

**Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Department of Transportation (601)**

The staff of the Legislative Budget Board conducted the Strategic Fiscal Review in the fall of 2014. The analysis contained in these materials reflects that staff review. The budget amounts for 2016-17 reflect budget recommendations

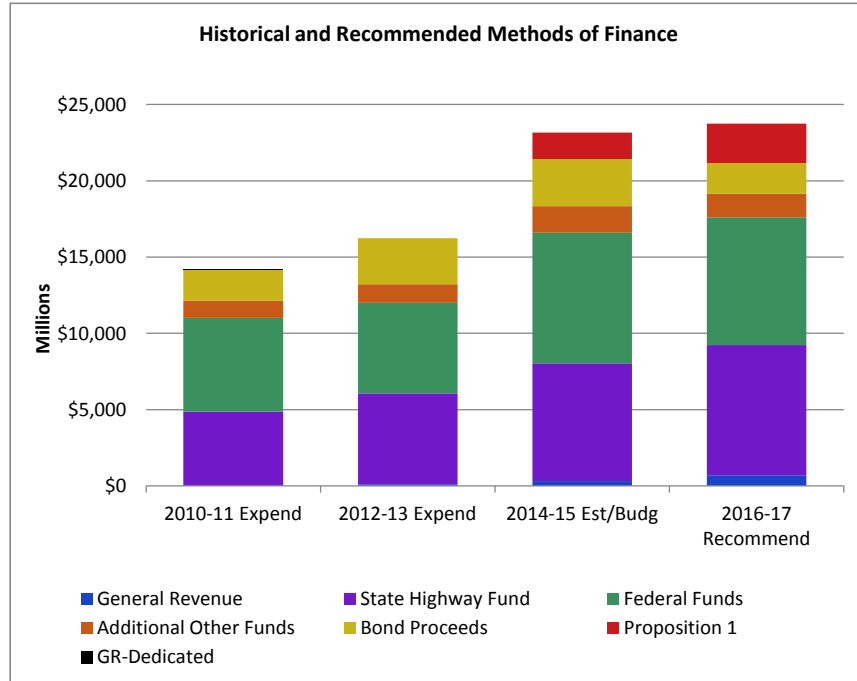
Schedule 1: Agency Overview

Mission Statement: Work with others to provide safe and reliable transportation solutions for Texas.

Legal Authority: Texas Constitution, Art 3, Sec 49-k, 49-l, 49-m, 49-n, 49-p; Transportation Code Ch. 21-2, 51, 91, 111, 201, 203-4, 222-4, 256, 345, 391-5, 455-6, 461, 550, 723; Government Code Ch. 1403, 2205; Property Code Ch. 21; Education Code Ch. 150; 23 US Code Sec 114, 131, 135-6, 402; 49 US Code Sec 4601, 5304, 20101, 47128

Total Number of Programs: 32

Overview and Significant Findings



■ **Overview:** The Department of Transportation (TxDOT) was created by the Texas Legislature in 1917 as the Texas Highway Department. Since that time, the agency has evolved from having a singular focus on highways to becoming a multi-modal agency regulating and managing multiple forms of transportation across the state. While TxDOT is still responsible for the creation and preservation of the Texas highway system, the agency is also responsible for non-highway programs ranging from government flight and aircraft maintenance services to the publication of Texas Highways Magazine.

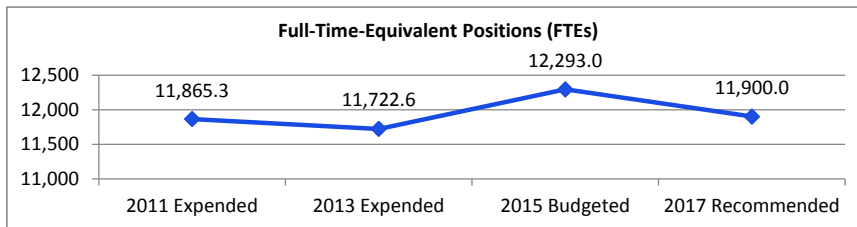
■ **Highway Needs:** The agency has experienced an increase in funding demands for highways due to an expanding population and aging infrastructure. While recommendations in House Bill 1 do not address the full shortfall identified by the agency, it does include additional funds related to Proposition 1, 2014 and State Highway Funds (SHF) made available from other state agencies.

■ **Non-Highway Functions:** While management of the state highway system is the main focus within the agency, they are still responsible for other non-highway programs. Most of these programs received a low priority ranking from the agency, and several have weak mission centrality. Flight Services, Outdoor Advertising Regulation, Travel Information Centers, Travel Information (Other), and Texas Highway Magazine have weak mission centrality due to their indirect link to the agency's mission and relatively low focus within the strategic plan. Due to the nature of these programs, they typically do not receive the same level of analysis as the agency's highway related programs.

■ **2016-17 Recommendations in House Bill 1:**

1) Recommendations provide \$2.6 billion from revenue transferred to the SHF, pursuant to Proposition 1, 2014. The amendment to the Texas Constitution approved by voters in November 2014 redirects to the SHF as much as half of the oil and natural gas tax-related transfers previously allocated to the Economic Stabilization Fund (ESF) each fiscal year. The funds transferred to the SHF may only be used for constructing, maintaining, and acquiring rights-of-way for public roadways other than toll roads.

2) Recommendations also provide an additional \$1.3 billion in SHF made available from the discontinuation of SHF appropriations to other state agencies to address traffic congestion, maintain existing infrastructure, and address roadway maintenance and safety needs in areas of the state impacted by increased oil and gas production activity.



- Notes:**
- The agency did not provide information relating to the first full year of appropriations.
 - Full-Time Equivalent Position (FTEs) amounts for 2011 Expended, 2013 Expended, and 2015 Budgeted include the TxDOT Summer Hire FTEs that are exempt from the FTE cap pursuant to Rider 13, Full-Time Equivalent: Summer Hire Program, 2014-15 General Appropriations Act, which authorizes up to 1,200.0 Summer Hire FTEs in the 3rd and 4th quarters of each fiscal year.

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Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
1	State Highway Fund Bond Debt Service	2003	Constitution, Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
2	Texas Mobility Fund Bond Debt Service	2001	Constitution, Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
3	Highway Improvement General Obligation Bond Debt Service	2009	Constitution, Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
4	Highway Construction and Preservation ¹	1917	Statute	Public Law	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	Yes
5	Comprehensive Development Agreements (CDAs) ²	2004	Statute	NA	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	No
6	Routine Transportation System Maintenance ³	1917	Statute	NA	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	Yes
7	Toll Equity ⁴	1997	Statute	NA	Moderate	Moderate	Transportation Infrastructure & Support	Statewide	Qualified	No
8	County Transportation Infrastructure ⁵	2013	Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Regional	NA	Yes
9	Pass-Through Financing	2009	Statute	NA	Moderate	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
10	Border Colonia Access Program ⁶	2001	Constitution, Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Regional	NA	Yes
11	Central Administration ⁷	NA	Statute	NA	Strong	Moderate	State Government Administration & Support	Statewide	Yes	No
12	Information Resources	NA	Statute	NA	Strong	Moderate	State Government Administration & Support	NA	No	Yes
13	Other Support Services	NA	Statute	NA	Strong	Moderate	State Government Administration & Support	NA	No	No
14	Planning/Design/Manage ⁸	1917	Statute	Public Law	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	No
15	Right-of-Way Acquisition	1970	Statute	Public Law	Strong	Strong	Transportation Infrastructure & Support	Statewide	No	Yes
16	Proposition 1, 2014	2014	Constitution, Statute	NA	Strong	Strong	Transportation Infrastructure & Support	Statewide	NA	No
17	Contracted Planning and Design ⁹	1917	Statute	NA	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	Yes
18	Traffic Safety	1990	Statute	Public Law	Strong	Moderate	Transportation Infrastructure & Support	Statewide	No	No

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?
19	Rail Transportation ¹⁰	2009	Statute	Public Law	Strong	Strong	Transportation Infrastructure & Support	Statewide	Yes	Yes
20	Aviation Services	1991	Statute	Public Law	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
21	Ferry Operations ¹¹	1934	Statute	NA	Moderate	Strong	Transportation Infrastructure & Support	Regional	No	No
22	Public Transportation	1975	Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	No	No
23	Government Relations and Policy	NA	Statute	NA	Moderate	Moderate	State Government Administration & Support	NA	No	No
24	Maritime	1975	Statute	NA	Strong	Strong	Transportation Infrastructure & Support	Statewide	NA	No
25	Short-Term Debt Service	2003	Constitution, Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
26	State Infrastructure Bank (SIB)	1997	Statute	NA	Strong	Moderate	Transportation Infrastructure & Support	Statewide	NA	No
27	Research	1948	Statute	NA	Moderate	Moderate	Transportation Infrastructure & Support	Statewide	No	No
28	Flight Services ¹²	2003	Statute	NA	Strong	Weak	Transportation Infrastructure & Support	Statewide	No	No
29	Outdoor Advertising Regulation (Highway Beautification) ¹²	1965	Statute	Public Law	Strong	Weak	Transportation Infrastructure & Support	Statewide	NA	No
30	Travel Information Centers ¹²	1936	Statute	NA	Strong	Weak	Transportation Infrastructure & Support	Statewide	No	No
31	Travel Information (Other) ¹²	1936	Statute	NA	Moderate	Weak	Transportation Infrastructure & Support	Statewide	NA	Yes
32	Texas Highway Magazine ¹²	1974	Statute	NA	Strong	Weak	Transportation Infrastructure & Support	Statewide	NA	Yes
Program Summary Included										

- Notes:**
1. Significant audit findings for the Highway Construction and Preservation program include fiscal year 2013 internal audit (IA) identified need for improvements in interim and final construction project reviews and oversight to ensure regulatory compliance and effective use of federal-aid highway program funds. Implementation of recommendations is ongoing.
 2. Significant audit findings for the Comprehensive Development Agreement (CDAs) program include fiscal year 2014 IA identified areas for significant improvement in toll operations relating to the identification of "non-pursuable" toll transactions, tracking billing system errors, and compliance with federal reporting requirements for active toll facility agreements. Implementation of recommendations regarding billing error tracking is ongoing.
 3. Significant audit findings for the Routine Transportation System Maintenance program include fiscal year 2010 State Auditor's Office findings that TxDOT did not post load restrictions on any of the 41 state-owned bridges auditors tested within the 90-day time limit required by the Federal Highway Administration. The agency reports that SAO audit recommendations have been fully implemented.
 4. Qualified indicates that there may be issues relating to agency operations that have not be documented in formal audits, reviews or reports, or LBB Staff cannot verify whether recommendations have been implemented. The agency has completed internal audits looking into the Toll Equity program; and while there is no significant finding provided, analysis indicates that the agency could work towards strengthening the oversight and tracking of the grant and loan obligations within the program.
 5. The County Transportation Infrastructure serves counties in the state located in areas of increased oil and gas production.

Schedule 2A: Program Listing -- Services and Administration

Agency Submission		Review and Analysis								
Agency Ranking	Program Name	Year Created	State Authority	Federal Authority	Authority	Mission Centrality	State Service Category	Service Area	Significant Audit and/or Report Findings	Outsourced Services?

6. The Border Colonia Access program provides financial assistance for roadway projects serving border colonias in economically distressed areas within 62 miles of an international border. This includes Brewster County, Brooks County, Cameron County, Culberson County, Dimmit County, Duval County, El Paso County, Hidalgo County, Hudspeth County, Jeff Davis County, Jim Hogg County, Kinney County, La Salle County, Maverick County, Presidio County, Starr County, Terrell County, Val Verde County, Webb County, Willacy County, Zapata County, and Zavala County.

