

**Department of Transportation
Summary of Recommendations - Senate**

Page VII-17

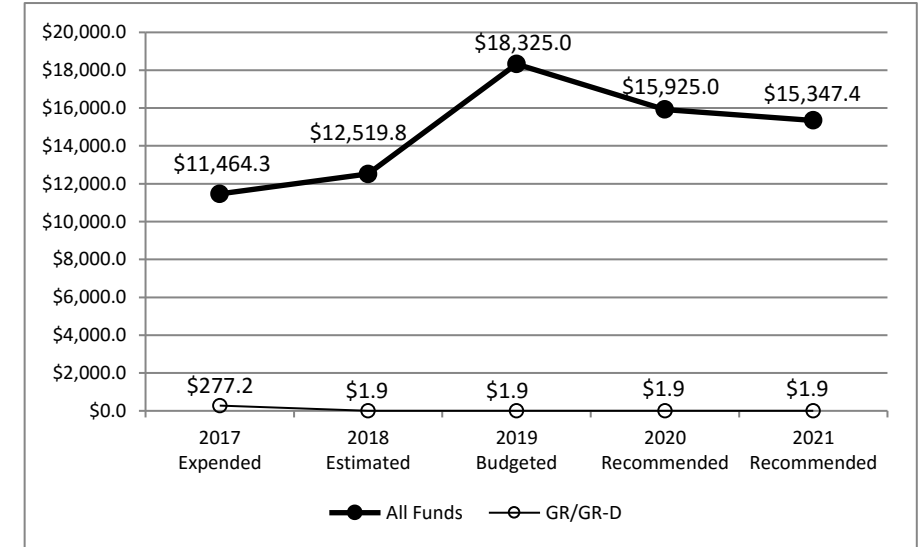
James M. Bass, Executive Director

Thomas Galvan, LBB Analyst

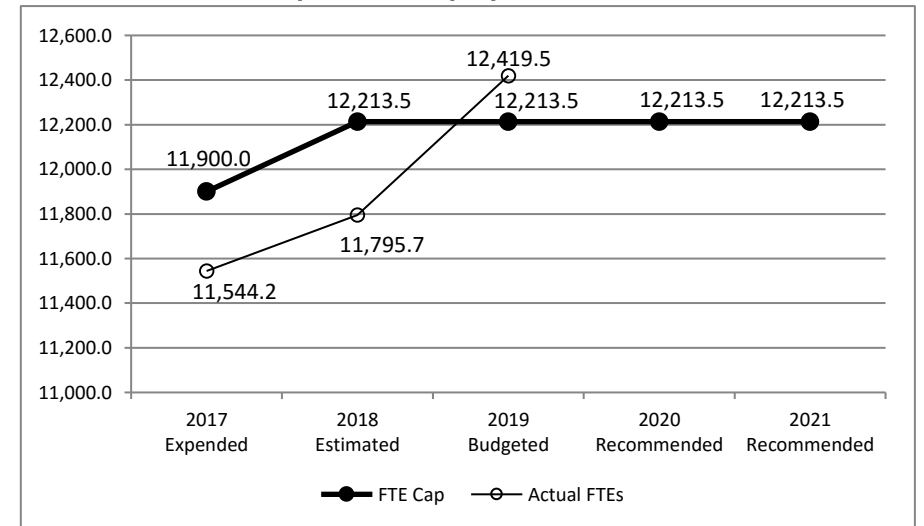
Method of Financing	2018-19 Base	2020-21 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$3,876,554	\$3,876,554	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$3,876,554</i>	<i>\$3,876,554</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$11,046,460,535	\$11,315,258,350	\$268,797,815	2.4%
Other	\$19,794,468,741	\$19,953,245,077	\$158,776,336	0.8%
All Funds	\$30,844,805,830	\$31,272,379,981	\$427,574,151	1.4%

	FY 2019 Budgeted	FY 2021 Recommended	Biennial Change	Percent Change
FTEs	12,419.5	12,213.5	(206.0)	(1.7%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2020-21 Recommended) represents an estimated 92% of the agency's estimated total available funds for the 2020-21 biennium.

Department of Transportation
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
--	-----------------	--------------	---------------	-------------	-----------	------------------------

SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Highway planning, right-of-way, financing, construction, and maintenance (other than Proposition 1 and Proposition 7 funds)	\$0.0	\$0.0	\$347.5	(\$831.9)	(\$484.4)	A.1.1, A.1.2, A.1.3, A.1.4, A.1.5, A.1.8, B.1.1, B.1.2
B)	Proposition 1 (2014) Funding for non-tolled highway project development and delivery	\$0.0	\$0.0	\$0.0	\$928.0	\$928.0	A.1.6
C)	Proposition 7 (2015) Funding for non-tolled highway project development and delivery	\$0.0	\$0.0	\$0.0	\$254.1	\$254.1	A.1.7
D)	SHF regional toll project subaccount funds for development and delivery of transportation projects	\$0.0	\$0.0	\$0.0	\$37.5	\$37.5	Goal G Strategies
E)	Bond debt service payments	\$0.0	\$0.0	(\$0.1)	(\$68.7)	(\$68.8)	F.1.1, F.1.2, F.1.3
F)	Capital construction of buildings and facilities, deferred maintenance, and Austin Campus Consolidation	\$0.0	\$0.0	\$0.0	(\$86.0)	(\$86.0)	B.1.1, E.1.1
G)	Major information systems capital budget projects	\$0.0	\$0.0	\$0.0	(\$51.0)	(\$51.0)	A.1.1, E.1.2
H)	Centralized Accounting and Payroll/Personnel System (CAPPS) upgrades and maintenance, Data Center Services, and Cybersecurity Initiatives	\$0.0	\$0.0	\$0.0	\$18.0	\$18.0	E.1.1, E.1.2
I)	Lease Purchase of Intelligent Transportation System - International Ports of Entry at the Bridge of the Americas and Zaragoza Bridge in El Paso	\$0.0	\$0.0	\$0.0	(\$35.2)	(\$35.2)	A.1.4
J)	Information Resources - support for daily operations, including outsourced IT services	\$0.0	\$0.0	\$0.0	\$28.8	\$28.8	E.1.2

OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

K)	Indirect Administration and Other Support Services	\$0.0	\$0.0	\$0.0	\$20.9	\$20.9	E.1.1, E.1.3
L)	Federal Funds - Hurricane Harvey public assistance grants	\$0.0	\$0.0	(\$53.6)	\$0.0	(\$53.6)	B.1.1, B.1.2

Department of Transportation
Summary of Funding Changes and Recommendations - Senate

Funding Changes and Recommendations for the 2020-21 Biennium compared to the 2018-19 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
M)	PC and information technology hardware / software replacements and upgrades	\$0.0	\$0.0	\$0.0	(\$43.1)	(\$43.1)	E.1.2
N)	Acquisition of Transportation Items (automobiles and trucks) and Capital Equipment and Items	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	A.1.2, B.1.2, E.1.3
O)	Rail transportation planning and construction	\$0.0	\$0.0	(\$20.6)	(\$2.6)	(\$23.2)	Goal D Strategies
P)	Other transportation services and systems	\$0.0	\$0.0	(\$4.4)	(\$6.1)	(\$10.5)	B.1.3, Goal C Strategies
Q)	Short-term borrowing fees	\$0.0	\$0.0	\$0.0	(\$3.0)	(\$3.0)	F.1.4
R)	Border Colonia Access Program grants (GO bond proceeds)	\$0.0	\$0.0	\$0.0	(\$2.0)	(\$2.0)	A.1.8
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$268.8	\$158.8	\$427.6	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$0.0	\$0.0	\$347.5	\$1,288.4	\$0.0	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$0.0	\$0.0	(\$78.7)	(\$1,129.6)	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

**Department of Transportation
Selected Fiscal and Policy Issues - Senate**

1. **Highway Planning, Right-of-way, Construction and Maintenance.** Recommendations provide \$27.8 billion in All Funds for highway planning and design, right-of-way acquisition, construction, and maintenance. This represents an increase of \$0.7 billion in All Funds from the 2018–19 base, including increases of \$2.0 billion from State Highway Fund sources (see #2 and #3 below) and \$0.3 billion in Federal Funds offset by decreases of \$1.2 billion from bond proceeds and \$0.4 billion in Texas Mobility Funds (TMF).
2. **Other Funds.** Recommendations provide \$19.9 billion in Other Funds (63.8 percent of All Funds), which represents a net increase of \$0.2 billion from the 2018–19 level. The summary below shows the biennial changes in recommended Other Funds compared to the 2018–19 levels by method of financing.

Method of Financing (in Millions)	2018–19 Base	2020–21 Recommended	Biennial Change
State Highway Fund (SHF)	\$8,625.5	\$9,286.7	\$661.2
SHF - Proposition 1 (2014) (1)	3,326.4	4,254.4	928.0
SHF - Proposition 7 (2015)	4,901.9	5,139.3	237.3
SHF - Toll Project Subaccounts	272.3	309.8	37.5
Subtotal, SHF Sources (2)	17,126.1	18,990.1	1,864.0
Texas Mobility Fund	1,388.9	954.1	(434.8)
Bond Proceeds (2)	1,270.0	–	(1,270.0)
Other Sources	9.4	9.0	(0.4)
Total, Other Funds	\$19,794.5	\$19,953.2	\$158.8

NOTES:

- (1) 2018–19 SHF - Proposition 7 amount includes \$2.5 billion in actual sales tax revenue transfers to the SHF for fiscal year 2018 and an estimated \$2.4 billion in transfers from the fiscal year 2019 sales tax allocation. (See #3c below.)
- (2) SHF subtotal excludes bond proceeds. Amounts from SHF revenue bond proceeds are included in Bond Proceeds method of financing.
- (3) Totals may not sum due to rounding.

3. **State Highway Funds Overview.** Recommendations for funding from the SHF are comprised of five distinct methods of financing described below.

- a. **State Highway Fund No. 006.** Recommendations include all State Highway Fund (SHF) revenue estimated to be available during the 2020–21 biennium from traditional state tax and fee revenue sources (e.g., motor fuels taxes, vehicle registration fees, etc.) based on TxDOT's revenue projections for the 2020–21 biennium as presented in the agency's Legislative Appropriations Request (August 2018). The 2020–21 recommendations from SHF total \$9.3 billion for TxDOT direct appropriations, and \$0.7 billion is reserved for employee benefits (preliminary estimate for retirement, group insurance, social security, and benefit replacement pay). These amounts exclude funds from oil and natural gas severance tax related allocations (Proposition 1, 2014), state sales tax and motor vehicle sales and rental tax allocations (Proposition 7, 2015), regional toll project subaccounts, and revenue bond proceeds held in the SHF, which are discussed below.
- b. **SHF - Proposition 1, 2014.** Recommendations provide \$4.3 billion for the 2020–21 biennium from Proposition 1 (2014) oil and natural gas severance tax related deposits to the SHF for non-tolled roadway project development and delivery. This amount includes \$1.0 billion for ongoing construction contract payments from Proposition 1 balances remaining from prior fiscal years and \$3.2 billion in Proposition 1 allocations to the SHF for the 2020–21 biennium for new projects based on the CPA's projection of revenue transfers to the Economic Stabilization Fund (ESF) provided to the Select Committee to Determine a Sufficient Balance of the ESF (letter dated October 1, 2018). The CPA's January 2019 Biennial Revenue Estimate (BRE) estimates \$2.9 billion in Proposition 1 deposits to the SHF for the 2020–21 biennium.
- c. **SHF - Proposition 7, 2015.** Recommendations provide \$5.1 billion for the 2020–21 biennium from Proposition 7 (2015) state sales tax and motor vehicle sales and rental tax revenue allocations to the SHF, including \$4.5 billion for non-tolled roadway project development and delivery costs and \$0.6 billion for the repayment of principal and interest on Proposition 12 General Obligation (GO) bonds. The Texas Constitution requires the Comptroller to deposit to the SHF the first \$2.5 billion of state sales tax collected in excess of \$28.0 billion in a fiscal year (beginning in fiscal year 2018), and 35 percent of the revenue collected from state motor vehicle sales and rental taxes that exceed \$5.0 billion in each fiscal year (beginning in fiscal year 2020). The 2020–21 recommendations are based on preliminary LBB staff estimates of Proposition 7 revenue allocations and transfers to the SHF anticipated to occur during the 2020–21 biennium, which includes the following:
- \$98.1 million from the fiscal year 2019 sales tax allocation anticipated to be transferred to the SHF in September 2019 (fiscal year 2020);
 - \$5.0 billion (\$2.5 billion per fiscal year) from fiscal year 2020 and 2021 sales tax allocations to be transferred during the 2020–21 biennium; and
 - \$41.2 million from fiscal year 2021 motor vehicle sales and rental taxes allocations to be transferred to the SHF during the 2020–21 biennium.

