: (1) reflect the 2014-15 appropriated amounts; (2) authorize the agency to transfer appropriations between capital budget items; (3) authorize the agency to lease rather than purchase certain capital budget items, subject to prior LBB approval, if determined to be in the best interest of the state; and (4) amend capital budget reporting requirements (see Selected Fiscal and Policy Issues #15 - #19 and New Rider #38).
3. **Transfer Authority.** Recommendations amend this rider to specify that a request for authority to transfer funds in or out of the strategies listed in the rider is to be considered approved unless the Legislative Budget Board (LBB) issues a written disapproval within 15 business days of the date on which LBB staff forwards its review of the request to the Chairs of the House Appropriations Committee and Senate Finance Committee, the Speaker of the House, and the Lieutenant Governor.

Section 5

14. **Reporting Requirements.** Recommendations amend subsections (c), (d), and (g) to remove reporting requirements related to the Trans-Texas Corridor.
18. **Additional Funds.** Recommendations amend the rider to remove provisions requiring a report of additional funds within 45 days of the end of the second quarter of each fiscal year. Recommendations continue provisions requiring the agency to submit a report on the use of additional funds above the agency's estimated amount of State Highway Fund appropriations and to receive approval from the Governor and the LBB prior to the expenditure of additional State Highway Funds.
24. **Colonia Projects.** Recommendations amend this rider to reflect the 2014–15 appropriation amounts and provide appropriation authority in the 2014–15 biennium for any unexpended balances of General Obligation bond proceeds remaining from the 2012–13 biennium for funding colonia projects.
31. **Appropriations from Proposition 12 General Obligation Bond Proceeds: Unexpended Authority and Proceeds from Prior Fiscal Biennium.** Recommendations amend this rider to provide appropriation authority in the 2014–15 biennium for any unexpended proceeds from the sale of Proposition 12 General Obligation Bonds and any unissued balances of Proposition 12 General Obligation Bond authority remaining at the end of fiscal year 2013 (see Selected Fiscal and Policy Issues #3).
32. **Unexpended Balance Appropriation: Rail Projects.** Recommendations remove rider language pertaining to the South Orient Rail Line because the project's allocation will be expended in the 2012–13 biennium. Recommendations continue appropriation authority in the 2014–15 biennium for remaining unexpended balances of appropriations for the Austin-San Antonio passenger rail project.

New Riders

36. **Schedule of Exempt Positions: Executive Leadership Positions.** Recommendations add a new rider to continue provisions in Article IX, Sec. 18.16, Executive Leadership Salaries, 2012-13 General Appropriations Act, which authorize the Texas Transportation Commission to set the salary of up to five executive leadership positions in addition to the Executive Director within the Group 8 Exempt Salary range (see Selected Fiscal and Policy Issues #14).
37. **Travel Information Centers.** Recommendations include a new rider requiring the agency to develop a methodology to determine the economic and safety impact of travel information centers and make its findings available on the agency's website no later than November 1, 2014 (see Performance Review and Policy Report Highlights #1).
38. **Limitation on Capital Budget – Acquisition of Information Resource Technologies and Project ONE (ERP).** Recommendations include a new rider to require the agency to receive approval from the Governor and the LBB prior to transferring appropriations into or out of the Mainframe Modernization information resource technology project or the CAPPS Project ONE (ERP) project listed in Rider 2, Capital Budget.

Section 6

**Department of Transportation
Items not Included in Recommendations - House**

	<u>2014-15 Biennial Total</u>	
	<u>GR & GR- Dedicated</u>	<u>All Funds</u>
1. General Revenue funding for new maintenance contracts to repair existing infrastructure to accommodate energy-sector related activities along state highways (fiscal year 2014).	\$ 400,000,000	\$ 400,000,000
2. General Revenue funding for new maintenance contracts to reinforce and strengthen existing state highway infrastructure anticipated to be impacted by energy sector related activities (\$600 million each year).	\$ 1,200,000,000	\$ 1,200,000,000
3. State Highway Funds for new highway maintenance and preservation projects (\$200 million each year).	\$ -	\$ 400,000,000
4. Federal Funds from federal highway reimbursements in fiscal year 2015 contingent upon the continuation of federal highway funding at levels established in the current federal surface transportation program authorization [Moving Ahead for Progress in the 21st Century (MAP-21)], which expires in 2014 (see Selected Fiscal and Policy Issues #2). a. \$60 million for contracted planning and design b. \$30 million for right-of-way acquisition c. \$74 million for new construction contracts d. \$38 million for new maintenance contracts	\$ -	\$ 202,000,000
5. General Revenue funding to repair and rehabilitate the South Orient Rail line, including replacement of the international bridge at Presidio (\$5,189,203 in fiscal year 2014; \$5,064,203 in fiscal year 2015).	\$ 10,253,406	\$ 10,253,406