7. Significant audit findings for the Central Administration program include fiscal year 2011 SAO audit identification of significant deficiencies in internal controls over TxDOT's Central Texas Turnpike System (CTTS) financial reporting. TxDOT reports full implementation of SAO recommendations to address the deficiencies.

8. Significant audit findings for the Plan/Design/Manage program include (1) fiscal year 2014 IA identified extensive improvements to controls in oversight of the metropolitan planning organization (MPO) billing process; and (2) fiscal year 2014 IA identified areas for improvement in engaging and receiving input from the general public on the development of the Unified Transportation Program. Implementation of recommendations is ongoing.

9. Significant audit findings for the Contracted Planning and Design program include fiscal year 2013 and 2014 IA identified areas for improvement in the completeness and accuracy of project status and state/local/federal funding information in TxDOT's Local Government Project Listing. Implementation of corrective actions is ongoing.

10. Significant audit findings for the Rail Transportation program include fiscal year 2014 IA identified significant control weaknesses over the rail management contract process, including (1) record retention for work orders, invoices, authorizations, and master contracts for some projects; and (2) signature authority for invoices. Implementation of corrective actions is ongoing.

11. The Ferry Operations program supports the operation of ferry systems in Port Aransas near Corpus Christi and Galveston-Port Bolivar.

13. Flight Services, Outdoor Advertising Regulation (Highway Beautification), Travel Information Centers, Travel Information (Other), and Texas Highway Magazine have weak mission centrality as they do not directly support the mission of the agency in providing safe and reliable transportation solutions for Texas. In addition, these programs are not highlighted in the agency's strategic plan and received a low priority ranking by the agency during the Strategic Fiscal Review process.

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Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding								Appropriate Use of Constitutional and GR-Dedicated Funds? ^{3,4}	Agency Funding Alternatives in Recs? ⁵
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg ¹	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported? ²			
1	State Highway Fund Bond Debt Service	\$ -	\$ 526,738,205	\$ 630,351,489	\$ 657,300,000	0.0	\$ 852,207,129	0.0	29.7%	0.0	Yes	Compliant	No	
2	Texas Mobility Fund Bond Debt Service	\$ -	\$ 623,211,893	\$ 674,442,579	\$ 914,100,000	0.0	\$ 835,252,052	0.0	-8.6%	0.0	Yes	Compliant	No	
3	Highway Improvement General Obligation Bond Debt Service	\$ -	\$ 22,503,786	\$ 139,137,860	\$ 338,050,000	0.0	\$ 725,962,679	0.0	114.8%	0.0	No	NA	No	
4	Highway Construction and Preservation	\$ -	\$ 6,595,943,450	\$ 6,961,323,336	\$ 10,794,683,254	0.0	\$ 9,973,072,995	0.0	-7.6%	0.0	Yes	Compliant	Partial	
5	Comprehensive Development Agreements (CDAs)	\$ -	\$ 728,690,315	\$ 1,092,101,714	\$ 2,463,757,520	0.0	\$ 1,410,392,664	0.0	-42.8%	0.0	Yes	Compliant	No	
6	Routine Transportation System Maintenance	\$ -	\$ 2,263,033,028	\$ 2,785,893,143	\$ 2,870,028,158	6,283.0	\$ 2,889,315,120	6,093.0	0.7%	-190.0	Yes	Compliant	No	
7	Toll Equity	\$ -	\$ 116,948,355	\$ 259,983,188	\$ 301,797,866	0.0	\$ 37,208,872	0.0	-87.7%	0.0	Yes	Compliant	No	
8	County Transportation Infrastructure ⁶	\$ -	\$ -	\$ -	\$ 225,000,000	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No	
9	Pass-Through Financing	\$ -	\$ 37,763,984	\$ 165,330,952	\$ 345,081,704	0.0	\$ 387,510,382	0.0	12.3%	0.0	Yes	Compliant	No	
10	Border Colonia Access Program ⁶	\$ -	\$ 48,843,132	\$ 21,096,067	\$ 11,600,000	0.0	\$ -	0.0	-100.0%	0.0	No	NA	No	
11	Central Administration	\$ -	\$ 93,052,906	\$ 89,025,824	\$ 101,652,803	622.5	\$ 117,808,904	610.0	15.9%	-12.5	Yes	Compliant	No	
12	Information Resources	\$ -	\$ 121,053,339	\$ 170,464,718	\$ 267,483,284	72.0	\$ 310,272,052	72.0	16.0%	0.0	Yes	Compliant	No	
13	Other Support Services	\$ -	\$ 65,260,551	\$ 70,256,727	\$ 82,763,317	384.5	\$ 81,962,502	382.0	-1.0%	-2.5	Yes	Compliant	No	
14	Planning/Design/Manage	\$ -	\$ 705,437,867	\$ 657,316,526	\$ 739,720,848	4,333.0	\$ 792,249,146	4,145.0	7.1%	-188.0	Yes	Compliant	No	
15	Right-of-Way Acquisition	\$ -	\$ 712,759,236	\$ 1,207,321,502	\$ 1,224,631,258	0.0	\$ 911,948,765	0.0	-25.5%	0.0	Yes	Compliant	Partial	
16	Proposition 1, 2014	\$ -	\$ -	\$ -	\$ -	0.0	\$ 2,575,000,000	0.0	NA	0.0	Yes	Compliant	Yes	
17	Contracted Planning and Design	\$ -	\$ 378,451,961	\$ 586,775,915	\$ 933,471,677	0.0	\$ 973,509,808	0.0	4.3%	0.0	Yes	Compliant	Partial	
18	Traffic Safety	\$ -	\$ 101,986,612	\$ 104,699,742	\$ 120,934,096	92.0	\$ 121,005,835	92.0	0.1%	0.0	Yes	Compliant	No	
19	Rail Transportation	\$ -	\$ 17,745,515	\$ 32,755,550	\$ 77,682,465	34.0	\$ 41,990,201	34.0	-45.9%	0.0	Yes	Compliant	No	
20	Aviation Services	\$ -	\$ 194,963,831	\$ 181,092,839	\$ 195,265,341	36.0	\$ 159,315,922	36.0	-18.4%	0.0	Yes	Compliant	Partial	
21	Ferry Operations	\$ -	\$ 67,412,321	\$ 76,687,401	\$ 82,597,839	205.0	\$ 87,039,504	205.0	5.4%	0.0	Yes	Compliant	No	
22	Public Transportation	\$ -	\$ 224,305,927	\$ 206,277,202	\$ 185,177,172	47.0	\$ 190,250,288	47.0	2.7%	0.0	Yes	Compliant	No	
23	Government Relations and Policy	\$ -	\$ 830,901	\$ 3,726,774	\$ 5,195,435	27.0	\$ 4,391,396	27.0	-15.5%	0.0	Yes	Compliant	No	
24	Maritime	\$ -	\$ 390,424	\$ 323,064	\$ 1,755,513	2.0	\$ 1,764,713	2.0	0.5%	0.0	Yes	Compliant	No	
25	Short-Term Debt Service	\$ -	\$ 370,595,951	\$ 6,783,225	\$ 110,000,000	0.0	\$ 10,000,000	0.0	-90.9%	0.0	Yes	Compliant	No	
26	State Infrastructure Bank (SIB)	\$ -	\$ 102,295,079	\$ 28,765,422	\$ 14,500,000	0.0	\$ 154,250,000	0.0	963.8%	0.0	Yes	Compliant	No	
27	Research	\$ -	\$ 45,252,756	\$ 42,062,037	\$ 45,581,500	12.0	\$ 45,945,916	12.0	0.8%	0.0	Yes	Compliant	No	

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding							Appropriate Use of Constitutional and GR-Dedicated Funds? ^{3,4}	Agency Funding Alternatives in Recs? ⁵
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg ¹	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base	FTEs Change from Base	Revenue Supported? ²		
28	Flight Services ⁷	\$ -	\$ 14,684,979	\$ 11,310,424	\$ 9,981,899	25.0	\$ 9,000,000	25.0	-9.8%	0.0	No	NA	No
29	Outdoor Advertising Regulation (Highway Beautification)	\$ -	\$ 1,208,655	\$ 1,883,328	\$ 2,129,453	20.0	\$ 2,166,778	20.0	1.8%	0.0	Yes	Compliant	No
30	Travel Information Centers	\$ -	\$ 11,301,746	\$ 11,740,868	\$ 11,445,969	67.0	\$ 10,037,771	67.0	-12.3%	0.0	Yes	Compliant	No
31	Travel Information (Other)	\$ -	\$ 12,832,769	\$ 12,370,156	\$ 14,472,188	8.0	\$ 19,636,517	8.0	35.7%	0.0	Yes	Compliant	No
32	Texas Highway Magazine	\$ -	\$ 8,601,900	\$ 7,628,630	\$ 9,275,650	23.0	\$ 9,403,193	23.0	1.4%	0.0	Yes	Compliant	No
Total			\$ 14,214,101,374	\$ 16,238,928,202	\$ 23,157,116,209	12,293.0	\$ 23,739,871,104	11,900.0	2.5%	-393.0			

Program Summary Included

- Notes:**
1. Fiscal Year 2015 Budgeted FTE amounts include the TxDOT Summer Hire FTEs that are exempt from the FTE cap pursuant to Rider 13, Full-Time Equivalent: Summer Hire Program, 2014-15 General Appropriations Act, which authorizes up to 1,200.0 Summer Hire FTEs in the 3rd and 4th quarters of each fiscal year.
 2. The Revenue Supported column is only referring to the 2016-17 recommendations. Revenue is supported by State Highway Fund No. 006 (see Schedule 4), Texas Mobility Fund No. 356 (see Schedule 4), Bond Proceeds, Federal Funds, Appropriated Receipts, and General Revenue. A full listing of the funds supporting each program in fiscal years 2016-17 is listed below:

- State Highway Fund Bond Debt Service:** State Highway Fund No. 006, Federal Funds
- Texas Mobility Fund Bond Debt Service:** Texas Mobility Fund No. 356, Federal Funds
- Highway Improvement General Obligation Bond Debt Service:** General Revenue, Federal Funds
- Highway Construction and Preservation:** State Highway Fund No. 006, Texas Mobility Fund No. 356, Bond Proceeds, Federal Funds, Appropriated Receipts
- Comprehensive Development Agreements (CDAs):** State Highway Fund No. 006, Texas Mobility Fund No. 356, Bond Proceeds, Federal Funds
- Routine Transportation System Maintenance:** State Highway Fund No. 006, Appropriated Receipts, Interagency Contracts
- Toll Equity:** State Highway Fund No. 006, Federal Funds
- County Transportation Infrastructure:** NA
- Pass-Through Financing:** State Highway Fund No. 006, Federal Funds
- Border Colonia Access Program:** NA
- Central Administration:** State Highway Fund No. 006
- Information Resources:** State Highway Fund No. 006
- Other Support Services:** State Highway Fund No. 006
- Planning/Design/Manage:** State Highway Fund No. 006, Texas Mobility Fund No. 356, Bond Proceeds, Federal Funds, Appropriated Receipts
- Right-of-Way Acquisition:** State Highway Fund No. 006, Texas Mobility Fund No. 356, Bond Proceeds, Federal Funds, Toll Revenue, Concession Fees
- Contracted Transportation Planning and Design:** State Highway Fund No. 006, Texas Mobility Fund No. 356, Bond Proceeds, Appropriated Receipts
- Traffic Safety:** State Highway Fund No. 006, General Revenue, Federal Funds
- Rail Transportation:** State Highway Fund No. 006, General Revenue, Federal Funds, Appropriated Receipts
- Aviation Services:** State Highway Fund No. 006, Federal Funds
- Ferry Operations:** State Highway Fund No. 006, Federal Funds
- Public Transportation:** State Highway Fund No. 006, Federal Funds
- Government Relations and Policy:** State Highway Fund No. 006
- Maritime:** State Highway Fund No. 006
- Short-Term Debt Service:** State Highway Fund No. 006
- State Infrastructure Bank (SIB):** State Highway Fund No. 006
- Research:** State Highway Fund No. 006, Federal Funds
- Flight Services:** Interagency Contracts
- Outdoor Advertising Regulation (Highway Beautification):** State Highway Fund No. 006
- Travel Information Centers:** State Highway Fund No. 006
- Travel Information (Other):** State Highway Fund No. 006
- Texas Highway Magazine:** State Highway Fund No. 006