LBB staff estimates for fiscal year 2019 sales tax collections assume \$2.4 billion from the fiscal year 2019 allocation will be transferred to the SHF during fiscal year 2019 and the remaining \$98.1 million will be transferred at the beginning of fiscal year 2020. LBB staff estimates for state sales tax collections for the 2020–21 biennium assume the full Proposition 7 allocation of \$2.5 billion per fiscal year will be transferred to the SHF in fiscal years 2020 and 2021.

LBB staff estimates for state motor vehicle sales and rental tax collections assume fiscal year 2020 collections will not reach the \$5.0 billion threshold to initiate the Proposition 7 allocation in fiscal year 2020. The estimate for fiscal year 2021 motor vehicle sales and rental tax allocations assumes the Proposition 7 threshold will be met, resulting in a total allocation of \$139.7 million, of which \$41.2 million will be transferred to the SHF in fiscal year 2021 (based on collections through July 2021) and the remaining \$96.7 million will be transferred in September 2021 (fiscal year 2022).

The CPA's January 2019 BRE estimates \$5.0 billion from Proposition 7 sales tax allocations will be deposited to the SHF during the 2020–21 biennium with no delay in the timing of the transfer of revenues to the SHF from the sales tax allocations for fiscal years 2019, 2020, and 2021. The January 2019 BRE

estimates that motor vehicle sales and rental tax collections will not reach the \$5.0 billion threshold required to initiate the Proposition 7 allocation to the SHF in either fiscal year of the 2020–21 biennium.

- d. **SHF Toll Revenue and Concession Fees – Toll Project Subaccounts.** Recommendations provide \$309.8 million for the 2020–21 biennium from toll revenue and concession fee proceeds deposited to dedicated toll project subaccounts in the SHF in alignment with the agency’s request. By law, these proceeds are held in project subaccounts in the SHF and may only be used for projects in the region encompassing each toll project.
- 4. **Federal-Aid Highway Funding.** Recommendations include \$11.3 billion in Federal Funds for the 2020–21 biennium based on estimates from TxDOT. A total of \$10.9 billion in Federal Funds is from federal reimbursements for highway planning and construction expenditures, which is an increase of \$0.5 billion from the 2018–19 budgeted level. Federal highway funding is currently authorized through the Fixing America’s Surface Transportation (FAST) Act, which was signed into law in December 2015 and authorizes funding over federal fiscal years 2016 through 2020. Federal highway planning and construction funds included in the recommendations reflect TxDOT’s estimates of federal reimbursements during the 2020–21 biennium for progress payments on projects funded under previous federal surface transportation authorizations and projected payments on project obligations under authority of the FAST Act.
- 5. **Bond Programs.**
 - a. **Bond Program Status.** The agency has issued all authorized bond capacity for Proposition 14 SHF bonds (\$6.0 billion statutory cap) and Proposition 12 General Obligation (GO) bonds (\$5.0 billion constitutional cap). Issuance of TMF 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 estimate of TMF revenue. However, with the enactment of House Bill 122, Eighty-fourth Legislature, 2015, the agency may only issue TMF bonds for the purpose of refunding existing bonds to achieve debt service savings and to refund variable rate bonds and renew or replace credit agreements. As of the end of fiscal year 2015, TxDOT had issued \$7.4 billion in authorized TMF bonds capacity. The Bond Program Summary below shows the status of each bond program, including the amounts of debt authorized and issued, outstanding principal, and total principal and interest payments remaining as of October 1, 2018.

Bond Program Summary

Program	Year Authorized	Total Authorized and Issued	Principal Outstanding	Remaining Repayments (3)
Texas Mobility Fund	2001	\$7.4	\$5.9	\$9.8
Proposition 14 SHF Bonds	2003	\$6.0	\$4.1	\$5.4
Proposition 12 GO Bonds (2)	2009	\$5.0	\$3.9	\$6.2

NOTES:

- (1) Amounts represent total debt authorized and issued, outstanding principal, and repayments remaining as of October 1, 2018.
- (2) The Proposition 12 constitutional amendment was approved by voters in 2007. However, the Legislature did not pass enabling legislation authorizing the issuance of Proposition 12 bonds until 2009.
- (3) Remaining repayment amounts include repayments of outstanding principal plus estimated interest payments on fixed-rate and variable-rate debt through fiscal year 2046.

- b. **Bond Debt Service.** Recommendations include \$2.2 billion in All Funds for bond debt service payments for TMF, Proposition 14 SHF, and Proposition 12 GO bonds. The recommendations include \$2.1 billion from state funds and \$117.0 million in Federal Funds for interest payment subsidies on bonds issued under the Build America Bonds program. The Bond Debt Service Summary table below provides a comparison of the recommended funding levels to the 2018–19 budgeted amounts for debt service payments from state funding sources for each bond program.

Bond Debt Service Summary

(in Millions)	2018–19 Base	2020–21 Recommended	Biennial Change	MOF
TMF Bonds	\$777.4	\$727.7	(\$49.8)	TMF
Proposition 14 SHF Bonds	808.0	805.8	(2.2)	SHF
Proposition 12 GO Bonds	613.3	596.6	(16.7)	SHF - Prop. 7
Total, State Funding Sources	\$2,198.8	\$2,130.1	(\$68.7)	

NOTE: Totals may not sum due to rounding.

6. **Austin Campus Consolidation.** Recommendations include a decrease of \$30.0 million in SHF and capital budget authority for land acquisition and preconstruction development activities related to the TxDOT Austin Campus Consolidation project. The agency requests authority for the Texas Public Finance Authority (TPFA) to issue up to \$326.0 million in revenue bonds or other obligations on behalf of TxDOT in the 2020–21 biennium to construct and equip the new Austin campus and facilities for the relocation and consolidation of personnel and operations from the following facilities: Riverside Campus, Camp Hubbard, Cedar Park laboratory and warehouses, and two warehouse facilities in Austin. The revenue bonds would be supported by lease payments to TPFA from TxDOT SHF appropriations over a proposed term of 20 years (see Items Not Included in Recommendations #1).

TxDOT’s Riverside Campus buildings and facilities are located on ground leases that expire in June 2022, December 2022, and December 2026. In TxDOT’s LAR for the 2018–19 biennium, the agency requested \$139.2 million in SHF for construction of a new Austin campus to consolidate TxDOT’s Riverside and Camp Hubbard campuses. The Eighty-fifth Legislature, 2017, appropriated \$30.0 million in SHF for the 2018–19 biennium to fund the land acquisition, planning, design, and site preparation for a new consolidated campus. TxDOT purchased an undeveloped parcel of land in southeast Austin for construction of the new campus and has revised its consolidation plans and estimates to include the relocation of the Cedar Park laboratory and Austin warehouse facilities and other accommodations to suit the construction site.

7. **Deferred Maintenance of Buildings and Facilities.** Recommendations reflect a decrease of \$50.0 million in SHF and capital budget authority from deferred maintenance of TxDOT buildings and facilities in the 2018–19 biennium (see Rider Highlights, Modified Rider #2). Recommendations do not include funding and capital budget authority for deferred maintenance in the 2020–21 biennium. The agency has requested \$57.0 million in SHF and capital budget authority for deferred maintenance projects in the 2020–21 biennium (see Items Not Included in Recommendations #3).
8. **Construction of Buildings and Facilities.** Recommendations reflect a decrease of \$6.0 million in SHF and capital budget authority for the construction of replacement radio towers funded during the 2018–19 biennium but not continued in 2020–21. The agency has requested \$116.0 million in SHF and capital budget authority for 30 building and facility construction projects, including projects for the replacement of buildings and facilities that, according to the agency, have outlived their useful lives, are functionally obsolete, and/or have extreme deferred maintenance needs (see Items Not Included in Recommendations #4).

9. **Modernize Portfolio and Project Management (MPPM).** Recommendations include \$55.4 million in SHF (increase of \$11.4 million from the 2018–19 biennium) and capital budget authority to complete the agency’s MPPM information technology project (see Rider Highlights, Modified Rider #2). The project is intended to deliver a technology solution to standardize and enhance agency engineering operations core systems by replacing up to 40 legacy systems, which will reduce the number of systems, manual processes, and system maintenance costs. The agency has divided the MPPM project into phases with the deployment of new capabilities to occur in six releases over the next three years, 2019–2021. The agency estimates the total capital cost of the project to be \$119.4 million from fiscal year 2016 to 2021.
10. **Enterprise Information Management (EIM).** Recommendations include \$22.5 million in SHF (decrease of \$5.1 million from the 2018–19 biennium) and capital budget authority for the EIM information technology project (see Rider Highlights, Modified Rider #2). The EIM project is intended to improve the accessibility, quality, and security of data and information for internal and external users. The Eighty-fifth Legislature, 2017, appropriated \$27.6 million for the 2018–19 biennium for the EIM project. EIM initiatives funded in the 2018–19 biennium include implementation of data management and governance policies and technologies, development and implementation of content management tools, and enterprise data integration for reporting and analytics. Planned EIM initiatives for 2020–21 include the expansion of data integration and management across the agency, development of advanced analytic capability and expansion of established capability across TxDOT business units, and implementation of a single access point for consolidating access to agency-wide data.
11. **Mainframe Modernization.** Recommendations reflect a decrease of \$57.3 million in SHF and capital budget authority for the Mainframe Modernization project due to the completion project initiatives during the 2018–19 biennium. The purpose of this multi-year project was to modernize or replace legacy applications and systems and continue the integration and replacement of enterprise resource planning functionality that was not included in the Centralized Accounting and Payroll/Personnel System (CAPPS). (See Rider Highlights, Modified Rider #2 and Deleted Rider #37.)
12. **Data Center Services (DCS).** Recommendations include \$60.8 million in SHF for DCS for the 2020–21 biennium (increase of \$9.9 million from the 2018–19 biennium) to align with the Department of Information Resources estimate to maintain current DCS obligations (see Rider Highlights, Modified Rider #2).
13. **CAPPS Upgrades and Improvements.** Recommendations include \$9.2 million in SHF and capital budget authority for Centralized Accounting and Payroll/Personnel System (CAPPS) upgrades and improvements (increase of \$1.5 million from the 2018–19 biennium), including \$1.6 million for PeopleSoft upgrades to maintain alignment with the Comptroller’s systems and \$7.6 million to enhance PeopleSoft functionality to automate manual processes, eliminate dual data entry, and deploy PeopleSoft mobile functionality to improve business processes for the agency’s mobile workforce. The agency was appropriated \$7.7 million in 2018–19 for PeopleSoft updates and CAPPS alignment, automated security software, and minor functionality enhancements.
14. **Cybersecurity Initiatives.** Recommendations include \$17.3 million in SHF (increase of \$7.3 million from the 2018–19 biennium) and capital budget authority for ongoing cybersecurity initiatives, including enterprise risk management, data encryption and loss prevention, and other security remediation initiatives.
15. **Lease Purchase of Intelligent Transportation System (ITS).** The Eighty-fifth Legislature, 2017, authorized the issuance of up to \$32.0 million in Revenue Bonds on behalf of TxDOT under the TPFA’s Master Lease Purchase Program (MLPP) for construction, acquisition, and installation of ITS at the International Ports of Entry at the Bridge of the Americas and the Zaragoza Bridge in El Paso in the 2018–19 biennium. As of the end of December 2018, specific plans and estimates for the ITS project have not been submitted to TxDOT. The Texas Transportation Commission must approve via minute order the submission of an application for financing through TPFA. State agencies seeking to use the MLPP must prepare a project summary that includes all information required by TPFA, including a project description and estimated costs. Bond Review Board approval is required for MLPP financing of \$250,000 or more or for a lease term of five years or longer. Recommendations reflect a decrease of \$35.2 million in Other Funds from the 2018–19 biennium from Revenue Bond proceeds and SHF for MLPP lease payments and provide unexpended balance authority for TPFA revenue bonds and proceeds in the 2020–21 biennium for financing the ITS project under the MLPP (see Rider Highlights, Modified Rider #42).