Agency Rider Revisions and Additions not Included

6. Amend Rider 2, Capital Budget , to remove the requirement to obtain approval from the LBB prior to using capital budgeted funds to lease rather than purchase certain capital budget items (see Selected Fiscal and Policy Issues #19b).	\$ -	\$ -
7. Delete Rider 3, Transfer Authority (see Rider Highlights, Modified Rider #3).	\$ -	\$ -
8. Amend Rider 8, Aviation Services Appropriations , to remove the \$25 million cap on the amount of unexpended balances that may be carried forward from the previous fiscal biennium from Strategy B.1.4, Aviation Services.	\$ -	\$ -

Section 6

**Department of Transportation
Items not Included in Recommendations - House**

	2014-15 Biennial Total	
	GR & GR- Dedicated	All Funds
9. Amend the following subsections of Rider 14, Reporting Requirements:		
(c) Amend Subsection (c), Project Status Report , to remove the requirement to report the status of transportation projects by legislative district.	\$	- \$ -
(k) Delete Subsection (k), Congested Road Segments.	\$	- \$ -
10. Amend Rider 15, Green Ribbon Project Expansion , to remove provisions requiring districts to spend at least one half of rider allocations for landscaping and other enhancements included in the Green Ribbon program.	\$	- \$ -
11. Amend Rider 18, Additional Funds , to remove the requirement to obtain approval from the LBB and the Governor before the agency expends additional appropriations from State Highway Fund No. 006, State Highway Fund No. 006 - Toll Revenue, and State Highway Fund No. 006 - Concession Fees.	\$	- \$ -
12. Delete Rider 22, Comprehensive Development Agreements (see Selected Fiscal and Policy Issues #12).	\$	- \$ -
13. Delete Rider 23, Limitation on Expenditures for Contracts (see Selected Fiscal and Policy Issues #12).	\$	- \$ -
14. Amend Rider 27, Sale of Surplus Property , to remove the \$500,000 limit on the use of proceeds from the sale of surplus property for rail projects and to provide appropriation authority for proceeds from the sale of Department of Transportation real property to carry out agency functions.	\$	- \$ -
15. Amend Rider 40, Unexpended Balances Appropriation: Management Information System and Enterprise Resource Planning System , to allow the agency to provide appropriation authority in fiscal year 2014 for any unobligated and unexpended balances remaining at the end of fiscal year 2013 in the Acquisition of Information Resource Technologies capital budget category in Rider 2, Capital Budget (see Rider Highlights, Deleted Rider #40).	\$	- \$ -

Section 6

**Department of Transportation
Items not Included in Recommendations - House**

	2014-15 Biennial Total	
	GR & GR- Dedicated	All Funds
16. Amend Rider 35, Federal Funding for the Texas Rail Plan , to: (1) appropriate Federal Funds for rail and other multimodal transportation to the Department of Transportation instead of the Texas Rail Relocation and Improvement Fund; and (2) remove provisions authorizing the allocation of non-constitutionally dedicated State Highway Funds for state matching funds to the Texas Rail Relocation and Improvement Fund, which is subject to approval by the Governor and the LBB.	\$ -	\$ -
17. Add new rider, Unexpended Balance - Construction Grants and Services , to appropriate in the 2014-15 biennium any unobligated appropriation in Strategy B.1.3, Construction Grants and Services, remaining at the end of fiscal year 2013 for the same purpose.	\$ -	\$ -
Total, Items Not Included in the Recommendations	\$ 1,610,253,406	\$ 2,212,253,406