3. The Appropriate Use column is only referring to the 2016-17 recommendations.

Schedule 2B: Program Listing -- Fiscal

Agency Submission					Review, Analysis, and Funding					Appropriate Use of Constitutional and GR-Dedicated Funds? ^{3,4}	Agency Funding Alternatives in Recs? ⁵
Agency Ranking	Program Name	1st Year Full Implementation	2010-11 Expended	2012-13 Expended	2014-15 Est / Budg	2015 FTEs Budg ¹	2016-17 HB 1 - Intro	2017 FTEs Rec.	Percent Change from Base		

- 4. Those programs that are listed as NA either do not receive funding from the State Highway Fund or the Texas Mobility Fund, or they do not receive funding in the 2016-17 recommendations.
- 5. **Partial** indicates that the LBB Recommendations contain some portion of the agency's funding alternative either in terms of amounts or methodology. Agency funding alternatives for the Highway Construction and Preservation, Right-of-Way Acquisition, and Contracted Planning and Design programs were partially included in LBB recommendations as recommendations include an additional funds from State Highway Funds previously allocated to other agencies, Proposition 1 funding, and reallocations from other strategies.
- 6. The County Transportation Infrastructure program and the Border Colonia Access program are not funded in fiscal years 2016-17 and therefore are not revenue supported. In previous biennia, the County Transportation Infrastructure program was funded through the Transportation Infrastructure Fund No. 184, and the Border Colonia Access program was funded through bond proceeds from General Obligation bonds.
- 7. The Flight Services program is entirely funded through interagency contracts in fiscal years 2016-17 and is therefore not considered revenue supported. The agency charges a set rate to other state agencies to use their services and is paid through interagency contracts. Prior to the 2016-17 biennium, the Flight Services program did receive State Highway Fund No. 006, and is included in Schedule 4.

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Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 Introduced
1	State Highway Fund Bond Debt Service	↑	Funding: Increase funding for increased debt service and other financing costs associated with the Proposition 14 State Highway Fund Revenue Bond program as the program reaches its authorized debt capacity.
2	Texas Mobility Fund Bond Debt Service	↓	Funding: Decrease funding for debt service and other financing costs associated with the Texas Mobility Fund Bond program related to the cash defeasance of a portion of outstanding debt in 2014-15.
3	Highway Improvement General Obligation Bond Debt Service	↑	Funding: Increase funding for increased debt service and other financing costs associated with the Proposition 12 General Obligation Bond program as the program reaches its authorized debt capacity.
4	Highway Construction and Preservation	↓	Funding: Decrease is related to a reduction in funding from Bond Proceeds and the allocation of Proposition 1 funds to the Proposition 1, 2014, program in HB 1, as Introduced. The final appropriation amount and allocation of Proposition 1 funds is to be determined by the 84th Legislature, Regular Session.
5	Comprehensive Development Agreements (CDAs)	↓	Funding: Decrease funding for Comprehensive Development Agreements to be used for transportation improvement projects in alignment with the agency's projections for future project needs.
6	Routine Transportation System Maintenance	↑	Funding: Increase funding for routine maintenance projects in alignment with the agency's projections for demand of routine transportation projects.
7	Toll Equity	↓	Funding: Decrease funding for toll equity in alignment with the agency's projections for TxDOT participation in local toll projects in the 2016-17 biennium.
8	County Transportation Infrastructure	↓	Funding: Recommendations remove one-time funding to provide grants for county transportation infrastructure projects in counties affected by increased energy sector activity.
9	Pass-Through Financing	↑	Funding: Increase funding for pass-through financing agreement reimbursement payments in alignment with the agency's projections.
10	Border Colonia Access Program	↓	Funding: Recommendations reflect completion of the Border Colonia Access program in the 2014-15 biennium.
11	Central Administration	↑	Funding: Increase funding for Central Administration to adjust for projected agency workload and to provide funding for legal services provided by the Transportation Division at the Office of the Attorney General.
12	Information Resources	↑	Funding: Increase funding to maintain current Data Center Service obligations and to provide information technology replacement and upgrades.
13	Other Support Services	↓	Funding: Decrease funding for Other Support Services to adjust for projected agency workload.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 Introduced
14	Planning/Design/Manage	↑	Funding: Increase funding to allow for an increase in the planning, design, and management of transportation projects related to technology projects, salaries and wages, and federal planning grants.
15	Right-of-Way Acquisition	↓	Funding: Decrease is related to a reduction in funding from Bond Proceeds and the allocation of Proposition 1 funds to the Proposition 1, 2014, program in HB 1, as Introduced. The final appropriation amount and allocation of Proposition1 funds is to be determined by the 84th Legislature, Regular Session.
16	Proposition 1, 2014	↑	Funding: Increase is due to the allocation of Proposition 1 funds to the Proposition 1, 2014, program in HB 1, as Introduced. The final appropriation amount and allocation of Proposition1 funds among programs for highway planning and design, right-of-way acquisition, construction, and preservation is to be determined by the 84th Legislature, Regular Session.
17	Contracted Planning and Design	↑	Funding: Increase funding for new contracted planning and design due to an increase in State Highway Fund No. 006 available from decreased appropriations to other agencies. Funding will go towards statewide mobility and preservation projects.
18	Traffic Safety	↑	Funding: Increase funding to maintain the current Traffic Safety program operations related to distributing state and federal traffic safety grant funding and maintaining the Crash Records Information System.
19	Rail Transportation	↓	Funding: Decrease funding to remove one-time appropriations related to the Austin-San Antonio passenger rail and South Orient Rail Line rehabilitation projects and to account for a decrease in federal funds due to the completion of the Tower 55 project in Fort Worth.
20	Aviation Services	↓	Funding: Decrease funding to remove one-time appropriations related to emergency and first-responder airport facilities.
21	Ferry Operations	↑	Funding: Increase funding to maintain the current Ferry Operations program operations.
22	Public Transportation	↑	Funding: Increase funding to assist small urban and rural transit providers in the development and delivery of public transportation services, including the distribution of state and federal grants.
23	Government Relations and Policy	↓	Funding: Decrease funding for Government Relations and Policy to adjust for projected agency workload.
24	Maritime	↑	Funding: Increase funding to maintain the current Maritime program operations related to the administration of the Gulf Intercoastal Waterway from the Sabine River to Brownsville.
25	Short-Term Debt Service	↓	Funding: Decrease funding to remove one-time appropriations for the repayment of short-term debt in fiscal year 2014.
26	State Infrastructure Bank (SIB)	↑	Funding: Increase funding to the State Infrastructure Bank program in alignment with the agency's request to provide more infrastructure loans.
27	Research	↑	Funding: Increase funding for transportation research performed at state-supported colleges and universities.
28	Flight Services	↓	Funding: Decrease funding based on the agency's projections of the usage of state flight transportation and aircraft maintenance services by other agencies.

Schedule 2C: Program Listing -- Explanation of Recommendations

Agency Submission		Review and Analysis	
Agency Ranking	Program Name	Funding Compared to 2014-15	Explanation of 2016-17 HB 1 Introduced
29	Outdoor Advertising Regulation (Highway Beautification)	↑	Funding: Increase funding for current Outdoor Advertising Regulation services to maintain compliance with federal and state highway beautification laws.
30	Travel Information Centers	↓	Funding: Decrease funding to Travel Information Centers to adjust for projected agency workload.
31	Travel Information (Other)	↑	Funding: Increase funding to Travel Information (Other) to adjust for projected agency workload.
32	Texas Highway Magazine	↑	Funding: Increase funding to Texas Highway Magazine to adjust for projected agency workload.

Program Summary Included

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Schedule 3: Assessments of Mission Centrality and Authority

Department of Transportation (601)

Mission centrality is a judgment of how directly connected a program is to the core mission and goals of the agency, as identified in statute, agency strategic plans, or other documents.
Authority is an assessment of how strong and explicit the legal basis is for the existence of the program and the way in which the agency is administering it.

		MISSION CENTRALITY		
		Weak	Moderate	Strong
A U T H O R I T Y	Strong	Flight Services (28) Outdoor Advertising Regulation (Highway Beautification) (29) Travel Information Centers (30) Texas Highways Magazine (32)	State Highway Fund Bond Debt Service (1) Texas Mobility Fund Bond Debt Service (2) Highway Improvement General Obligation Bond Debt Service (3) Country Transportation Infrastructure (8) Border Colonia Access Program (10) Traffic Safety (18) Aviation Services (20) Public Transportation (22) Short-Term Debt Service (25) State Infrastructure Bank (SIB) (26)	Highway Construction and Preservation (4) Comprehensive Development Agreements (CDAs) (5) Routine Transportation System Maintenance (6) Planning/Design/Manage (14) Right-of-Way Acquisition (15) Contracted Planning and Design (17) Rail Transportation (19) Maritime (24)
	Moderate	Travel Information (Other) (31)	Toll Equity (7) Pass-Through Funding (9) Research (27)	Ferry Operations (21)
	Weak			

Note: The matrix does not include Indirect Administration programs and any newly funded programs for the 2016-17 biennium (Proposition 1, 2014).

Strategic Fiscal Review 2016-17
House Budget Recommendations: HB 1 as Introduced
Department of Transportation (601)

Schedule 4: Constitutional and General Revenue-Dedicated Accounts

1 Account: State Highway Fund No. 006
Legal Cite(s): Texas Constitution, Art. VIII, Sec. 7-a
Texas Constitution, Art. III, Sec. 49-g(c)
Transportation Code, Sec. 222.001, 222.002, 222.072, and 228.012
Authorized Use: The State Highway Fund is not established or dedicated by the Texas Constitution, but some revenues are dedicated by the Texas Constitution for acquiring rights-of-way; constructing, maintaining, and policing public roadways; and for the administration of laws pertaining to the supervision of traffic and safety on public roadways. Money in the fund that is not required to be spent for public roadways by the Texas Constitution may be used for functions carried about by the Department of Transportation (TxDOT).
Revenue Source: Revenues that are dedicated by the Texas Constitution include motor fuel taxes, vehicle registration fees, sales taxes on motor fuel lubricants, and oil and natural gas tax-related transfers to the fund. Other statutory fees deposited to the State Highway Fund that are not dedicated by the Constitution include special vehicle permit fees and other various fees associated with administrative and regulatory functions carried out by TxDOT and other agencies. Payments received by TxDOT under a comprehensive development agreement and surplus revenue revenue of a toll project/system are held in subaccounts within the fund for the benefit of the region in which the toll project/system is located.