16. **Transfer Authority.** Recommendations authorize the agency to transfer appropriations among strategies identified in Rider 3, Transfer Authority, for contracted planning and design, right-of-way acquisition, construction contracts, maintenance contracts, and construction grants and services in amounts not to exceed five percent of the appropriation item from which the transfer is made (see Rider Highlights, Modified Rider #3). Article IX, Sec. 14.01, authorizes an agency to transfer appropriations from one strategy to another strategy in an amount not to exceed 20 percent of the item from which the transfer is made for the fiscal year. The agency is currently required to receive approval from the LBB prior to transferring any amount of appropriations among or out of the strategies listed in Rider 3. Recommendations continue the current policy requiring the agency to receive authorization from the LBB prior to transferring appropriations out of strategies listed in Rider 3 to other strategies not listed in the rider. Additionally, the recommendations require the agency to submit to LBB a quarterly report of transfers among the strategies listed in the rider. Prior to the 2010–11 biennium, TxDOT's Transfer Authority rider authorized the agency to transfer appropriations in any amount among the strategies specified in the rider at the agency's discretion.
17. **Outsourced Information Technology (IT) Services and QAT Oversight.** In May 2013, TxDOT outsourced its IT operations to NTT Data at a cost of \$246.5 million over five years (through fiscal year 2018). This Master Services Agreement (MSA) included services for communications, IT security, customer relations, application maintenance, transformation projects, and support for engineering services. In August 2017, TxDOT amended the contract to pay for additional transformation projects and to extend the contract for one year, through August 2019. The amendment increased the cost of the contract by \$125.1 million to a total cost of \$371.6 million through fiscal year 2019.

The unique structure of the MSA initially presented challenges in the interpretation and implementation of QAT reporting and monitoring requirements. Some of the transformation projects completed under the MSA have met the \$1.0 million threshold for major information resource projects, and are therefore subject to Quality Assurance Team (QAT) oversight. In fiscal year 2018, TxDOT initiated three projects with NTT Data, each with initial estimated costs of less than \$1.0 million. After executing multiple change orders, each of these projects exceeded the \$1.0 million threshold and were submitted to QAT. More information on these projects is in Section 3c, Quality Assurance Team Highlights.

QAT and TxDOT have developed an oversight approach for these projects that complies with the fundamental principles and direction of Article IX, Section 9.01, 2018–19 GAA, and provides TxDOT with the necessary flexibility to conduct business. This approach includes QAT waiving approval of individual work orders issued under the MSA but requires TxDOT to submit work orders valued more than \$10.0 million for QAT review and comment and for TxDOT to submit monthly monitoring reports for all projects that provide details on cost, schedule, quality, scope, and risks for each project within the MSA program. However, this does not relieve TxDOT of its responsibility to comply with applicable procurement rules and laws.

TxDOT is currently working to re-procure its outsourced IT services and is seeking to break up the contract into eight service clusters. Contracts for these clusters could be awarded to one or multiple vendors. The final cost of the new contract will not be known until contracts are awarded in 2019. As required by the GAA, TxDOT will provide QAT with the draft contract that includes future transformation projects for review and approval. Recommendations include \$73.7 million in SHF for outsourced IT services in 2020–21 to support the agency's daily operations in alignment with the agency's request.

18. **Veteran Toll Discount.** Transportation Code §372.053 authorizes toll project entities (including TxDOT and local toll road authorities), to establish toll discount programs for electronic toll collection customers whose account relates to a vehicle registered with a qualified veterans specialty license plate and authorizes the Legislature to appropriate General Revenue Funds to a toll project entity to defray the costs of providing the discount program. Since fiscal year 2013, TxDOT has operated a veteran toll discount program that waives toll charges for veterans whose vehicles display “Disabled Veteran”, “Purple Heart”, or “Legion of Valor” specialty license plates. The bond indenture on TxDOT’s Central Texas Turnpike System (CTTS) does not allow for changes in toll rates that would result in reduced revenue compared to amounts contemplated in the rate covenant in the indenture. Therefore, TxDOT incurs a cost to reimburse the CTTS for the reduced revenue resulting from the implementation of toll discounts on CTTS roads. TxDOT has used a variety of funding sources to cover the costs of toll discounts, including proceeds from the sale of TxDOT surplus property and real property and, in the 2018–19 biennium, concession fee and surplus toll revenue held in the SHF toll project subaccount for the SH 130 Segments 5 and 6 toll project. The agency has budgeted \$16.6 million in 2018–19 from SHF toll project subaccount proceeds for the veteran toll discount and requests \$20.4 million in General Revenue to continue the program in the 2020–21 biennium (see Items Not Included in Recommendations #3). Recommendations do not include funding for the toll discount program.

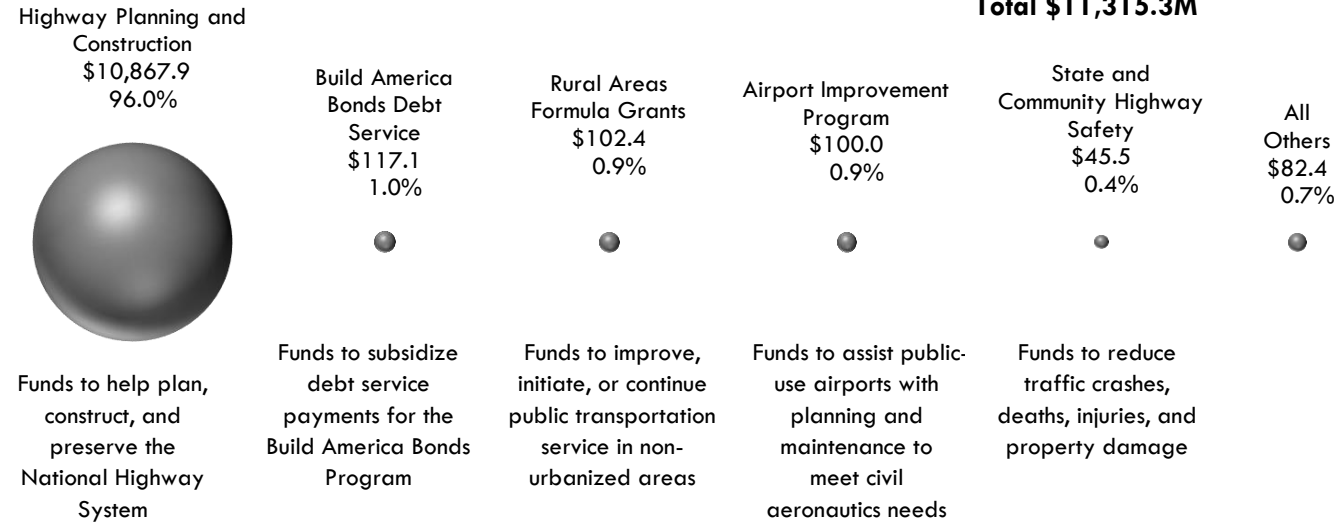
The table below shows the costs of the TxDOT veteran toll discount program as reported by the agency for fiscal years 2013 to 2018.

Fiscal Year	Cost (in Millions)
2013	\$1.0
2014	\$2.3
2015	\$3.6
2016	\$4.5
2017	\$5.4
2018	\$6.3

19. **Transportation Infrastructure Fund.** The agency projects an unappropriated balance of approximately \$3.4 million at the end of the 2018–19 biennium from interest earnings on money deposited to the Transportation Infrastructure Fund (TIF). The Eighty-third Legislature, Regular Session, 2013, appropriated \$225.0 million in General Revenue Funds for deposit to the TIF to provide grants for county transportation infrastructure projects in counties affected by increased energy sector activity, pursuant to Senate Bill 1747, Eighty-third Legislature, Regular Session. The agency executed TIF grant agreements with 191 counties and reported that \$213.8 (or 95.2 percent) of the total grants awarded had been approved for disbursement through the end of December 2018. Any unexpended and unobligated balances of funds remaining after all grant disbursements have been made will remain in the TIF.

Department of Transportation
 Summary of Federal Funds (2020 - 21) - Senate

Total \$11,315.3M



Selected Federal Fiscal and Policy Issues

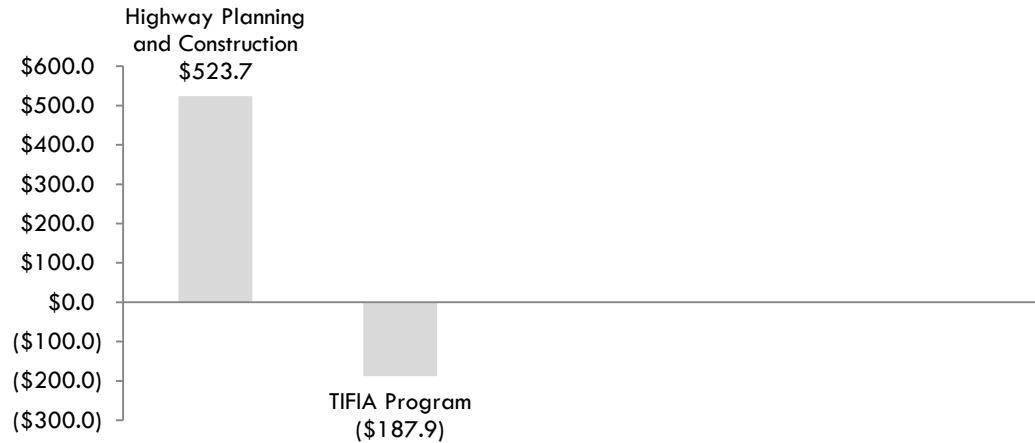
Federal funds estimates for the 2020-21 biennium reflect an increase of 5.1% for the Highway Planning and Construction Program. This is attributable to an overall increase in federal program funding.

The Transportation Infrastructure Finance and Innovation Act (TIFIA) is a loan financing program, which provides credit assistance to eligible highways, rail, intermodal freight projects, and seaports.

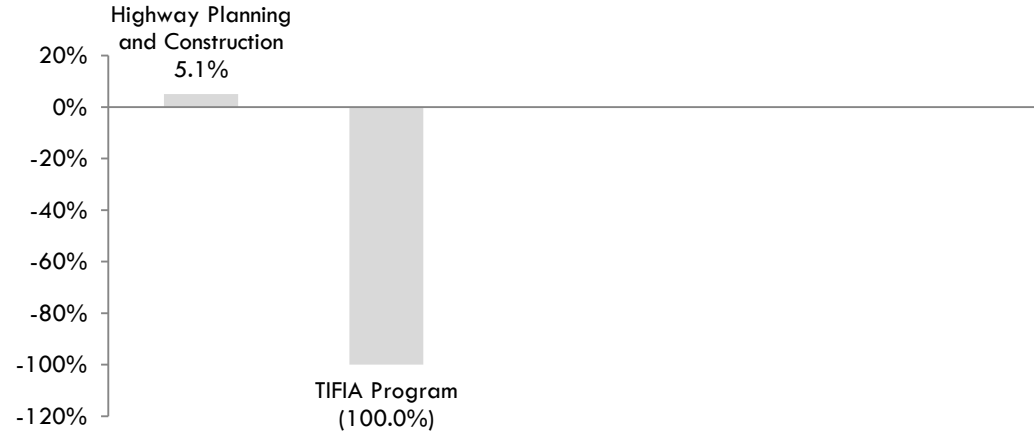
Federal Funds estimates reflect a \$187.9 million decrease from the 2018-19 biennium from TIFIA financing for the IH 35E Managed Lanes project. TIFIA funds are not anticipated in the 2020-21 biennium.

Programs with Significant Federal Funding Changes from 2018 - 19

**Program Change-by Amount
(In Millions)**



Program Change-by Percentage



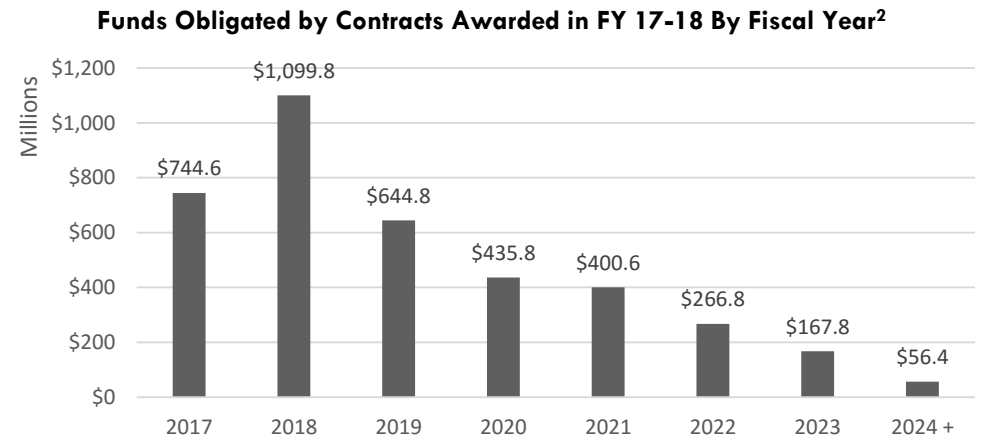
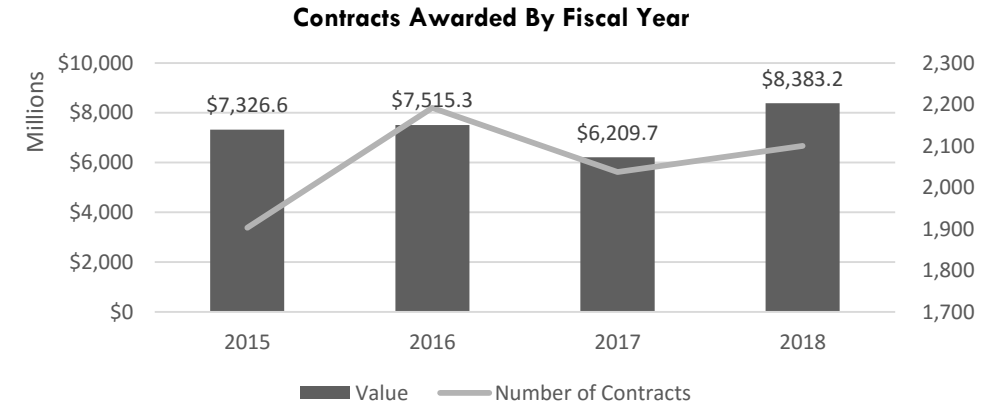
Department of Transportation
Contracting Highlights - Senate

As of 8/31/2018, the Department of Transportation had 2,887 active procurement contracts valued at \$27.3 billion, and 1 revenue generating contract worth \$15 million.

Summary of Contracts Awarded in Fiscal Years 2017-2018 and Reported to LBB Contracts Database ¹

(Dollar values rounded to the nearest tenth of a million)

	Number	Total Value	Average Value	% of total
Procurement Contracts	4,137	\$ 14,593.0	\$ 3.5	100%
Award Method				
Total Competitive Contracts	3,759	\$ 14,297.0	\$ 3.8	98.0%
Total Non-Competitive	378	\$ 296.0	\$ 0.8	2.0%
Emergency	7	\$ 4.3	\$ 0.6	0.0%
Sole Source	243	\$ 96.2	\$ 0.4	0.7%
Interagency Agreement	128	\$ 195.5	\$ 1.5	1.3%
Procurement Category				
Information Technology	5	\$ 55.6	\$ 11.1	0.4%
Professional Services	795	\$ 3,519.8	\$ 4.4	24.1%
Construction	3,068	\$ 10,485.0	\$ 3.4	71.8%
Goods	4	\$ 19.6	\$ 4.9	0.1%
Other Services	229	\$ 357.1	\$ 1.6	2.4%
Lease/Rental	6	\$ 50.8	\$ 8.5	0.3%
Consulting	30	\$ 105.1	\$ 3.5	0.7%
Revenue Generating Contracts				
Competitive	0	\$ -	\$ -	0.0%
Non-competitive	1	\$ 15.0	\$ 15.0	100.0%



¹These figures reflect the total value of reported contracts awarded in FY 17-18 and reported to the LBB contracts database. Values can include planned expenditures for subsequent years and represent the amounts contracted which may include funds from sources other than appropriated or General Revenue Funds. INDEF represents contracts without a completion date.

²These figures do NOT reflect obligations for contracts with an indefinite term.

Department of Transportation
Contracting Highlights - Senate

(Dollar values rounded to the nearest tenth of a million)

Largest Active Contracts from Previous Fiscal Years	Award Method	Total Value	% Change*	Award Date	Length	Renewals	Vendor
1 North Tarrant Express Segment 3	Competitive	\$ 1,166.5	-18.8%	03/01/13	INDEF	-	Nte Mobility Partners Segments 3 LLC
2 SH 99 Grand Parkway Segments F & G	Competitive	\$ 1,115.8	7.3%	03/22/13	INDEF	-	Zachry-Odebrecht Parkway Builders
3 I-35E Managed Lanes Project	Competitive	\$ 1,068.2	0.6%	05/17/13	INDEF	-	Agl Constructors
4 SH 183 Managed Lanes (Midtown Express)	Competitive	\$ 838.0	-1.1%	11/20/14	INDEF	-	Southgate Mobility Partners LLC
5 CDA - State Highway 288 Toll Lanes	Competitive	\$ 824.2	1.1%	03/04/16	INDEF	-	Blueridge Transportation Group LLC
Largest Competitive Contracts Awarded in FY 17-18							
1 Southern Gateway Design Build	Competitive	\$ 566.0	-	06/30/17	INDEF	-	Pegasus Link Constructors Jv
2 SH 249 Extension Design Build	Competitive	\$ 521.6	-	10/03/17	INDEF	-	Wbcci LLC
3 Roadway Construction	Competitive	\$ 258.7	-	09/07/17	INDEF	-	Williams Brothers Construction Co Inc
4 Roadway Construction	Competitive	\$ 191.9	-	03/15/17	INDEF	-	W W Webber LLC
5 Roadway Construction	Competitive	\$ 173.7	-	02/05/18	INDEF	-	Flatiron Constructors Inc
Largest Non-Competitive Contracts Awarded in FY 17-18							
1 Multisourcing Services Integrator And Service Component Providers	Interagency	\$ 50.9	-	09/01/17	2 years	-	Department Of Information Resources
2 DIR Shared Services Master Service Agreements	Interagency	\$ 29.7	-	07/01/18	1 years	-	Department Of Information Resources
3 Aircraft Pooling Agreement	Interagency	\$ 15.0	-	12/21/17	2 year	-	Texas Department Of Public Safety
4 Equipment Training - Interagency Cooperation	Interagency	\$ 13.2	-	08/13/18	3 year	-	University Of Texas At Arlington
5 Legal Services - Interagency contract	Interagency	\$ 12.4	-	09/01/17	2 years	-	Office Of The Attorney General

*Note: The percent change is the difference in contract value between initial the award amount and the current contract value. This calculation includes contract amendments and renewals.

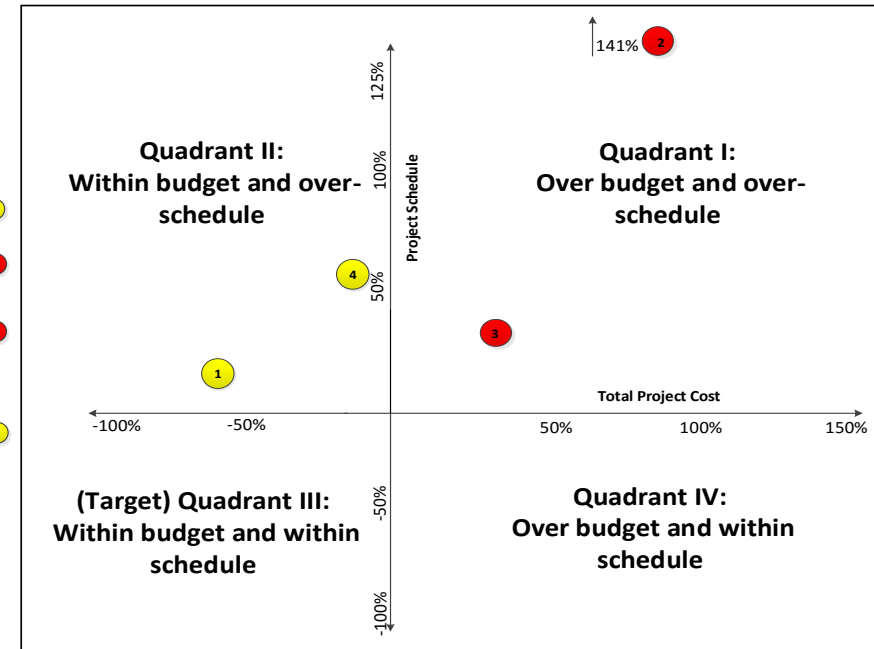
**Department of Transportation
Quality Assurance Team Highlights - Senate**

Of TxDOT's nine major information resource projects monitored by the Quality Assurance Team, two are more than 10 percent over budget and behind schedule, and two are behind schedule and within 10 percent of budget. Details on these projects are listed below; information on five projects that are within budget and on schedule are in Appendix G.

Summary of Total Costs (in millions) and Time Frames reported to the Quality Assurance Team*

Project Name	Original Projected Cost	Current Projected Cost	Under / (Over) Initial Project Cost	Expenditures to Date	Original Timeline in Months	Current Timeline in Months	Months Ahead of / (Behind) Schedule	% Complete	
1 Crossroads Replacement Project	\$1.0	\$1.1	(0.1)	\$1.1	14	24	(10)	52%	●
2 Facilities Management Systems Project	\$1.0	\$2.6	(\$1.6)	\$1.7	11	27	(16)	78%	●
3 Materials Acceptance Testing (MATS) Project	\$1.2	\$1.5	(\$0.3)	\$1.3	18	28	(10)	100%	●
4 Texas Environmental Compliance Oversight System (TxECOS) Enhancements II	\$3.8	\$4.1	(\$0.3)	\$2.1	30	50	(20)	75%	●
Project Totals	\$7.0	\$9.3	(2.3)	\$6.2					

Major Information Resources Projects



- Legend**
- Project exceeds budget OR schedule
 - Project is over budget and behind schedule

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board and the State Auditor's Office (Advisory Only).

Significant Project Highlights

1 Crossroads Replacement Project

The project began in fiscal year 2017 for a duration of 14 months and is being developed by NTT Data under the current Master Services Agreement with an initial estimated cost of \$984,321. Through a change request with NTT Data, cost increased where the project met the threshold of a major information resources project and required QAT review and approval.

The agency's intranet is being replaced to be more supportable and reliable and to include additional features across districts and divisions. The new intranet will be searchable, better organized and easier to navigate to provide updated information to TxDOT employees. The initial planned project start and finish dates were January 13, 2017, and February 28, 2018, respectively. In April 2017, the costs increased slightly to \$1.1 million due to the inclusion of six additional division sites.

In April 2018, TxDOT initiated a fourth change request to the project for \$48,566 due changes in scope, resources, and project completion deadlines. In October 2018, TxDOT increased the project duration six months due to renaming all agency intranet web sites.

2 Facilities Management Systems Project - Integrated Workplace Management System Project (FMS)

TxDOT signed a Purchase Order with Accruent in November 2016 for a integrated workplace management system to assist in managing the infrastructure and facilities of the agency. TxDOT began the project in FY 2017. The initial estimated project cost was \$998,462. Through a change request with NTT Data, cost increased where the project met the threshold of a major information resources project and required QAT review and approval. The initial planned project start and finish dates were November 22, 2016, and October 31, 2017, respectively.

In November 2017, TxDOT executed a change request to expand the scope to include Lease Management, and Preventive Maintenance capabilities. In April 2018, TxDOT executed a work order with NTT Data for assistance for installation, integration and deployment of Accruent's software product. This change request extended the schedule from October 2017 to March 2018.

Since March 2018, TxDOT has initiated a series of multiple work orders with NTT Data as the developing vendor Accruent, is experiencing development, testing, and requirement delays. The current project costs increased to \$2.0 million and extended the project end date, which is expected to be completed on December 31, 2018.

QAT Budget Highlights (in millions)

Project Name	2018-19 Base	2020-21 Requested	2020-21 Recommended
1 Technology Replacement and Upgrades	\$52.8	\$9.1	\$9.1
4 Texas ECOS II	\$0.0	\$0.0	\$0.0
Total	\$52.8	\$9.1	\$9.1

* Note: Requested amounts for 2020-21 include all baseline and exceptional item requests.