Program(s) Funded	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 HB 1 - Intro	Comments
1 State Highway Fund Bond Debt Service	Compliant	\$ -	\$ 493,311,109	\$ 577,469,008	\$ 606,363,617	\$ 798,148,881	
4 Highway Construction and Preservation	Compliant	\$ -	\$ 2,043,456,020	\$ 2,007,666,237	\$ 4,926,025,075	\$ 3,548,529,546	
5 Comprehensive Development Agreements (CDAs)	Compliant	\$ -	\$ 52,557,370	\$ 261,849,083	\$ 234,387,938	\$ 165,713,103	
6 Routine Transportation System Maintenance	Compliant	\$ -	\$ 2,239,221,163	\$ 2,778,077,421	\$ 2,861,514,539	\$ 2,889,315,120	
7 Toll Equity	Compliant	\$ -	\$ 75,955,549	\$ 29,759,164	\$ 49,837,281	\$ 10,484,413	
9 Pass-Through Financing	Compliant	\$ -	\$ 7,414,718	\$ 33,056,979	\$ 72,708,576	\$ 77,502,077	
11 Central Administration	Compliant	\$ -	\$ 93,052,906	\$ 89,025,824	\$ 101,652,803	\$ 117,808,904	
12 Information Resources	Compliant	\$ -	\$ 121,053,339	\$ 170,464,718	\$ 267,483,284	\$ 310,272,052	
13 Other Support Services	Compliant	\$ -	\$ 65,260,551	\$ 70,256,727	\$ 82,763,317	\$ 81,962,502	
14 Planning/Design/Manage	Compliant	\$ -	\$ 211,826,569	\$ 335,392,924	\$ 257,392,305	\$ 337,112,163	
15 Right-of-Way Acquisition	Compliant	\$ -	\$ 314,260,870	\$ 436,112,799	\$ 503,281,034	\$ 305,170,927	
16 Proposition 1, 2014	Compliant	\$ -	\$ -	\$ -	\$ -	\$ 2,575,000,000	
17 Contracted Planning and Design	Compliant	\$ -	\$ 193,691,187	\$ 289,053,809	\$ 491,690,794	\$ 385,426,188	
18 Traffic Safety	Compliant	\$ -	\$ 17,190,836	\$ 17,034,840	\$ 17,612,936	\$ 17,352,744	
19 Rail Transportation	Compliant	\$ -	\$ 6,734,312	\$ 11,945,492	\$ 9,249,513	\$ 9,367,042	
20 Aviation Services	Compliant	\$ -	\$ 68,437,949	\$ 59,567,223	\$ 92,765,341	\$ 59,315,922	
21 Ferry Operations	Compliant	\$ -	\$ 62,724,603	\$ 76,687,401	\$ 82,597,839	\$ 87,039,504	
22 Public Transportation	Compliant	\$ -	\$ 59,904,339	\$ 61,547,690	\$ 64,530,211	\$ 66,099,390	
23 Government Relations and Policy	Compliant	\$ -	\$ 830,901	\$ 3,726,774	\$ 5,195,435	\$ 4,391,396	
24 Maritime	Compliant	\$ -	\$ 390,424	\$ 323,064	\$ 1,755,513	\$ 1,764,713	
25 Short-Term Debt Service	Compliant	\$ -	\$ 370,595,951	\$ 6,783,225	\$ 110,000,000	\$ 10,000,000	

26	State Infrastructure Bank (SIB)	Compliant	\$	-	\$ 102,295,079	\$ 28,765,422	\$ 14,500,000	\$ 154,250,000	
27	Research	Compliant	\$	-	\$ 6,177,220	\$ 10,452,874	\$ 8,263,238	\$ 9,289,093	
28	Flight Services	Compliant	\$	-	\$ 4,381,989	\$ 1,294,695	\$ 981,899	\$ -	
29	Outdoor Advertising Regulation (Highway Beautification)	Compliant	\$	-	\$ -	\$ 1,883,328	\$ 2,129,453	\$ 2,166,778	This program is supported by permit fees deposited into the State Highway Fund.
30	Travel Information Centers	Compliant	\$	-	\$ 11,301,746	\$ 11,740,868	\$ 11,445,969	\$ 10,037,771	
31	Travel Information (Other)	Compliant	\$	-	\$ 12,832,769	\$ 12,370,156	\$ 14,472,188	\$ 19,636,517	
32	Texas Highways Magazine	Compliant	\$	-	\$ 8,601,900	\$ 7,628,630	\$ 9,275,650	\$ 9,403,193	This program is supported by magazine revenue deposited into the State Highway Fund.
Total,	State Highway Fund No. 006				\$ 6,643,461,369	\$ 7,389,936,375	\$ 10,899,875,748	\$ 12,062,559,939	

- Notes:** 1. The Revenue Compliance column is only referring to the 2016-17 recommendations.
2. The State Highway Fund is supported by revenue streams that are dedicated by the Texas Constitution and statute for specific purposes, as well as revenue streams that are not specifically dedicated. These revenue streams are not tracked once they are deposited to the fund and consequently there is no mechanism to determine which revenues support which programs. Programs that are not tied specifically to Constitutional or statutory dedications include: Central Administration, Information Resources, Other Support Services, Rail Transportation, Aviation Services, Public Transportation, Government Relations and Policy, and Maritime.
3. The agency did not provide information relating to the first full year of appropriations.

2 Account: **Texas Mobility Fund No. 365**
Legal Cite(s): Texas Constitution, Art. III, Sec. 49-k
Transportation Code, Sec. 201.942
Authorized Use: A revolving fund to provide financing for construction, reconstruction, acquisition, and expansion of state highways, including costs related to design and acquisition of rights-of-way as well as state participation in a portion of construction costs publicly owned toll roads and other public transportation projects. The Texas Transportation Commission is authorized to issue bonds and enter into credit agreements secured by and payable from a pledge of money in the fund.
Revenue Source: The constitution authorized the Texas Legislature to dedicate any taxes or other revenues that are not otherwise dedicated to the State Highway Fund. This currently includes motor vehicle inspection fees, driver's license fees, driver record information fees, certificate of title fees, federal revenues, and various other revenues related to transportation.

Program(s) Funded	In Compliance with Authorized Use?	1st Full Year Appropriated	2010-11 Expended	2012-13 Expended	2014-15 Est/Budg	2016-17 HB 1 - Intro	Comments
2 Texas Mobility Fund Bond Debt Service	Compliant	\$ -	\$ 586,203,888	\$ 628,848,432	\$ 870,183,737	\$ 788,644,181	
4 Highway Construction and Preservation	Compliant	\$ -	\$ 162,564,737	\$ 390,038,464	\$ 471,189,010	\$ 260,638,350	
5 Comprehensive Development Agreements (CDAs)	Compliant	\$ -	\$ -	\$ -	\$ 547,153,302	\$ 193,853,632	
14 Planning/Design/Manage	Compliant	\$ -	\$ 23,229,951	\$ 13,233,238	\$ 6,000,000	\$ -	
15 Right-of-Way Acquisition	Compliant	\$ -	\$ 158,044,761	\$ 94,220,183	\$ 177,400,026	\$ 813,063	
16 Contracted Planning and Design	Compliant	\$ -	\$ 66,158,422	\$ 45,789,344	\$ 14,178,401	\$ 2,573,997	
Total,	Texas Mobility Fund No. 365		\$ 996,201,759	\$ 1,172,129,661	\$ 2,086,104,476	\$ 1,246,523,223	

- Notes:** 1. The agency did not provide information relating to the first full year of appropriations.

**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Highway Construction and Preservation

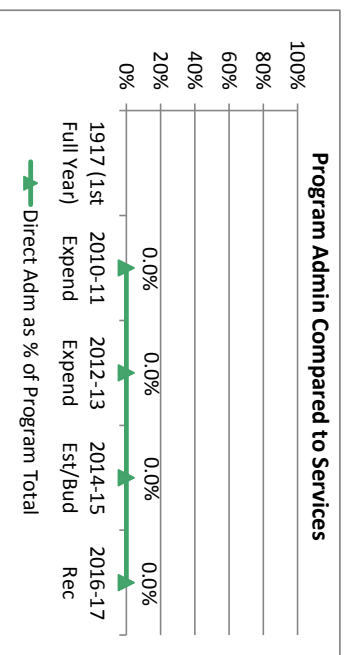
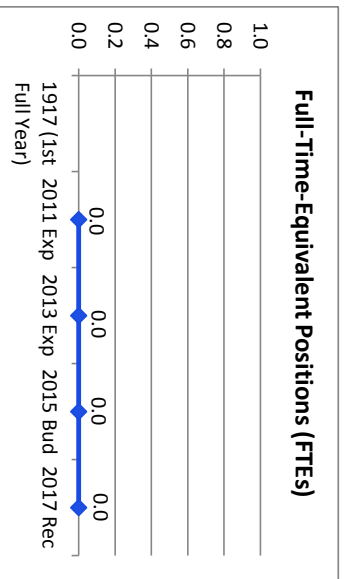
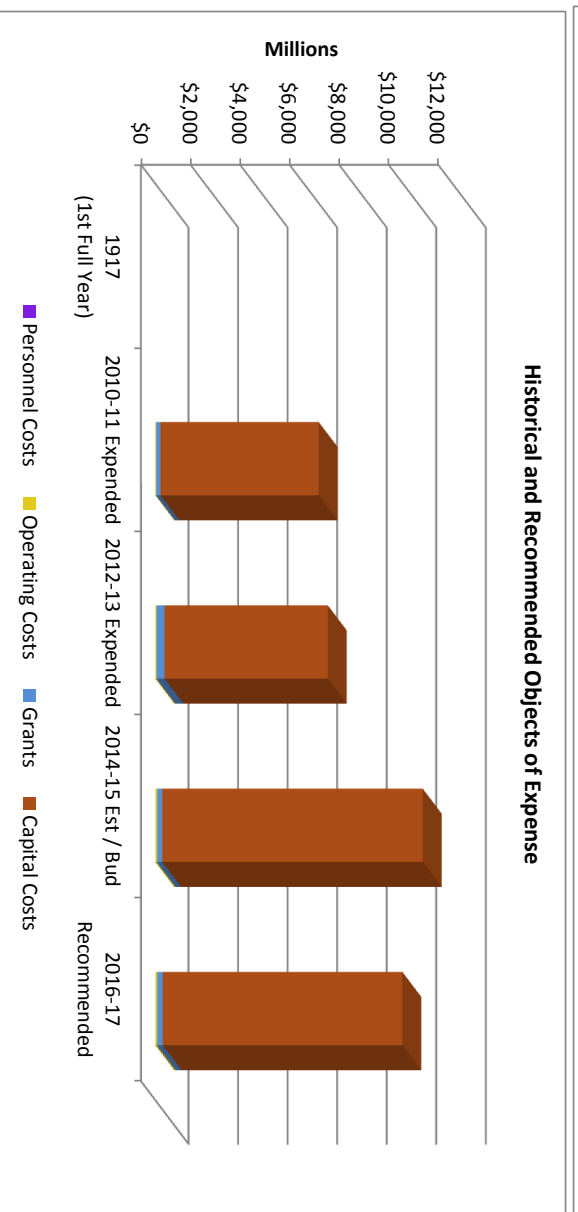
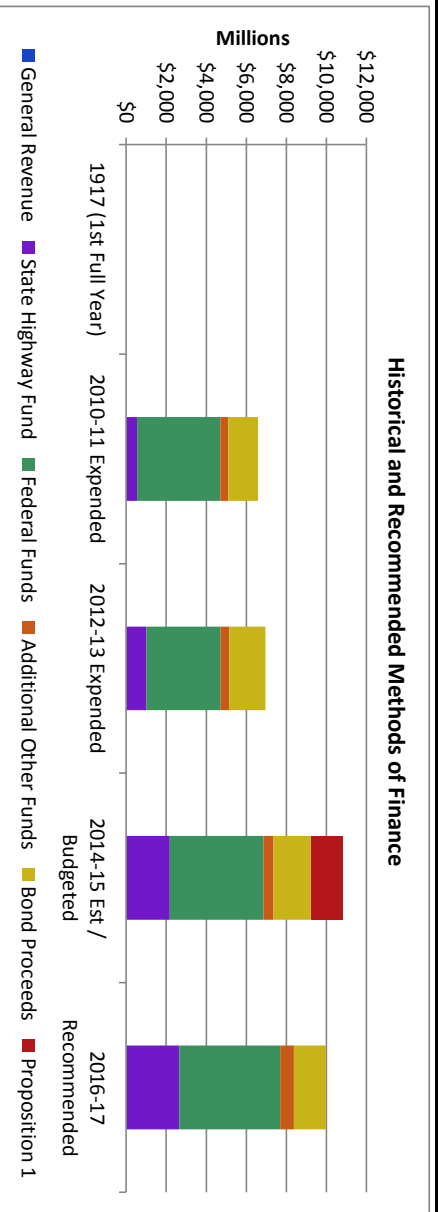
Agency Ranking **4**
out of 32

Supports construction contracts for roads, bridges, and other transportation facilities on the state transportation system and work associated with preventive maintenance and rehabilitation on the roadways.