* Note: Projects number 2 and 3 do not have Capital Budget line items as TxDOT issued Purchase Orders to their existing outsourcing vendor NTT Data.

3 Materials Acceptance Testing (MATS) Project

The project began in fiscal year 2016 for a duration of 18 months and is being developed by NTT Data under the current Master Services Agreement. The initial estimated project cost was \$659,837. Through a change request with NTT Data, cost increased where the project met the threshold of a major information resources project and required QAT review and approval. The initial planned project start and finish dates were August 8, 2016, and February 28, 2018, respectively.

The project will replace the legacy web-based software used for statistical materials testing data validation on design-build projects. The system will provide analysis of materials used in construction of highways, roads, bridges. This system must align with requirements for materials and lab results, or funding from the Federal Highway Administration (FHWA) could be withheld or revoked for non-compliance.

Since October 2017, TxDOT has initiated five additional work orders with NTT Data for various reasons. It is difficult to ascertain what part of these increases were due to actual scope increases or if TxDOT was unclear at the outset as to the overall project requirements. There also seem to have been some communication issues within TxDOT that resulted in a required graphical software package not being procured timely which delayed the project. The current project costs increased to \$1.5 million and extended the project end date and was completed on August 30, 2018.

4 Texas Environmental Compliance Oversight System (TxECOS) Enhancements II

Currently, TxDOT uses a web application called TxECOS to manage environmental compliance and clearance of 1500-2000 surface transportation projects per year. TxECOS requires significant manual intervention in order to complete this work and comply with over thirty-five major environmental laws, regulations and executive orders. TxDOT is enhancing the system to automate the work required to environmentally clear and proceed with construction of these projects.

TxDOT began the TxECOS Enhancement II Project in fiscal year 2015. The initial estimated project cost was \$3.8 million. The initial project start and finish dates were February 1, 2015, and August 31, 2017, respectively. Thus far, the project is 10 percent over-budget and 34 percent behind schedule. The project cost was increased to \$4.1 million due to vendor's response to the solicitation and TxDOT's final negotiated cost with the selected vendor. The finish date for the project was extended to July 11, 2018 due to internal Statement of Work / Request for Offers review and the development process for procurement activities. In August 2018, TxDOT extended the project end date again due to internal constraints and resources. The current end date is now May 11, 2019.

**Department of Transportation
Rider Highlights - Senate**

Modification of Existing Riders

2. **Capital Budget.** Recommendations modify this rider to remove capital budget authority for radio tower replacements, Austin Campus Consolidation, deferred maintenance of buildings and facilities, and Mainframe Modernization, and Master Lease Purchase Program payments, and to reflect changes to capital budget authority for the following items for the 2020–21 biennium:
 - (1) provide \$53.4 million to continue the MPPM information technology project;
 - (2) provide \$22.5 million to continue the Enterprise Information Management project;
 - (3) increase authority for PC replacement from \$7.7 million to \$8.3 million to maintain a four year refresh cycle;
 - (4) decrease authority for IT hardware and software replacement and upgrades from \$42.6 million to \$9.1 million;
 - (5) increase authority for transportation items from \$13.0 million to \$17.0 million;
 - (6) increase authority for acquisition of capital equipment and items from to \$112.8 million to \$113.8 million
 - (7) increase authority for Data Center Services from \$50.9 million to \$60.8 million to reflect estimated costs to maintain current obligations;
 - (8) increase authority for CAPPs upgrades, improvements, and maintenance from \$23.3 million to \$24.2 million; and
 - (9) increase authority for cybersecurity initiative projects from \$10.0 million to \$17.3 million.

3. **Transfer Authority.** Recommendations modify the rider to authorize the agency to transfer appropriations among strategies for contracted planning and design, right-of-way acquisition, and construction and maintenance contracts in an amount not to exceed five percent of the item from which appropriations are transferred and to require the agency to submit a quarterly report of appropriation transfers to the Legislative Budget Board (see Selected Fiscal and Policy Issues #16).

4. **Magazine Appropriations.** The rider appropriates any magazine revenues generated above estimated collections during the 2020–21 biennium for the purpose of Texas Highways magazine production and distribution costs. Recommendations amend the amount in alignment with the agency's estimate of revenue collections.

14. **Reporting Requirements, Subsection e., Public Transportation Activities.** Recommendations modify the rider to change the annual report due date from January 1 to March 15.

27. **Toll Project Subaccounts.** Recommendations modify this informational rider to add the statutory citation for State Highway Fund (SHF) toll project subaccounts and remove references to individual toll projects.

30. **Unexpended Balance Appropriation: Acquisition of Information Resource Technologies and Centralized Accounting and Payroll/Personnel System (CAPPs).** Recommendations modify the rider to include appropriation authority in the 2020–21 biennium for unexpended balances remaining at the end of the 2018–19 biennium from appropriations made to the agency for CAPPs capital budget projects.

32. **Debt Reduction Report.** Recommendations modify the rider to require the agency to submit the annual debt reduction report only when the agency has found opportunities to refinance its debt.

34. **Interagency Contract for Legal Services.** Recommendations amend amount listed for the interagency contract with the Office of the Attorney General for legal services provided for the Department of Transportation.

36. **Appropriation of Rail Receipts from Car Load Fees.** Recommendations modify the rider to appropriate any unexpended balances of car load fee receipts from prior fiscal years.
37. **Proposition 1 Appropriations.** Recommendations amend the rider to specify the amount of SHF - Proposition 1 (2014) funds appropriated from previous SHF balances and from projected SHF - Proposition 1 revenue allocations for the 2020–21 biennium (see Selected Fiscal and Policy Issues #3b).
38. **Proposition 7 Appropriations.** Recommendations amend the rider to update the projected amount of funds appropriated from Proposition 7 (2015) revenue allocations to the SHF for the 2020–21 biennium, specify the amounts included in Strategies A.1.7, for non-tolled roadway project development and delivery and F.1.1, for GO bond debt service, and remove provisions authorizing the temporary use of General Revenue for GO bond debt service in the 2018–19 biennium (see Selected Fiscal and Policy Issues #3c and #5b).
42. **Unexpended Balances Appropriation: Lease/Purchase of Intelligent Transportation System.** Recommendations modify the rider to provide appropriation authority in the 2020–21 biennium for unexpended balances remaining at the end of the 2018–19 biennium from appropriations of revenue obligation proceeds for the acquisition, construction, and installation of intelligent transportation systems and State Highway Funds for the associated lease payments to the Master Lease Purchase Program (see Selected Fiscal and Policy Issues #15).

New Riders

43. **Unexpended Balances Appropriation: Construction of Buildings and Facilities and Repair or Rehabilitation of Buildings and Facilities.** Recommendations add a rider to appropriate unexpended balances remaining at the end of the 2018–19 biennium from appropriations made to the agency for capital budget items in the Construction of Buildings and Facilities and Repair or Rehabilitation of Buildings and Facilities capital budget categories (see Selected Fiscal and Policy Issues #6–8).

Deleted Riders

28. **Appropriations from Proposition 12 General Obligation Bond Proceeds: Unissued Authority and Balances from Prior Fiscal Biennium.** Recommendations delete this rider. There is no unissued Proposition 12 GO Bond authority remaining. Article IX, Sec. 8.08, Appropriation of Bond Proceeds, would provide appropriation authority for any unexpended balances of Proposition 12 bond proceeds remaining in the 2020–21 biennium.
29. **Unexpended Balance Appropriation: Rail Projects.** Recommendations delete this rider because there are no unexpended balances of General Revenue appropriations remaining for the Austin-San Antonio passenger rail project and South Orient Railroad rehabilitation projects.
32. **Travel Information Centers.** Recommendations delete this requirement to report biennially on the economic and safety impact of travel information centers.
37. **Limitation on Capital Budget - Acquisition of Information Technologies.** Recommendations delete this rider that limits the agency's authority to transfer appropriations into and out of the Mainframe Modernization capital budget item. Recommendations do not continue funding and capital budget authority for Mainframe Modernization in the 2020–21 biennium (see Selected Fiscal and Policy Issues #11).
43. **Sunset Contingency.** Recommendations delete this rider. The agency underwent Sunset review in the 2018–19 biennium and was continued for 12 years.
44. **Capital Budget Authority: Austin Campus Consolidation.** Recommendations delete this rider that specifies the uses of 2018–19 appropriations for preconstruction activities for development of the Austin Campus Consolidation project (see Selected Fiscal and Policy Issues #6).

48. **Aviation Fleet Replacement.** Recommendations delete this rider authorizing the one-time purchase of replacement aircraft for the Texas Aviation Fleet maintained by TxDOT.

**Department of Transportation
Items Not Included in Recommendations - Senate**

	2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

Note: Recommendations include all State Highway Funds (SHF) estimated to be available during the 2020-21 biennium. It is assumed funding for requests from SHF not included in the recommendations would require the reallocation of SHF from other programs or items included in the recommendations.

1)	Revenue Bond Proceeds for construction of the Austin Campus Consolidation project and new rider authorizing the Texas Public Finance Authority (TPFA) to issue revenue bonds or other obligations on behalf of TxDOT (see Selected Fiscal and Policy Issues #6); and \$23.8 million in SHF for lease payments to TPFA to support debt service on lease revenue obligations for the consolidation project.	\$0	\$349,800,000	0.0	No	No	\$39,200,000
2)	Authority for 313.5 additional FTEs and \$19.0 million in SHF for salaries and wages.	\$0	\$19,000,000	313.5	No	No	\$19,000,000
3)	SHF and capital budget authority of \$57.0 million for Repair or Rehabilitation of Buildings and Facilities (68 deferred maintenance projects).	\$0	\$57,000,000	0.0	No	Yes	\$0
4)	SHF and capital budget authority of \$116.0 million for the construction of buildings and facilities (30 projects).	\$0	\$116,000,000	0.0	No	Yes	\$0
5)	SHF and capital budget authority \$45.0 million for the acquisition of land for the construction of buildings and facilities (50 projects), including \$5.0 million for the Austin Campus Consolidation project.	\$0	\$45,000,000	0.0	No	No	\$0
6)	SHF and capital budget authority of \$82.7 million for information and systems modernization to address security, obsolete systems and aging technology, and provide agility to respond to business changes.	\$0	\$82,672,153	0.0	Yes	Yes	\$99,206,584

Department of Transportation
Items Not Included in Recommendations - Senate

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
7)	General Revenue for Proposition 12 GO Bond debt service payments. (Recommendations provide SHF - Proposition 7 funds for debt service. See Selected Fiscal and Policy Issues #3c and #5b.)	\$619,230,000	\$619,230,000	0.0	No	No	\$579,947,256
8)	Funding to reimburse the Central Texas Turnpike System (CTTS) to offset waived toll charges related to the Veteran Toll Discount Program (see Selected Fiscal and Policy Issues #18).	\$20,425,000	\$20,425,000	0.0	No	No	\$29,409,661
9)	Funding for rehabilitation of the South Orient rail line between Sulfur Junction and Fort Stockton (16 miles).	\$12,800,000	\$12,800,000	0.0	No	No	\$0
10)	Funding for rehabilitation of the South Orient rail line between Fort Stockton and Belding (10 miles).	\$8,000,000	\$8,000,000	0.0	No	No	\$0
11)	Funding for rehabilitation of the South Orient rail line from Paisano Junction to Presidio International Rail Bridge (72 miles).	\$3,000,000	\$3,000,000	0.0	No	No	\$0
12)	Funding for the development of border inspection facilities for the South Orient rail line at Presidio.	\$500,000	\$500,000	0.0	No	No	\$0
13)	General Revenue to increase funding for the Aviation Facilities Development Program (\$6.4 million) and Routine Airport Maintenance Program (\$1.6 million).	\$8,000,000	\$8,000,000	0.0	No	No	\$0
14)	Funding for public transportation grants to increase weekday transit service hours (\$60.7 million for operating expenses) and replace fleet vehicles (\$21.3 million) in state-funded rural and urban transit districts.	\$82,000,000	\$82,000,000	0.0	No	No	\$0
15)	Funding for maritime port capital improvement projects.	\$125,000,000	\$125,000,000	0.0	No	No	\$0
16)	Funding to capitalize the Ship Channel Improvement Revolving Fund, established by the enactment of SB 28, 85R, 2017, to make loans to navigation districts with ship channel improvement projects authorized by Congress.	\$450,000,000	\$450,000,000	0.0	No	No	\$0