Legal Authority: Transportation Code, Ch. 201, 203, and 224, Subch. B; 23 U.S. Code, Sec 114

Year Created	1917	Performance and/or	Operational Issues No	Outsourced Services	Yes
Authority	Strong	Operational Issues No		Revenue Supported	Yes
Centrality	Strong	Use of Dedicated Funds	Transportation Infrastructure & Support	Compliant	Compliant
Service Area	Statewide	State Service Category	Transportation Infrastructure & Support		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ -	0.0	\$ -	0.0	0.0%
Existing Construction Contracts	\$ 2,489,044,463	0.0	\$ 2,139,857,905	0.0	21.5%
New Construction Contracts	\$ 1,324,126,908	0.0	\$ 998,795,667	0.0	10.0%
Existing Maintenance Contracts	\$ 2,438,824,629	0.0	\$ 2,817,487,459	0.0	28.3%
New Maintenance Contracts	\$ 4,032,736,971	0.0	\$ 3,316,651,803	0.0	33.3%
Construction Contracts - Subaccount	\$ 501,077,902	0.0	\$ 693,080,429	0.0	6.9%
Capital Ferry Construction	\$ 8,872,381	0.0	\$ 7,199,732	0.0	0.1%
TOTAL	\$ 10,794,683,254	0.0	\$ 9,973,072,995	0.0	100.0%



Program: Highway Construction and Preservation

Notes

- 1 Under the Historical and Recommended Methods of Finance, State Highway Fund only includes traditional sources of revenue while Additional Other Funds includes toll revenues, concession fees, and appropriated receipts.
- 2 The Construction Contracts - Subaccount activity pays for construction contracts for roads, bridges and other transportation facilities construction on the state transportation system using regional toll revenues and concession fees deposited to toll project subaccounts in the SHF. TXDOT contracts with outside firms for construction, and the activity represents actual construction work disbursements.

Summary of Recommendations

- 1 Recommendations provide \$4,315.4 million for new construction and maintenance contracts, including \$1,042.6 million in SHF made available from the discontinuation of SHF appropriations to other state agencies.
- 2 HB 1 as Introduced provides an estimated \$2.575 million from Proposition 1 oil and natural gas tax-related transfers to the SHF. The allocation of these funds among TXDOT programs is to be determined by the Eighty-fourth Legislature, Regular Session. The Legislature may appropriate these funds for constructing, maintaining, and acquiring rights-of-way for non-tolled public roadways. 2014-15 Estimated funding includes \$1,569.5 million from the fiscal year 2014-15 Proposition 1 transfer to the SHF, which was authorized for expenditure by the Legislative Budget Board and the Governor in December 2014.

Summary of Fiscal and Policy Issues

- 1 TXDOT contracts with private firms for the construction and reconstruction of all roads, bridges, and other transportation facilities on the state highway system. Program expenditures represent disbursements to contractors for actual construction work performed. As such, there are no direct personnel costs included in the Highway Construction and Preservation Program.
- 2 The planning and development of highway construction and preservation projects involves the coordination and cooperation of local governments, metropolitan planning organizations, the Federal Highway Administration, TXDOT personnel, and the Texas Transportation Commission. The Texas Transportation Commission authorizes TXDOT personnel to proceed with project planning and development, contract letting, and awards. TXDOT personnel involved in planning, development, and contract letting are aligned with the Planning/Design/Manage and Central Administration programs.
- 3 Federal Funds from federal highway reimbursements and constitutionally-dedicated state revenues to the SHF (e.g., motor fuels taxes and registration fees) are the "traditional" sources of funding for Highway Construction and Preservation.
- 4 Beginning in fiscal year 2005, the agency began supplementing the traditional funding sources with proceeds from the sale of long-term bonds. Bond proceeds from Texas Mobility Fund, Proposition 14 SHF, and Proposition 12 General Obligation bonds make up \$5,158.6 million or 21 percent of the \$24,351.9 million in All Funds expended/budgeted over the last three biennia (2010-11 Expended to 2014-15 Estimated/Budgeted).

Performance and/or Operational Issues

- 1 **Internal Audit.** Fiscal year 2013 internal audit identified need for improvements in interim and final construction project reviews and oversight to ensure regulatory compliance and effective use of federal-aid highway program funds. Implementation of recommendations is ongoing.

Recommended Statutory Changes for Program Improvement

- 1 NA

Funding Alternatives Not Included in the Recommendations	GR-Related	All Funds	2017 FTEs
Change from Recommendations			
1 Repair Existing Infrastructure: Funding to address statewide mobility and preservation, statewide maintenance, energy sector safety and maintenance needs on the state highway system, and improvements to Texas ports, including: a. \$8,500 million in General Revenue Funds for new construction and maintenance contracts to address an estimated \$10 billion biennial funding shortfall for mobility and preservation, maintenance, and energy sector needs. (The remaining \$1.5 billion requested to address the shortfall would be used for contracted planning and design and acquisition of rights-of-way for mobility and preservation projects.) Recommendations do not include General Revenue for this purpose but include \$3.6 billion in additional SHF that could be used to address the estimated shortfall. (See Summary of Recommendations, above.) b. \$515.1 million in Federal Funds for new construction and maintenance contracts contingent on continuation of current federal highway funding levels beyond fiscal year 2015. c. \$30 million in General Revenue Funds for port improvement projects nominated by the Port Authority Advisory Committee and approved by the Texas Transportation Commission. According to the agency, additional funds for this program would increase the dollar volume of construction contracts awarded by approximately \$1,415 million, number of projects awarded by approximately 283 projects, and number of lane miles contracted for resurfacing by 34,033 lane miles each fiscal year.	\$ 8,530,000,000	\$ 8,920,968,257	0.0

**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Routine Transportation System Maintenance

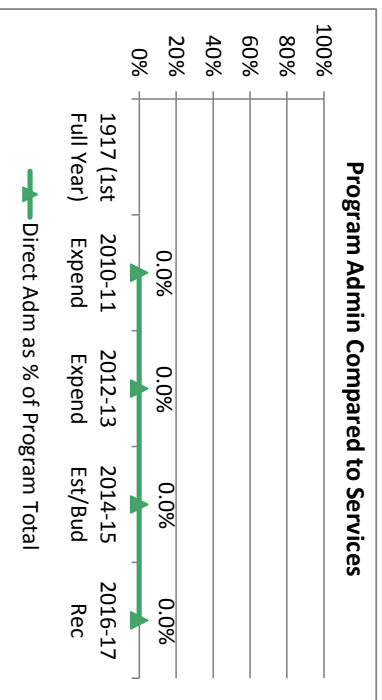
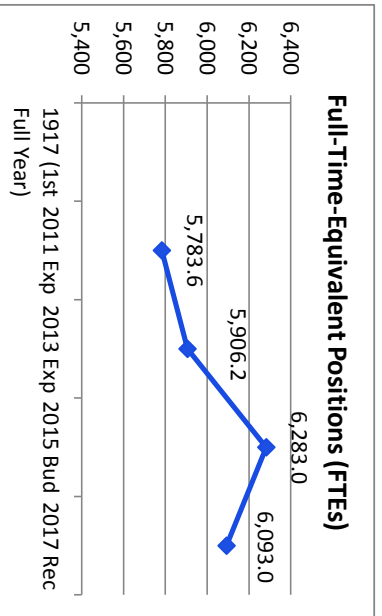
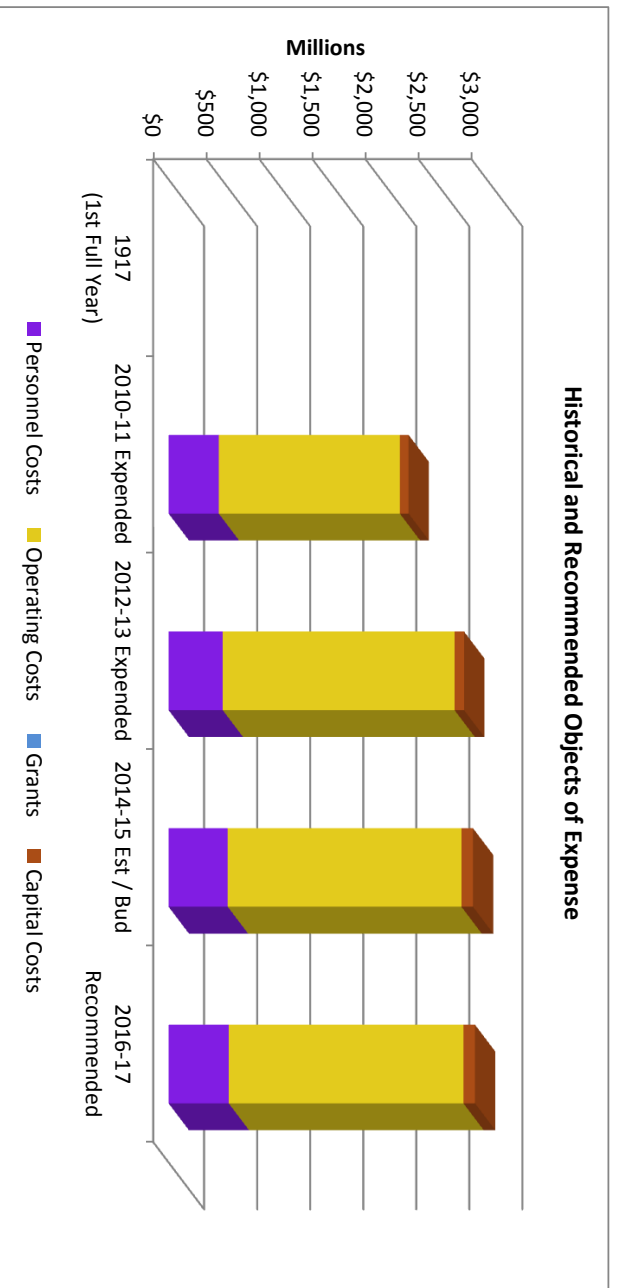
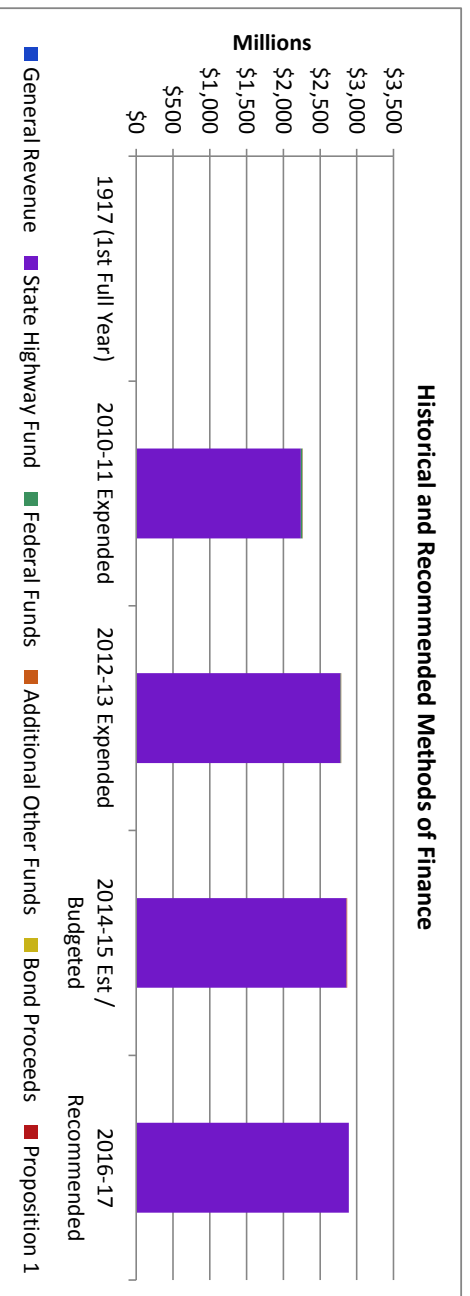
Agency Ranking **6**
out of 32

Provides routine and preventive maintenance of roadway surfaces and bridges, highway markings, traffic signal systems, right-of-way mowing, litter removal, contracts for emergency repairs, and ferry facility maintenance.