Department of Transportation
Items Not Included in Recommendations - Senate

		2020-21 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2022-23
		GR & GR-D	All Funds	FTEs			
17)	Funding for track and bridge rehabilitation on the Northeast Texas Rural Rail Transportation District (NETEX) freight rail line from Greenville to Mount Pleasant (66 miles).	\$10,000,000	\$10,000,000	0.0	No	No	\$0
18)	Amend Rider 14, Reporting Requirements, subsection (c), Project Status Report, to remove "toll road conversion projects" from the reporting requirement.	\$0	\$0	0.0	No	No	\$0
19)	Delete Rider 14, Reporting Requirements, subsection (f), State Transportation Improvement Program, which requires an annual report of projects listed in the State Transportation Improvement Program (STIP) that were let on or before the letting date provided in the STIP.	\$0	\$0	0.0	No	No	\$0
20)	Delete Rider 18, Additional Funds, to remove the limitation on spending additional State Highway Funds above the estimated amounts appropriated for the state fiscal biennium without prior written approval from the Legislative Budget Board and the Governor.	\$0	\$0	0.0	No	No	\$0
21)	Delete Rider 22, Comprehensive Development Agreements, which requires the agency to request authority from the Legislative Budget Board prior to spending appropriations to enter into a comprehensive development agreement.	\$0	\$0	0.0	No	No	\$0
22)	Delete Rider 35, Performance Reporting for the Voluntary Turnback Program, which requires a report on state roads transferred to local governments.	\$0	\$0	0.0	No	No	\$0
23)	New Rider, Limitation on Employment Levels, to authorize the agency to temporarily exceed its FTE cap by up to three percent in a single quarter.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$1,338,955,000	\$2,008,427,153	313.5			\$727,563,501

**Department of Transportation
Appendices - Senate**

Table of Contents		
Appendix	Appendix Title	Page
A	Funding Changes and Recommendations by Strategy	24
B	Summary of Federal Funds	38
C	FTE Highlights	39
D	Performance Measure Highlights	*
E	Summary of Ten Percent Biennial Base Reduction Options	40
F	Quality Assurance Team Highlights	41

* Appendix is not included - no significant information to report

** Information is included in the presentation section of the packet

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
PLAN/DESIGN/MANAGE A.1.1	\$864,798,133	\$941,051,446	\$76,253,313	8.8%	Increase of \$76.3 million due to the following: - An increase of \$33.3 million to biennialize salaries and other personnel costs at the fiscal year 2019 levels; - An increase of \$23.6 million for professional fees and services and other operating costs in support of increased project letting and management activities; - An increase of \$11.4 million for the Modernization Portfolio and Project Management (MPPM) information technology project; - An Increase of \$10.2 million for direct information resources support, including increases for telecommunications device and bandwidth usage and support for agency applications; - A decrease of \$1.7 million for acquisition of capital equipment; and - A decrease of \$0.5 million for replacement vehicles.
FEDERAL FUNDS	\$422,644,486	\$399,693,363	(\$22,951,123)	(5.4%)	
OTHER FUNDS	\$442,153,647	\$541,358,083	\$99,204,436	22.4%	
CONTRACTED PLANNING AND DESIGN A.1.2	\$1,528,921,601	\$956,919,344	(\$572,002,257)	(37.4%)	Decrease of \$572.0 million in All Funds due to the following: - A decrease of \$218.5 million from Texas Mobility Funds (TMF); - A decrease of \$164.9 million from bond proceeds, including decreases of \$135.3 million from Proposition 12 GO bonds, \$16.4 million from Proposition 14 SHF bonds, and \$13.2 million from TMF bonds; - A decrease of \$134.4 million in Federal Funds for highway planning and construction; and - A decrease of \$54.1 million in State Highway Funds (SHF).
FEDERAL FUNDS	\$672,276,535	\$537,829,836	(\$134,446,699)	(20.0%)	
OTHER FUNDS	\$856,645,066	\$419,089,508	(\$437,555,558)	(51.1%)	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
RIGHT-OF-WAY ACQUISITION A.1.3	\$1,698,665,034	\$1,713,687,748	\$15,022,714	0.9%	Increase of \$15.0 million in All Funds due to the following: - An increase of \$240.8 million in Federal Funds for highway planning and construction; - A decrease of \$125.1 million in SHF; - A decrease of \$57.5 million in TMF; - A decrease of \$43.2 million in Bond Proceeds, including decreases of \$34.0 million from Proposition 12 GO bonds, \$6.9 million in Proposition 14 SHF bonds, and \$2.3 million in TMF bonds.
FEDERAL FUNDS	\$792,088,412	\$1,032,875,050	\$240,786,638	30.4%	
OTHER FUNDS	\$906,576,622	\$680,812,698	(\$225,763,924)	(24.9%)	
CONSTRUCTION CONTRACTS A.1.4	\$5,353,037,966	\$6,334,943,929	\$981,905,963	18.3%	Increase of \$981.9 million in All Funds due to the following: - An increase of \$1,382.1 million in Federal Funds for highway planning and construction; - An increase of \$862.0 million in SHF; - A decrease of \$187.9 million in Federal Funds from Transportation Infrastructure Finance and Innovation Act (TIFIA) loan financing for the IH 35E Managed Lanes project; - A decrease of \$937.3 million in Bond Proceeds for highway construction, including decreases of \$451.2 million in Proposition 12 GO bonds, \$358.2 million in TMF bonds, and \$127.9 million in Proposition 14 SHF bonds; - A decrease of \$105.0 million in TMF; and - A decrease of \$32.0 million in revenue bond proceeds for the lease purchase of intelligent transportation systems (see Selected Fiscal and Policy Issues #15).
FEDERAL FUNDS	\$3,282,416,204	\$4,476,603,720	\$1,194,187,516	36.4%	
OTHER FUNDS	\$2,070,621,762	\$1,858,340,209	(\$212,281,553)	(10.3%)	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
MAINTENANCE CONTRACTS A.1.5	\$6,113,079,189	\$4,765,006,285	(\$1,348,072,904)	(22.1%)	Decrease of \$1,348.1 million in All Funds due to the following: - A decrease of \$870.7 million in Federal Funds for highway planning and construction; - A decrease of \$387.2 million in SHF; - A decrease of \$90.1 million in Bond Proceeds, including decreases of \$65.8 million in Proposition 12 GO bonds and \$24.3 million in Proposition 14 SHF bonds.
FEDERAL FUNDS	\$4,921,374,987	\$4,050,626,857	(\$870,748,130)	(17.7%)	
OTHER FUNDS	\$1,191,704,202	\$714,379,428	(\$477,324,774)	(40.1%)	
PROPOSITION 1, 2014 A.1.6	\$3,326,427,794	\$4,254,415,720	\$927,987,926	27.9%	Increase of \$1,573.1 million from Proposition 1 (2014) oil and natural gas tax related revenue allocations to the SHF for the construction and maintenance and acquisition of rights of way for non-tolled roadways. Recommendations include \$3,207.2 million in estimated Proposition 1 revenue allocations for the 2020-21 biennium and \$1,047.2 million in estimated revenue balances carried forward from prior fiscal years.
OTHER FUNDS	\$3,326,427,794	\$4,254,415,720	\$927,987,926	27.9%	
PROPOSITION 7, 2015 A.1.7	\$4,288,588,477	\$4,542,676,318	\$254,087,841	5.9%	Increase of \$254.1 million from Proposition 7 (2015) revenue allocations to the SHF for development and delivery of non-tolled highway projects, including revenue allocations from state sales taxes and, beginning in fiscal year 2020, state motor vehicle sales and rental taxes.
OTHER FUNDS	\$4,288,588,477	\$4,542,676,318	\$254,087,841	5.9%	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CONSTRUCTION GRANTS & SERVICES A.1.8	\$499,814,879	\$737,364,764	\$237,549,885	47.5%	Increase of \$237.5 million in All Funds due to the following: - An increase of \$284.4 million in SHF for loans through the State Infrastructure Bank; - An increase of \$45.5 million for pass-through financing agreement reimbursement payments; - A decrease of \$90.3 million for TxDOT participation in local toll projects (toll equity); and - A decrease of \$2.0 million in GO bond proceeds for Border Colonia Access Program grant projects.
FEDERAL FUNDS	\$303,769,322	\$322,535,053	\$18,765,731	6.2%	
OTHER FUNDS	\$196,045,557	\$414,829,711	\$218,784,154	111.6%	
Total, Goal A, PROJECT DEVELOPMENT AND DELIVERY	\$23,673,333,073	\$24,246,065,554	\$572,732,481	2.4%	
FEDERAL FUNDS	\$10,394,569,946	\$10,820,163,879	\$425,593,933	4.1%	
OTHER FUNDS	\$13,278,763,127	\$13,425,901,675	\$147,138,548	1.1%	
CONTRACTED ROUTINE MAINTENANCE B.1.1	\$1,594,657,709	\$1,757,483,025	\$162,825,316	10.2%	Increase of \$162.8 million in All Funds due to the following: - An increase of \$328.0 million in SHF for contracted routine maintenance activities; - A decrease of \$109.2 million in Federal Funds for Hurricane Harvey response in fiscal year 2018, including \$78.1 million from federal highway planning and construction funds and \$31.1 million from Hurricane Harvey public assistance grants; - A decrease of \$50.0 million in SHF for deferred maintenance of buildings and facilities; and - A decrease of \$6.0 million for construction of replacement radio towers.
FEDERAL FUNDS	\$109,188,230	\$0	(\$109,188,230)	(100.0%)	
OTHER FUNDS	\$1,485,469,479	\$1,757,483,025	\$272,013,546	18.3%	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
ROUTINE MAINTENANCE B.1.2	\$1,637,971,272	\$1,465,542,787	(\$172,428,485)	(10.5%)	Decrease of \$172.4 million in All Funds due to the following: - A decrease of \$134.5 million due to realignment of budget from in-house routine maintenance to contracted routine maintenance in B.1.1; - A decrease of \$40.9 million for Hurricane Harvey response, including decreases of \$22.5 million in Federal Funds from Hurricane Harvey public assistance grants and \$18.4 million in SHF; - An increase of \$2.3 million for replacement of trucks (all body styles); and - An increase of \$0.7 million for acquisition of capital equipment.
FEDERAL FUNDS	\$22,519,310	\$0	(\$22,519,310)	(100.0%)	
OTHER FUNDS	\$1,615,451,962	\$1,465,542,787	(\$149,909,175)	(9.3%)	
FERRY OPERATIONS B.1.3	\$103,680,862	\$108,506,040	\$4,825,178	4.7%	Increase of \$4.8 million in SHF for operation of the agency's Port Aransas and Galveston-Port Bolivar ferry systems due to the following: - An increase of \$4.0 million for capital and routine maintenance and repairs to ramps and bulkheads; and - An increase of \$0.8 million for various operating expenses and personnel costs.
OTHER FUNDS	\$103,680,862	\$108,506,040	\$4,825,178	4.7%	
Total, Goal B, ROUTINE SYSTEM MAINTENANCE	\$3,336,309,843	\$3,331,531,852	(\$4,777,991)	(0.1%)	
FEDERAL FUNDS	\$131,707,540	\$0	(\$131,707,540)	(100.0%)	
OTHER FUNDS	\$3,204,602,303	\$3,331,531,852	\$126,929,549	4.0%	
PUBLIC TRANSPORTATION C.1.1	\$208,587,880	\$205,594,677	(\$2,993,203)	(1.4%)	A decrease of \$3.0 million in All Funds due to the following: - A net decrease of \$4.3 million in All Funds for grants to small urban and rural transit providers, including a decrease of \$5.4 million in Federal Funds offset by an increase of \$1.1 million in SHF; and - A net increase of \$1.3 million for the State Safety Oversight program for rail fixed guideway public transit systems.
FEDERAL FUNDS	\$133,412,797	\$130,902,953	(\$2,509,844)	(1.9%)	2020-21 includes \$192.9 million in All Funds for grants to small urban and rural

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$75,175,083	\$74,691,724	(\$483,359)	(0.6%)	transit providers, including \$128.0 million in Federal Funds and \$64.9 million in SHF.
TRAFFIC SAFETY C.2.1	\$121,167,885	\$122,703,608	\$1,535,723	1.3%	Increase of \$1.5 million in All Funds due to the following: - A net increase of \$1.2 million for traffic safety media campaigns, grants, and support costs, including an increase of \$1.7 million in SHF offset by a decrease of \$0.5 million in Federal Funds; and - An increase of \$0.3 million to biennialize salaries and other personnel costs at the 2019 staffing levels.
GENERAL REVENUE FUNDS	\$1,460,436	\$1,460,436	\$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 (CRIS).
FEDERAL FUNDS	\$101,420,565	\$100,937,020	(\$483,545)	(0.5%)	
OTHER FUNDS	\$18,286,884	\$20,306,152	\$2,019,268	11.0%	
TRAVEL INFORMATION C.3.1	\$39,178,792	\$39,299,128	\$120,336	0.3%	Increase of \$0.1 million due to the following: - An increase of \$0.4 million to biennialize salaries and other personnel costs at the 2019 staffing levels; and - A decrease of \$0.3 million in various operating and support costs.
OTHER FUNDS	\$39,178,792	\$39,299,128	\$120,336	0.3%	Recommendations provide SHF for the operation of 12 travel information centers, publishing and distribution of travel tourism information, providing highway condition information to the public, and publishing the Texas Highways Magazine.
RESEARCH C.4.1	\$53,121,649	\$50,849,736	(\$2,271,913)	(4.3%)	Decrease of \$2.3 million due to an increase of transportation research activity in fiscal year 2018.
FEDERAL FUNDS	\$41,008,801	\$39,602,641	(\$1,406,160)	(3.4%)	Recommendations provide Federal Funds and SHF for transportation research and
OTHER FUNDS	\$12,112,848	\$11,247,095	(\$865,753)	(7.1%)	development performed in partnership with state-supported colleges and universities.