Legal Authority: Transportation Code, Ch. 201, 203, and 224

Year Created	1917	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services	Yes
Centrality	Strong	Revenue Supported	Use of Dedicated Funds	Revenue Supported	Yes	Use of Dedicated Funds	Yes
Service Area	Statewide	State Service Category	Transportation Infrastructure & Support	Compliant	Compliant		

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Contracted Routine Maintenance	\$ 1,365,938,020	0.0	\$ 1,307,590,092	0.0	45.3%
Routine Maintenance	\$ 1,504,090,138	6,283.0	\$ 1,581,725,028	6,093.0	54.7%
TOTAL	\$ 2,870,028,158	6,283.0	\$ 2,889,315,120	6,093.0	100.0%



Program: Routine Transportation System Maintenance

Summary of Recommendations

1 Recommendations include a reduction of \$46.4 million in SHF from the 2014-15 level for capital budget projects related to the construction and repair/rehabilitation of TxDOT buildings and facilities.

Summary of Fiscal and Policy Issues

- 1 This program provides routine transportation system maintenance functions carried out by contractors and agency personnel. Major preservation and reconstruction of existing highway infrastructure is performed by contractors under the Highway Construction and Preservation program.
- 2 TxDOT personnel involved in routine maintenance account for 6,093 FTEs or 51.2 percent of the agency's FTE cap in the 2016-17 recommendations.
- 3 Although there are many activities associated with routine system maintenance, the agency did not provide detailed expenditure and budget request information at the activity level. The agency stated that the routine maintenance budget is not tracked at the activity level. Appropriations for routine maintenance are allocated to the agency's districts, divisions, and offices (DDOs) based on formulas and other distribution criteria established by the Texas Transportation Commission and TxDOT administration. The budgeting and expenditure of these funds for various activities (with the exception of capital budget appropriations) is largely at the discretion of the DDOs and based on needs in the areas of the state served by the DDOs. While this discretionary authority enables the DDOs to be responsive to regional demands, it limits the ability of the Legislature and agency administration to provide oversight and monitoring of program expenditures.

Performance and /or Operational Issues

1 **State Auditor's Office Finding.** Fiscal Year 2010 State Auditor's Office audit found that TxDOT did not post load restrictions on any of the 41 state-owned bridges auditors tested within the 90-day time limit required by the Federal Highway Administration. The agency reports that SAO audit recommendations have been fully implemented.

Recommended Statutory Changes for Program Improvement

1 NA

Funding Alternatives Not Included in the Recommendations	Change from Recommendations		2017 FTEs
	GR-Related	All Funds	
1 Toll Discounts to Eligible Veterans The agency included a funding alternative that aligns with their exceptional item request in their Legislative Appropriations Request to continuing providing reimbursements to the Central Texas Turnpike System (CTTS) to offset waived charges related to discounts for certain eligible veterans.	\$ 5,063,000	\$ 5,063,000	0.0
2 County Road Signs on Texas Highways The agency included a funding alternative that aligns with their exceptional item request in their Legislative Appropriations Request to replace SHF appropriations with General Revenue to fund the fabrication, installation, and maintenance of advanced county road signs on Texas highways.	\$ 20,000,000	\$ 20,000,000	0.0
3 Toll Discounts to Truck Drivers on SH 130 (Seg. 1-4) & SH 45 SE The agency included a funding alternative that aligns with their exceptional item request in their Legislative Appropriations Request to provide reimbursements to CTTS to offset reduced charges related to toll discounts for truck drivers on SH 130 (Segments 1-4) and SH 45 SE.	\$ 40,000,000	\$ 40,000,000	0.0

**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program : Planning/Design/Manage

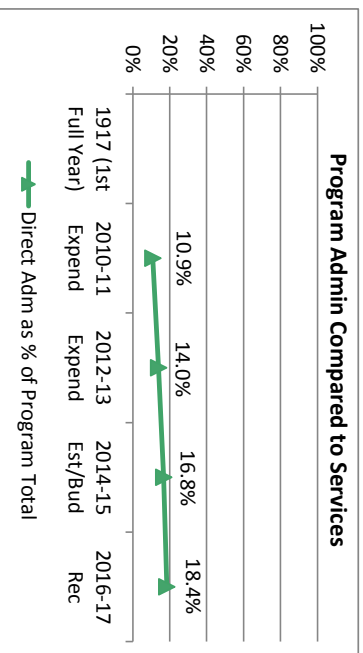
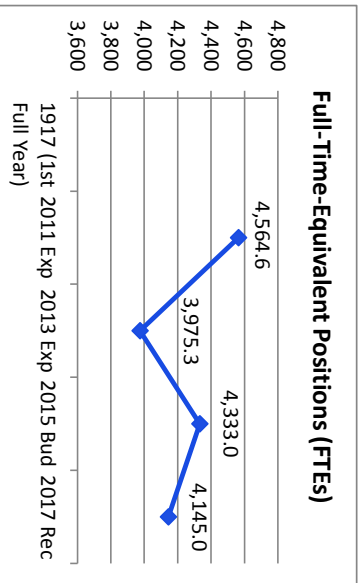
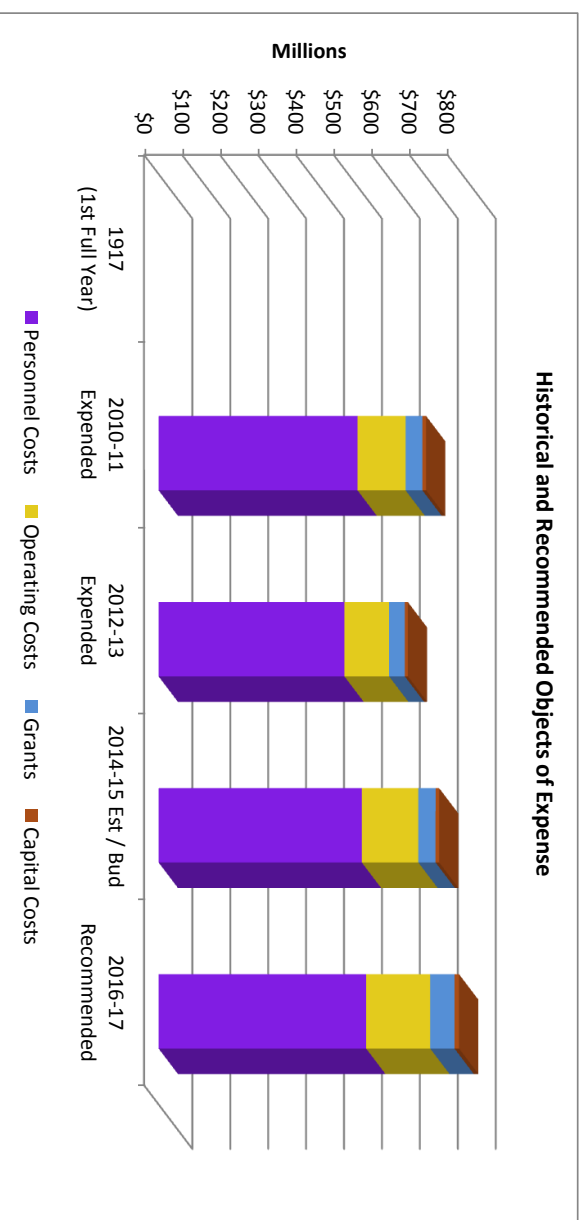
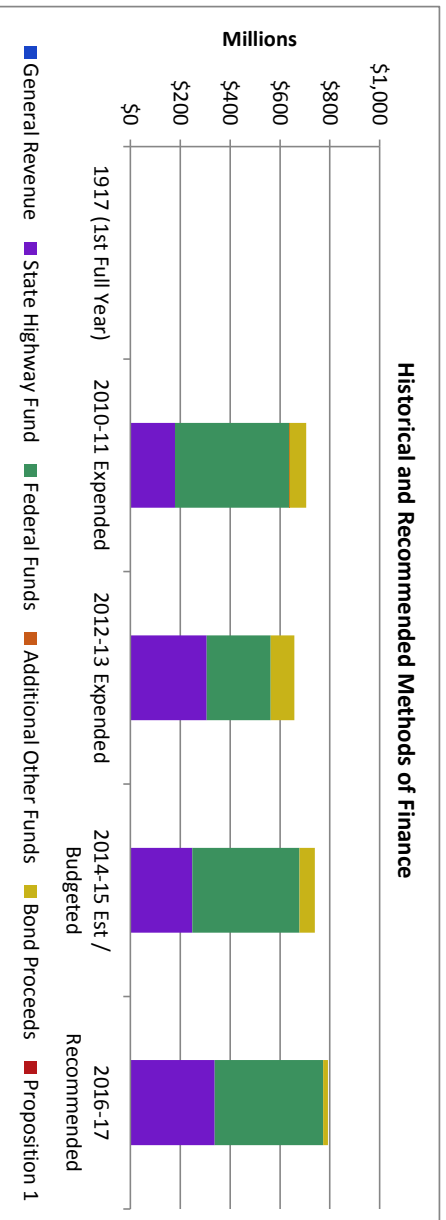
Agency Ranking **14**
out of 32

Provides transportation system planning, preliminary project design, environmental studies, construction and environmental engineering, traffic and speed zone studies, and other activities that support the management and expansion of the state's transportation system.

Legal Authority: Transportation Code, Ch. 201 and 203; 23 U.S. Code, Sec 135 and 49 U.S. Code, Sec 5304

Year Created	1917	Performance and/or	Operational Issues	No	Outsourced Services	No
Authority	Strong	Operational Issues	No	Revenue Supported	Yes	
Centrality	Strong	Use of Dedicated Funds		Compliant		
Service Area	Statewide	State Service Category	Transportation Infrastructure & Support			

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 124,048,340	436.0	\$ 146,235,489	349.0	18.5%
Design Oversight	\$ 45,040,151	288.0	\$ 47,810,543	288.0	6.0%
District - Plan/Design/Manage	\$ 413,039,057	3,178.0	\$ 426,476,724	3,077.0	53.8%
ROW Division/Coordination	\$ 19,696,345	153.0	\$ 20,100,002	153.0	2.5%
Environmental Affairs Division	\$ 12,556,042	79.0	\$ 12,803,851	79.0	1.6%
MPO Planning	\$ 97,554,552	110.0	\$ 110,929,728	110.0	14.0%
Strategic Project Coordination	\$ 27,786,361	89.0	\$ 27,892,809	89.0	3.5%
TOTAL	\$ 739,720,848	4,333.0	\$ 792,249,146	4,145.0	100.0%



Program : Planning/Design/Manage

Summary of Recommendations

1 NA

Summary of Fiscal and Policy Issues

- 1 The Planning/Design/Manage program includes planning, preliminary project design, environmental studies, construction and environmental engineering, traffic and speed zone studies, and other activities carried out by agency personnel. TxDOT personnel aligned with this program account for 4,145.0 FTEs or 34.8 percent of the agency's FTE cap in the 2016-17 recommendations.
- 2 TxDOT is required by state law to use private sector engineering-related services to assist in accomplishing its activities in providing transportation projects and must set a minimum expenditure level to be paid to private sector providers for all department engineering-related services for a state fiscal year that is not less than 35 percent of the total funds appropriated in Strategy A.1.1, Plan/Design/Manage (the appropriations bill line item for the Planning/Design/Manage program). The expended, budgeted, and recommended amounts for Contracted Planning and Design range from 54 percent to 107 percent of the Planning/Design/Manage funding levels over the four biennia included in this Strategic Fiscal Review.
- 3 Activities conducted in Planning/Design/Manage provide direct administration and oversight of other TxDOT programs, including but not limited to Highway Construction and Preservation, Right-of-way Acquisition, Contracted Planning and Design, and Comprehensive Development Agreements.

Performance and /or Operational Issues

- 1 **Internal Audit.** Fiscal year 2014 internal audit reports related to the Plan/Design/Manage program identified the following: (1) need for extensive improvements to controls in oversight of the metropolitan planning organization (MPO) billing process; and (2) areas for improvement in engaging and receiving input from the general public on the development of the Unified Transportation Program. Implementation of recommendations is ongoing.

Recommended Statutory Changes for Program Improvement

1 NA

Funding Alternatives Not Included in the Recommendations	Change from Recommendations	
	GR-Related	All Funds
	2017	
	FTEs	
1 Reduce Non-Federal Funding by 20% The agency provided a funding alternative option to decrease the state funded portion of their program budget by 20 percent if required. According to the agency, this would decrease their ability to sustain the current level of projects that would be ready for on-time letting. If the 20 percent of projects that were not funded in the current budget cycle were delayed to subsequent years, the reduction would have a cumulative impact with the letting of projects falling behind current projections. The agency also indicated the reduction would impact staffing levels, and therefore the ability to manage contractor work, thus reducing output of contracting projects as well. The agency did not provide a projection of how many FTEs would be impacted by this funding alternative. Similarly, if this reduction was reallocated to the Contracted Planning and Design program, the agency would expect to see a reduction of on-time letting by five percent.	-	(78,186,521)
2 Increase Non-Federal Funding by 20% The agency provided a funding alternative to increase the state funded portion of their program budget by 20 percent. An increase in funds would result in an increase in project development and design as well as construction letting and management. According to the agency, management of the additional resources would require additional personnel but they did not identify the total expected need. An increase in funding would equate to an improvement in the agency's on-time and on-budget performance for both the design and construction contract functions. This would result in improvement of construction contract completion times, reduced traveling time for the public, and improved public safety through work zones.	-	78,186,521

**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Traffic Safety

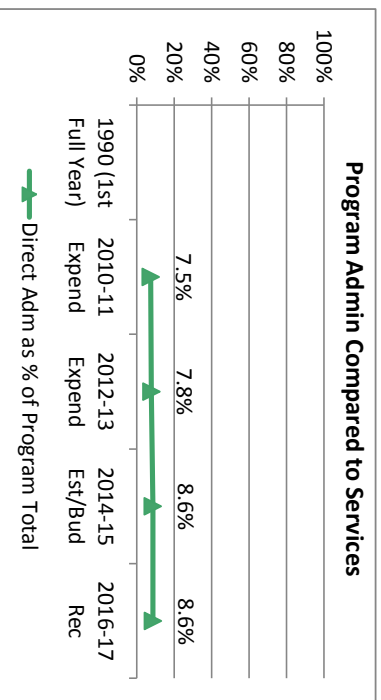
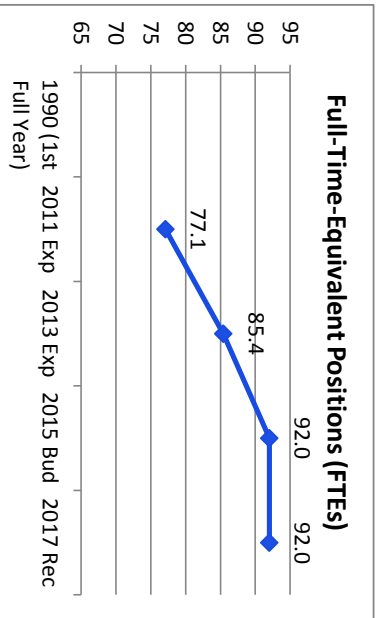
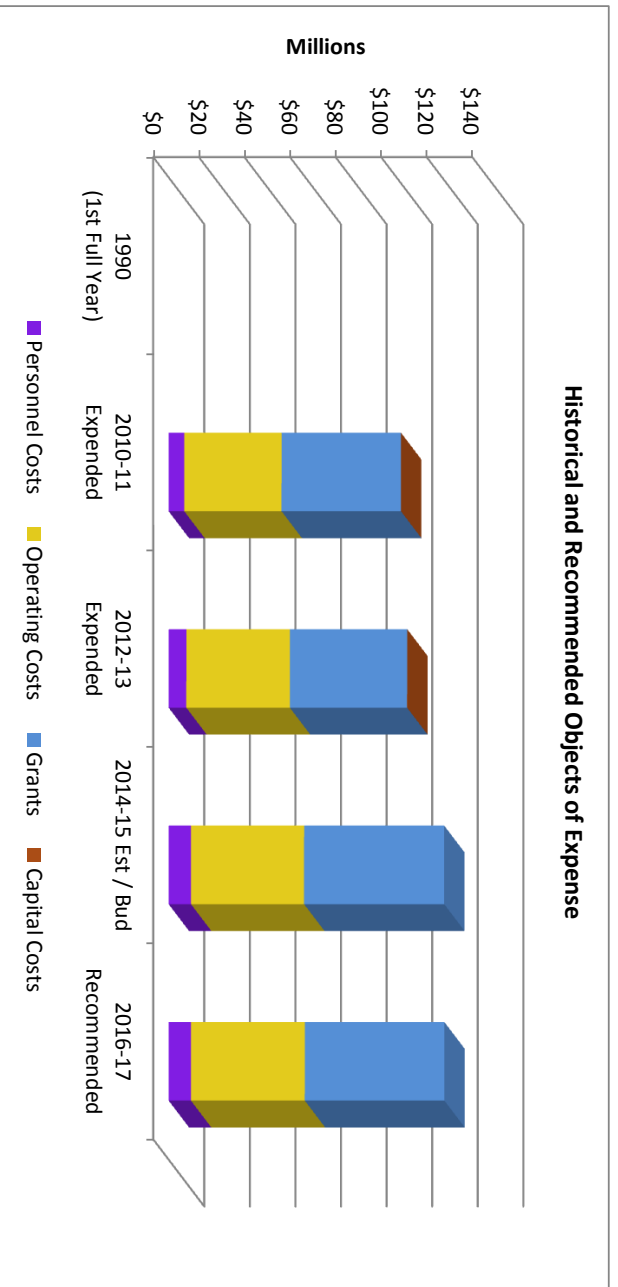
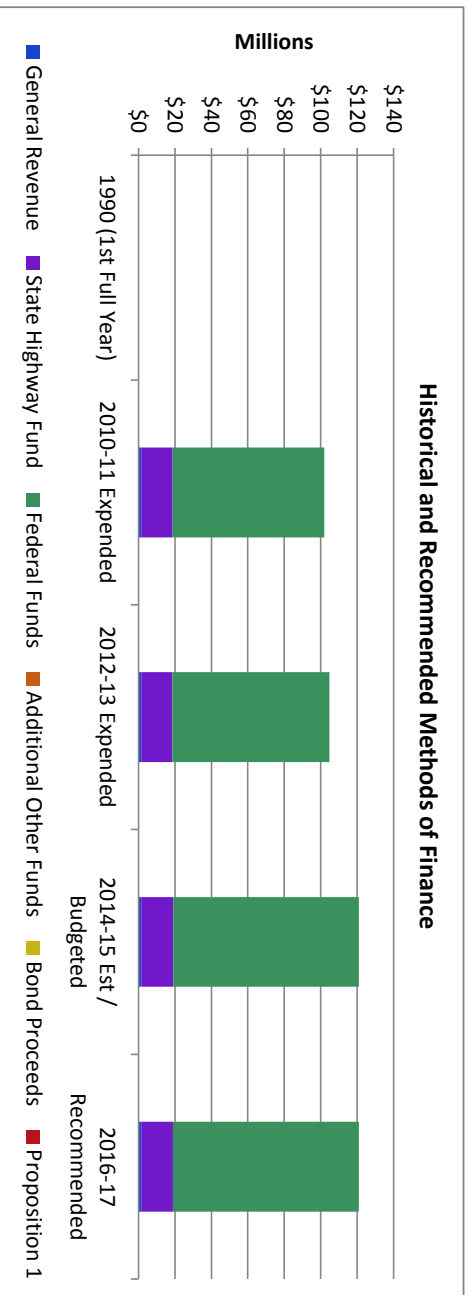
Agency Ranking
18
out of 32

Coordinates traffic safety efforts through the Highway Safety Performance Plan, which provides state and federal grant funding to state, local, and non-profit entities; coordinates the State and Community Highway Safety Program; and maintains the state's vehicle crash records information system.

Legal Authority: Transportation Code, Ch. 550, Subch. D; and Ch. 723; 23 U.S. Code, Sec 402

Year Created	1990	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Transportation Infrastructure & Support	Use of Dedicated Funds	Yes
							Compliant

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 10,341,102	92.0	\$ 10,448,077	92.0	8.6%
Traffic Safety - Grants	\$ 61,484,123	0.0	\$ 61,123,722	0.0	50.5%
Driver Education	\$ 37,321,183	0.0	\$ 37,834,036	0.0	31.3%
Cash Records	\$ 11,787,688	0.0	\$ 11,600,000	0.0	9.6%
TOTAL	\$ 120,934,096	92.0	\$ 121,005,835	92.0	100.0%



Program: Traffic Safety

Summary of Recommendations

1 NA

Summary of Fiscal and Policy Issues

- 1 Non-constitutionally dedicated SHF revenue is the primary source of state funds appropriations for Traffic Safety. There are no state sources of revenue in the SHF specifically dedicated to Traffic Safety.
- 2 SHF expenditures averaged \$17.3 million per biennium over 2010–11, 2012–13, and 2014–15.
- 3 Traffic safety funds are used to maintain public awareness around traffic safety, including media campaigns that promote safe driving behaviors, to help reduce the number of vehicle crashes and fatalities.
- 4 Maintenance of Effort (MOE) - Federal law requires the state to maintain its aggregate expenditures from all state and local sources for programs at or above the average level of such expenditures in fiscal years 2010 and 2011 to qualify for highway safety funding under certain "Section 405" grants, including Occupant Protection Grants, State Traffic Information System Improvement Grants, and Impaired Driving Countermeasures Grants. States are required to certify in their Section 405 grant applications that they meet the applicable MOE requirements. TxDOT reported that the average annual expenditures for these programs in 2010-11 from state and local sources was \$32.8 million. The state/local expenditure amount TxDOT submitted in the fiscal year 2015 Highway Safety Plan to certify MOE compliance was \$47.7 million (based on fiscal year 2013 expenditures). TxDOT reports that the state received approximately \$18 million in Section 405 funds in fiscal year 2014.
- 5 According to the agency, state funding allocated to this program has not kept pace with the increased demand for information and increased operating costs over the past four fiscal years. TxDOT experienced an increase in the number of FTEs needed to adequately monitor and implement projects, programming, and education efforts statewide. This increase of FTEs has increased demand for budget items in addition to salaries, including travel expenses, equipment, office supplies, attendance at conferences and training, and program public information and education materials for distribution.
- 6 In fiscal year 2015, TxDOT discontinued three state-funded safety awareness media campaigns (Work Zone Safety, Toward Zero Deaths, and Back to School Safety) due to a shortage in state funding. TxDOT's total budget for these campaigns was \$850,000 per fiscal year.

Recommended Statutory Changes for Program Improvement

1 NA

Funding Alternatives Not Included in the Recommendations

	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs
1 Reduce Non-Federal Funding by 20%	\$	- \$	(3,797,419) 0.0
The agency provided a funding alternative option to decrease the state funded portion of their program budget by 20 percent if required. According to the agency, this would decrease their ability to sustain the current level of public information, education, and outreach related to maintaining a strong traffic safety program. In addition, this could impact the agency's ability to meet the cost sharing and match requirements of federal expenditures. An inability to meet the required federal MOE could potentially result in a 49 percent reduction in new federal funding available for traffic safety programs statewide (approximately \$18 - \$20 million per year).			
2 Increase Non-Federal Funding by 20%	\$	- \$	3,797,419 0.0
The agency provided a funding alternative to increase the state funded portion of their program budget by 20 percent. An increase in funds would result in an increase in the current level of public information and educational outreach, including the restoration of the Work Zone Safety, Toward Zero Deaths, and Back to School Safety media campaigns.			

**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Aviation Services

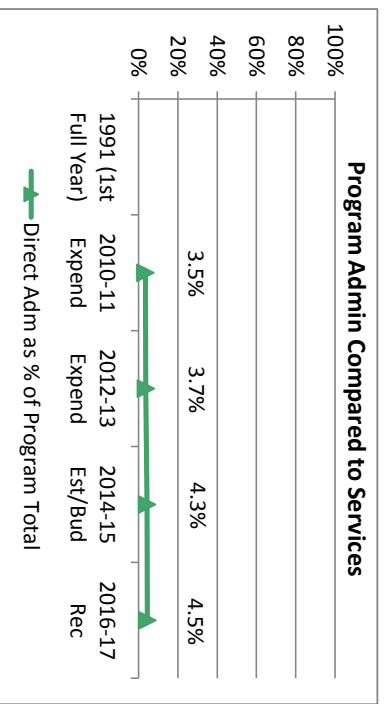
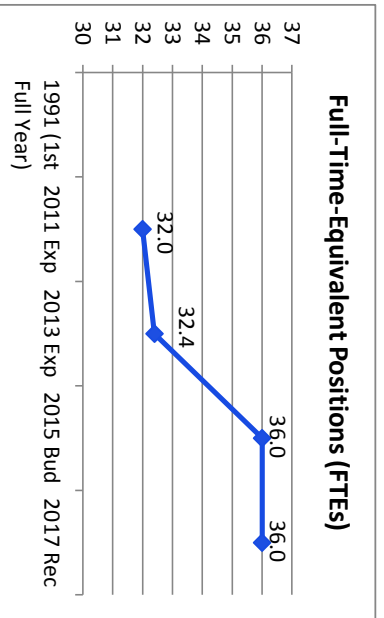
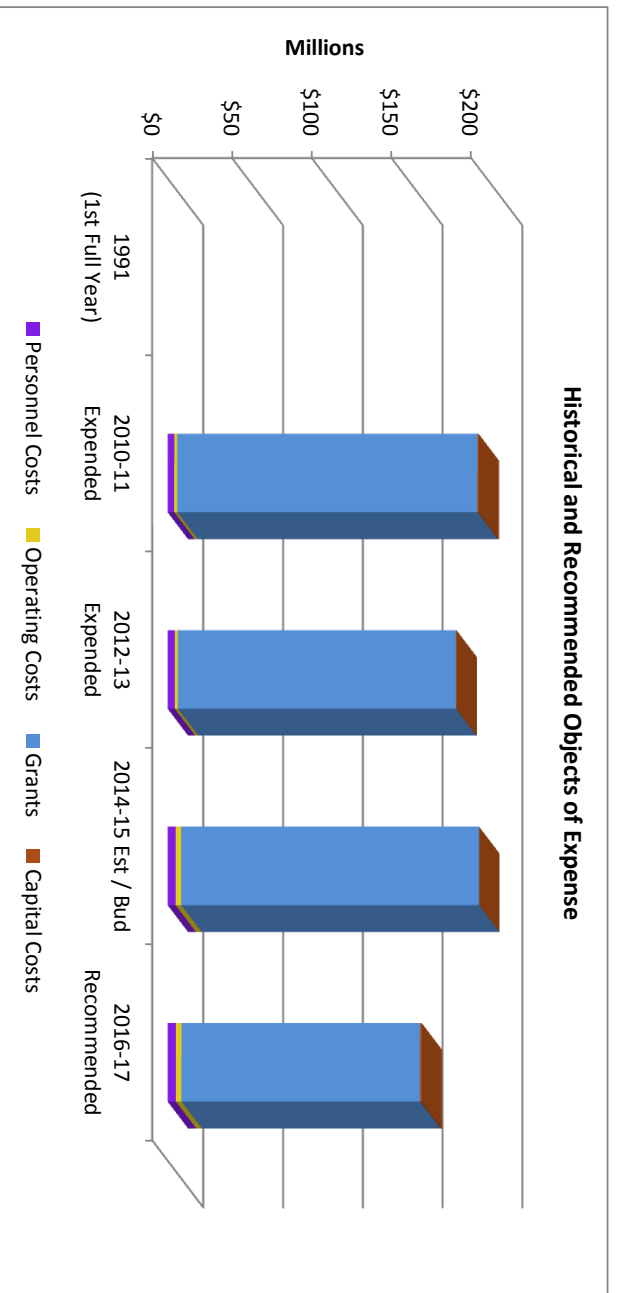
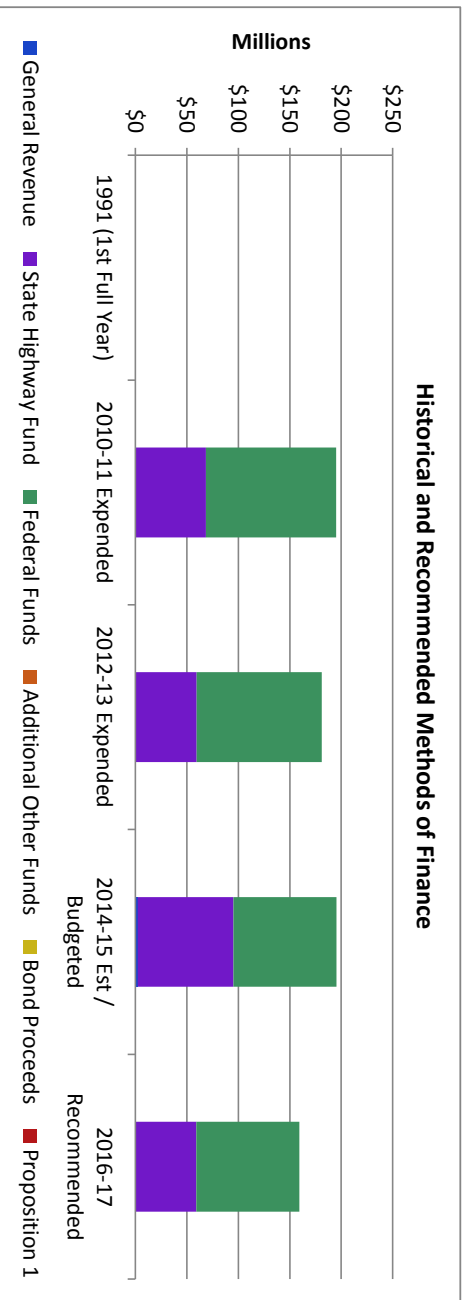
Agency Ranking
20
out of 32

Provides state and federal financial and technical assistance to Texas communities for airport development, and acts as an agent in applying for, receiving, and disbursing federal aviation funds.

Legal Authority: Transportation Code, Ch 21 and Sec. 22.018; 49 U.S. Code, Sec 47128

Year Created	1991	Performance and/or	Strong	Operational Issues	No	Outsourced Services	No
Authority	Strong	Revenue Supported	Moderate	Use of Dedicated Funds	Yes	Compliant	Yes
Centrality	Moderate	State Service Category	Statewide	Transportation Infrastructure & Support			

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 8,480,654	36.0	\$ 7,120,760	36.0	4.5%
Aviation Grants: Development	\$ 180,701,416	0.0	\$ 146,563,941	0.0	92.0%
Aviation Grants: Maintenance	\$ 6,083,271	0.0	\$ 5,631,221	0.0	3.5%
TOTAL	\$ 195,265,341	36.0	\$ 159,315,922	36.0	100.0%



Program: Aviation Services

Agency Ranking **20** out of 32

Summary of Recommendations

1 Recommendations decrease General Revenue funding by \$2.5 million from the 2014–15 level for an emergency and first responder airport facility runway expansion project. TXDOT anticipates this project will be underway by the beginning of the 2016–17 biennium. The recommendations provide appropriation authority in the 2016–17 biennium for any unexpended balances of appropriations (estimated to be \$0) remaining at the end of the 2014–15 biennium to maintain the current funding for this project.

Summary of Fiscal and Policy Issues

- 1 Non-constitutionally dedicated SHF revenue is the primary source of state funds appropriations for Aviation Services.
- 2 SHF appropriations averaged \$60.5 million per biennium over 2010–11, 2012–13, and 2014–15 (excluding estimated UB appropriations of \$25 million in each biennium).

Recommended Statutory Changes for Program Improvement

1 NA

Funding Alternatives Not Included in the Recommendations

	Change from Recommendations		
	GR-Related	All Funds	2017 FTEs

1 Reduce Non-Federal Funding by 20%
 The agency provided a funding alternative option to decrease the state funded portion of their program budget by 20 percent if required. According to the agency, this would decrease their state grant funding to airports by approximately 31 percent. This would reduce funding to the 79 airports throughout the state that are not currently eligible for federal funding to approximately \$11 million per fiscal year.

While the agency states that it would be difficult to quantify the exact reduction in grants issued due to the various size and scope of projects, they project that this reduction would equate to 7-10 aviation projects per year that would not be funded. This would result in a decrease of the number of customers served, as well as negative impact aeronautical transportation and economic development.

This decrease includes \$2.5 million in General Revenue for emergency and first-responder airport facilities. This reduction was included in LBB recommendations.

2 Increase Non-Federal Funding by 20%

The agency provided a funding alternative to increase the state funded portion of their program budget by 20 percent. An increase in funds would result in an increase in the number of airport improvement grants the agency could issue by 7-10 projects per year, thus increasing the number of customers served, while enhancing aeronautical transportation and economic development.

	\$	-	\$	12,522,047	0.0
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**Strategic Fiscal Review 2016-17
Department of Transportation (601)**

Schedule 5: Program Summary

All 2016-17 funding recommendations reflect HB 1 as Introduced

Program: Public Transportation

Agency Ranking **22**
out of 32

Promotes public transportation projects by distributing state and federal grants and assisting small urban and rural transportation providers, communities, nonprofit and metropolitan planning organizations, and political subdivisions with public transportation services.

Legal Authority: Transportation Code, Ch 455, 456, and 461

Year Created	1975	Performance and/or Authority	Strong	Operational Issues	No	Outsourced Services Revenue Supported	No
Centrality	Moderate	Service Area	Statewide	State Service Category	Transportation Infrastructure & Support	Use of Dedicated Funds	Yes
						Compliant	Compliant

Major Activities	2014-15 Estimated	2015 FTEs	2016-17 Recommend	2017 FTEs	% of Total
Direct Administration	\$ 7,598,102	47.0	\$ 7,557,246	47.0	4.0%
Grants	\$ 177,579,070	0.0	\$ 182,693,042	0.0	96.0%
TOTAL	\$ 185,177,172	47.0	\$ 190,250,288	47.0	100.0%