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
AVIATION SERVICES C.5.1	\$189,158,784	\$177,409,930	(\$11,748,854)	(6.2%)	Decrease of \$11.7 million in SHF includes a decrease of \$11.5 million from unexpended balances carried forward from 2016-17 to 2018-19 for airport improvement and maintenance grants.
FEDERAL FUNDS	\$100,000,000	\$100,000,000	\$0	0.0%	
OTHER FUNDS	\$89,158,784	\$77,409,930	(\$11,748,854)	(13.2%)	Recommendations provide \$68.4 million in SHF for financial and technical assistance for general aviation, reliever, and non-primary commercial service airports, and \$9.0 million in Interagency Contracts for operation and maintenance of the state's aircraft fleet.
GULF WATERWAY C.6.1	\$1,851,402	\$1,865,487	\$14,085	0.8%	Recommendations provide SHF for administering the state's responsibility as the nonfederal sponsor of the Gulf Intracoastal Waterway from the Sabine River to Brownsville. Recommendations include \$1.3 million for the acquisition of sites for the disposal of dredged material.
OTHER FUNDS	\$1,851,402	\$1,865,487	\$14,085	0.8%	
Total, Goal C, OPTIMIZE SERVICES AND SYSTEMS	\$613,066,392	\$597,722,566	(\$15,343,826)	(2.5%)	
GENERAL REVENUE FUNDS	\$1,460,436	\$1,460,436	\$0	0.0%	
FEDERAL FUNDS	\$375,842,163	\$371,442,614	(\$4,399,549)	(1.2%)	
OTHER FUNDS	\$235,763,793	\$224,819,516	(\$10,944,277)	(4.6%)	
RAIL PLAN/DESIGN/MANAGE D.1.1	\$7,100,206	\$6,022,267	(\$1,077,939)	(15.2%)	Decrease of \$1.1 million due to the transfer of the State Safety Oversight program for rail fixed guideway public transportation systems to C.1.1.
OTHER FUNDS	\$7,100,206	\$6,022,267	(\$1,077,939)	(15.2%)	
CONTRACT RAIL PLAN/DESIGN D.1.2	\$12,311,066	\$7,000,000	(\$5,311,066)	(43.1%)	Decrease of \$5.3 million in Federal Funds for rail planning and feasibility studies.
FEDERAL FUNDS	\$11,911,066	\$6,600,000	(\$5,311,066)	(44.6%)	
OTHER FUNDS	\$400,000	\$400,000	\$0	0.0%	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
RAIL CONSTRUCTION D.1.3	\$21,774,879	\$4,929,788	(\$16,845,091)	(77.4%)	Decrease of \$4.9 million in All Funds due to the following: - A decrease of \$9.6 million for South Orient Rail Line (SORL) rehabilitation, including decreases of \$7.7 million in Federal Funds and \$1.9 million in SHF; - A decrease of \$4.4 million in Federal Funds for the Broadway rail bridge project; and - A decrease of \$3.2 million in Federal Funds for the Trinity Rail Express project; and - An increase of \$0.4 million in SHF to maintain 2018-19 appropriated funding levels for the state's share of operating subsidies for the Amtrak Heartland Flyer passenger route from Fort Worth to Oklahoma City.
FEDERAL FUNDS	\$15,316,841	\$0	(\$15,316,841)	(100.0%)	
OTHER FUNDS	\$6,458,038	\$4,929,788	(\$1,528,250)	(23.7%)	
RAIL SAFETY D.1.4	\$2,416,118	\$2,416,118	\$0	0.0%	Recommendations maintain \$2.4 million in fee-generated General Revenue for the Rail Safety program.
GENERAL REVENUE FUNDS	\$2,416,118	\$2,416,118	\$0	0.0%	
Total, Goal D, ENHANCE RAIL TRANSPORTATION	\$43,602,269	\$20,368,173	(\$23,234,096)	(53.3%)	
GENERAL REVENUE FUNDS	\$2,416,118	\$2,416,118	\$0	0.0%	
FEDERAL FUNDS	\$27,227,907	\$6,600,000	(\$20,627,907)	(75.8%)	
OTHER FUNDS	\$13,958,244	\$11,352,055	(\$2,606,189)	(18.7%)	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
CENTRAL ADMINISTRATION E.1.1	\$164,295,373	\$150,231,209	(\$14,064,164)	(8.6%)	Decrease of \$14.1 million in SHF due to the following: - A decrease of \$30.0 million for land acquisition, site preparation, architectural services, and other preconstruction development activities for the Austin Campus Consolidation project (see Selected Fiscal and Policy Issues #6); - An increase of \$6.0 million to biennialize salaries and other personnel costs at the 2019 staffing levels; - An increase of \$1.5 million for the Centralized Accounting and Payroll/Personnel System (CAPPS) Improvement capital budget project; - An increase of \$1.0 million for contract legal services provided by the Office of the Attorney General; and - An increase of \$7.4 million in other operating and support costs.
OTHER FUNDS	\$164,295,373	\$150,231,209	(\$14,064,164)	(8.6%)	
INFORMATION RESOURCES E.1.2	\$339,993,984	\$279,866,314	(\$60,127,670)	(17.7%)	Decrease of \$60.1 million in SHF due to the following: - A decrease of \$106.0 million for information technology capital budget projects, including decreases of \$57.3 million for Mainframe Modernization, \$43.6 million for Technology Replacements and Upgrades, and \$5.1 million for Enterprise Information Management; - An increase of \$28.8 million for support of daily operations, including outsourced managed information technology services and ongoing support costs for enterprise applications; - An increase of \$9.9 million Data Center Services to reflect estimated costs to maintain current obligations; and - An increase of \$7.3 million for cybersecurity initiative projects.
GENERAL REVENUE FUNDS	\$0	\$0	\$0	0.0%	
GR DEDICATED	\$0	\$0	\$0	0.0%	
FEDERAL FUNDS	\$0	\$0	\$0	0.0%	
OTHER FUNDS	\$339,993,984	\$279,866,314	(\$60,127,670)	(17.7%)	

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER SUPPORT SERVICES E.1.3	\$81,988,604	\$88,717,873	\$6,729,269	8.2%	Increase of \$6.7 million in SHF due to the following: - An increase of \$4.6 million for statewide facilities and operational support, including property management, minor preventative maintenance and repairs, print shop operations, and mailing and shipping costs; - An increase of \$1.8 million to biennialize salaries and other personnel costs at the 2019 staffing levels; and - An increase of \$0.2 million for acquisition of capital equipment and items.
OTHER FUNDS	\$81,988,604	\$88,717,873	\$6,729,269	8.2%	
Total, Goal E, INDIRECT ADMINISTRATION	\$586,277,961	\$518,815,396	(\$67,462,565)	(11.5%)	
OTHER FUNDS	\$586,277,961	\$518,815,396	(\$67,462,565)	(11.5%)	
GENERAL OBLIGATION BONDS F.1.1	\$636,738,905	\$619,228,883	(\$17,510,022)	(2.7%)	All Funds decrease for debt service payments on Proposition 12 General Obligation Bonds.
FEDERAL FUNDS	\$23,392,825	\$22,634,441	(\$758,384)	(3.2%)	
OTHER FUNDS	\$613,346,080	\$596,594,442	(\$16,751,638)	(2.7%)	Recommendations provide SHF - Proposition 7 funding for repayment of principal and interest (debt service) on Proposition 12 GO bonds as authorized by the Texas Constitution.
STATE HIGHWAY FUND BONDS F.1.2	\$858,325,160	\$856,487,152	(\$1,838,008)	(0.2%)	All Funds decrease of \$1.8 million for debt service payments on Proposition 14 SHF bonds, including a decrease of \$2.2 million in SHF offset by an increase of \$0.4 million in Federal Funds from Build America Bonds (BABs) interest payment subsidies.
FEDERAL FUNDS	\$50,328,228	\$50,706,636	\$378,408	0.8%	
OTHER FUNDS	\$807,996,932	\$805,780,516	(\$2,216,416)	(0.3%)	
TEXAS MOBILITY FUND BONDS F.1.3	\$820,839,513	\$771,388,172	(\$49,451,341)	(6.0%)	All Funds decrease of \$49.5 million for debt service payments on TMF bonds, including a decrease of \$49.8 million in TMF offset by an increase of \$0.3 million in Federal Funds from BABs interest payment subsidies.

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
FEDERAL FUNDS	\$43,391,926	\$43,710,780	\$318,854	0.7%	
OTHER FUNDS	\$777,447,587	\$727,677,392	(\$49,770,195)	(6.4%)	
OTHER DEBT SERVICE F.1.4	\$4,000,000	\$1,000,000	(\$3,000,000)	(75.0%)	Decrease of \$3.0 million in SHF due to reduced commitment fees related to short-term borrowing.
OTHER FUNDS	\$4,000,000	\$1,000,000	(\$3,000,000)	(75.0%)	
Total, Goal F, DEBT SERVICE PAYMENTS	\$2,319,903,578	\$2,248,104,207	(\$71,799,371)	(3.1%)	
FEDERAL FUNDS	\$117,112,979	\$117,051,857	(\$61,122)	(0.1%)	Includes \$117.1 million in Federal Funds for bond interest payment subsidies on Proposition 12, Proposition 14, and TMF bonds issued under the BABs program.
OTHER FUNDS	\$2,202,790,599	\$2,131,052,350	(\$71,738,249)	(3.3%)	
PLAN/DESIGN/MANAGE - SUBACCOUNT G.1.1	\$9,000,000	\$9,000,000	\$0	0.0%	
OTHER FUNDS	\$9,000,000	\$9,000,000	\$0	0.0%	
CONTRACTED PLAN/DESIGN - SUBACCOUNT G.1.2	\$8,300,000	\$8,000,000	(\$300,000)	(3.6%)	
OTHER FUNDS	\$8,300,000	\$8,000,000	(\$300,000)	(3.6%)	
RIGHT-OF-WAY - SUBACCOUNT G.1.3	\$25,026,714	\$25,000,000	(\$26,714)	(0.1%)	
OTHER FUNDS	\$25,026,714	\$25,000,000	(\$26,714)	(0.1%)	
CONSTRUCTION CONTRACTS - SUBACCOUNT G.1.4	\$229,986,000	\$267,772,233	\$37,786,233	16.4%	
OTHER FUNDS	\$229,986,000	\$267,772,233	\$37,786,233	16.4%	
Total, Goal G, DEVELOP TOLL SUBACCOUNT PROJECTS	\$272,312,714	\$309,772,233	\$37,459,519	13.8%	Recommendations provide funding from toll revenue and concession fees deposited to dedicated toll project subaccounts in the SHF. The Transportation Code specifies that money held in a toll project subaccount may be used only to finance transportation and air quality projects in the region encompassing the toll project.

**Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- Supplemental**

Strategy/Fund Type/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
OTHER FUNDS	\$272,312,714	\$309,772,233	\$37,459,519	13.8%	
Grand Total, All Agency	\$30,844,805,830	\$31,272,379,981	\$427,574,151	1.4%	
GENERAL REVENUE FUNDS	\$3,876,554	\$3,876,554	\$0	0.0%	
FEDERAL FUNDS	\$11,046,460,535	\$11,315,258,350	\$268,797,815	2.4%	
OTHER FUNDS	\$19,794,468,741	\$19,953,245,077	\$158,776,336	0.8%	

Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- 6 - State Highway Fund (SHF)

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
					Amounts reflect estimated SHF from traditional tax and fee revenue sources and exclude amounts from oil and natural gas severance tax related revenues (Proposition 1, 2014), state sales tax and motor vehicle sales and rental taxes (Proposition 7, 2015), toll project and concession fee revenue, and bond proceeds.
PLAN/DESIGN/MANAGE A.1.1	\$437,595,399	\$541,358,083	\$103,762,684	23.7%	
CONTRACTED PLANNING AND DESIGN A.1.2	\$473,188,950	\$419,089,508	(\$54,099,442)	(11.4%)	
RIGHT-OF-WAY ACQUISITION A.1.3	\$630,899,900	\$505,812,698	(\$125,087,202)	(19.8%)	
CONSTRUCTION CONTRACTS A.1.4	\$945,955,431	\$1,807,932,575	\$861,977,144	91.1%	
MAINTENANCE CONTRACTS A.1.5	\$1,101,584,694	\$714,379,428	(\$387,205,266)	(35.1%)	
PROPOSITION 1, 2014 A.1.6	\$0	\$0	\$0	0.0%	
PROPOSITION 7, 2015 A.1.7	\$0	\$0	\$0	0.0%	
CONSTRUCTION GRANTS & SERVICES A.1.8	\$193,059,127	\$413,794,831	\$220,735,704	114.3%	
Total, Goal A, PROJECT DEVELOPMENT AND DELIVERY	\$3,782,283,501	\$4,402,367,123	\$620,083,622	16.4%	
CONTRACTED ROUTINE MAINTENANCE B.1.1	\$1,485,469,479	\$1,757,483,025	\$272,013,546	18.3%	
ROUTINE MAINTENANCE B.1.2	\$1,615,030,089	\$1,465,542,787	(\$149,487,302)	(9.3%)	
FERRY OPERATIONS B.1.3	\$103,680,862	\$108,506,040	\$4,825,178	4.7%	
Total, Goal B, ROUTINE SYSTEM MAINTENANCE	\$3,204,180,430	\$3,331,531,852	\$127,351,422	4.0%	
PUBLIC TRANSPORTATION C.1.1	\$75,175,083	\$74,691,724	(\$483,359)	(0.6%)	
TRAFFIC SAFETY C.2.1	\$18,286,884	\$20,306,152	\$2,019,268	11.0%	
TRAVEL INFORMATION C.3.1	\$39,178,792	\$39,299,128	\$120,336	0.3%	
RESEARCH C.4.1	\$12,112,848	\$11,247,095	(\$865,753)	(7.1%)	
AVIATION SERVICES C.5.1	\$80,158,784	\$68,409,930	(\$11,748,854)	(14.7%)	
GULF WATERWAY C.6.1	\$1,851,402	\$1,865,487	\$14,085	0.8%	
Total, Goal C, OPTIMIZE SERVICES AND SYSTEMS	\$226,763,793	\$215,819,516	(\$10,944,277)	(4.8%)	

Department of Transportation
Funding Changes and Recommendations - Senate, by Strategy -- 6 - State Highway Fund (SHF)

Strategy/Goal	2018-19 Base	2020-21 Recommended	Biennial Change	% Change	Comments
RAIL PLAN/DESIGN/MANAGE D.1.1	\$7,100,206	\$6,022,267	(\$1,077,939)	(15.2%)	
CONTRACT RAIL PLAN/DESIGN D.1.2	\$400,000	\$400,000	\$0	0.0%	
RAIL CONSTRUCTION D.1.3	\$6,458,038	\$4,929,788	(\$1,528,250)	(23.7%)	
RAIL SAFETY D.1.4	\$0	\$0	\$0	0.0%	
Total, Goal D, ENHANCE RAIL TRANSPORTATION	\$13,958,244	\$11,352,055	(\$2,606,189)	(18.7%)	
CENTRAL ADMINISTRATION E.1.1	\$164,295,373	\$150,231,209	(\$14,064,164)	(8.6%)	
INFORMATION RESOURCES E.1.2	\$339,993,984	\$279,866,314	(\$60,127,670)	(17.7%)	
OTHER SUPPORT SERVICES E.1.3	\$81,980,978	\$88,717,873	\$6,736,895	8.2%	
Total, Goal E, INDIRECT ADMINISTRATION	\$586,270,335	\$518,815,396	(\$67,454,939)	(11.5%)	
GENERAL OBLIGATION BONDS F.1.1	\$0	\$0	\$0	0.0%	
STATE HIGHWAY FUND BONDS F.1.2	\$807,996,932	\$805,780,516	(\$2,216,416)	(0.3%)	
TEXAS MOBILITY FUND BONDS F.1.3	\$0	\$0	\$0	0.0%	
OTHER DEBT SERVICE F.1.4	\$4,000,000	\$1,000,000	(\$3,000,000)	(75.0%)	
Total, Goal F, DEBT SERVICE PAYMENTS	\$811,996,932	\$806,780,516	(\$5,216,416)	(0.6%)	
PLAN/DESIGN/MANAGE - SUBACCOUNT G.1.1	\$0	\$0	\$0	0.0%	
CONTRACTED PLAN/DESIGN - SUBACCOUNT G.1.2	\$0	\$0	\$0	0.0%	
RIGHT-OF-WAY - SUBACCOUNT G.1.3	\$0	\$0	\$0	0.0%	
CONSTRUCTION CONTRACTS - SUBACCOUNT G.1.4	\$0	\$0	\$0	0.0%	
Total, Goal G, DEVELOP TOLL SUBACCOUNT PROJECTS	\$0	\$0	\$0	0.0%	
Grand Total, All Strategies	\$8,625,453,235	\$9,286,666,458	\$661,213,223	7.7%	

**Department of Transportation
Summary of Federal Funds - Senate
(Dollar amounts in Millions)**

Program	Est 2018	Bud 2019	Rec 2020	Rec 2021	2018-19 Base	2020-21 Rec	2020-21 Rec % Total	Recommended Over/(Under) Base	% Change from Base
Highway Planning and Construction	\$4,719.6	\$5,624.5	\$5,522.9	\$5,345.0	\$10,344.1	\$10,867.9	96.0%	\$523.7	5.1%
Build America Bonds Debt Service	\$58.5	\$58.5	\$58.7	\$58.4	\$117.1	\$117.1	1.0%	(\$0.0)	(0.0%)
Rural Areas Formula Grants	\$49.1	\$50.5	\$50.7	\$51.7	\$99.6	\$102.4	0.9%	\$2.8	2.9%
Airport Improvement Program	\$50.0	\$50.0	\$50.0	\$50.0	\$100.0	\$100.0	0.9%	\$0.0	0.0%
State and Community Highway Safety	\$23.1	\$22.0	\$22.5	\$23.0	\$45.0	\$45.5	0.4%	\$0.5	1.1%
National Priority Safety Programs	\$19.8	\$20.9	\$20.3	\$20.8	\$40.7	\$41.1	0.4%	\$0.4	1.0%
Capital Assistance Programs for Elderly & Disabled	\$7.5	\$7.6	\$7.4	\$7.6	\$15.1	\$15.0	0.1%	(\$0.1)	(0.6%)
Crash Records Information System	\$6.4	\$6.2	\$6.2	\$6.3	\$12.6	\$12.5	0.1%	(\$0.1)	(0.7%)
Bus and Bus Facilities Formula Program	\$7.5	\$7.5	\$3.5	\$3.5	\$14.9	\$7.0	0.1%	(\$7.9)	(53.2%)
State Planning and Research	\$1.9	\$1.9	\$1.8	\$1.8	\$3.8	\$3.6	0.0%	(\$0.2)	(4.8%)
Rail Fixed Guideway State Safety Oversight	\$0.0	\$0.0	\$1.3	\$1.5	\$0.0	\$2.9	0.0%	\$2.9	0.0%
All Other Grants ¹	\$252.9	\$0.5	\$0.1	\$0.1	\$253.5	\$0.3	1.5%	(\$253.2)	(99.9%)
TOTAL:	\$5,196.2	\$5,850.2	\$5,745.5	\$5,569.8	\$11,046.4	\$11,315.3	100.0%	\$268.8	2.4%

¹All Other Grants include: Transportation Infrastructure Finance & Innovation Act Program (one-time project financing), and Hurricane Harvey Public Assistance (one-time project grant).

**Department of Transportation
FTE Highlights - Senate**

Full-Time-Equivalent Positions	Expended 2017	Estimated 2018	Budgeted 2019	Recommended 2020	Recommended 2021
Cap	11,900.0	12,213.5	12,213.5	12,213.5	12,213.5
Actual/Budgeted	11,544.2	11,795.7	12,419.5	NA	NA
<i>Actual/Budgeted Summer Hire Program</i>	<i>121.1</i>	<i>149.7</i>	<i>206.0</i>	<i>206.0</i>	<i>206.0</i>

Schedule of Exempt Positions (Cap)					
Executive Director, Group 8	\$299,813	\$299,813	\$299,813	\$299,813	\$299,813
Commissioner (5)	\$16,805	\$16,805	\$16,805	\$16,805	\$16,805

Notes:

a) Expended 2017, Estimated 2018, and Budgeted 2019 Actual/Budgeted amounts include TxDOT Summer Hire FTEs that are exempt from the FTE cap pursuant to Rider 13, Full-Time Equivalent: Summer Hire Program, 2018-19 General Appropriations Act, which authorizes up to 1,200.0 Summer Hire FTEs in the 3rd and 4th quarters of each fiscal year.

b) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 18-705, August 2018), indicates a market average salary of \$287,636 for the Executive Director position at the Department of Transportation. The report also recommends changing the salary classification group from group 8 to a recommended new group 9.

c) The agency is not requesting any changes to the Executive Director or Commissioner positions.

**Department of Transportation
Summary of Ten Percent Biennial Base Reduction Options - Senate**

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Program GR/GR-D Total	Included in LBB Recs?
			GR & GR-D	All Funds	FTEs				
1)	Traffic Safety - Crash Records Information System (CRIS)	Reduction for system upgrades and updates, primarily in CRIS Help Desk Daily Operation.	\$341,560	\$341,560	0.0	\$0	23%	\$1,460,436	No
2)	Rail Safety	Reduction in rail safety enforcement efforts through inspections, investigations, and safety assessments. The rail safety program is funded by fees on railroad operators. These fees are self-leveling, meaning fees will be adjusted to match the appropriations to the rail safety program.	\$46,095	\$46,095	0.0	(\$46,095)	2%	\$2,416,118	No
TOTAL, 10% Reduction Options			\$387,655	\$387,655	0.0	(\$46,095)			

**Texas Department of Transportation (TxDOT)
Quality Assurance Team (QAT) Highlights - Senate**

TxDOT has nine projects subject to QAT oversight. The five projects below are within budget and on schedule as reported to the Quality Assurance Team.*

Project Name	Project Cost (In Millions)	Expenditures to Date	% Complete	Timeline in Months	Project Status
Modernize Project and Portfolio Management (MPPM) II	\$ 125.4	\$ 35.9	40.0%	36	<p>TxDOT initially procured a vendor (Aurigo) to provide TxDOT with implementation services to include a Commercial-off-the-Shelf (COTS) product or a combination of COTS products, for integration and custom development. In March 2018, TxDOT terminated the contract with Aurigo for failing to deliver milestones on time. TxDOT is using their in-house vendor NTT Data to design the solution architecture and to implement an agile development methodology.</p> <p>QAT reviewed and approved a contract related to MPPM II for Project Management Services in December 2018. The contract is for Program Development and Management, including oversight of multiple technology vendors. The total contract cost is \$21.8 million which includes the base term of three years and two optional extension terms.</p> <p>The initial estimated project cost was \$125,406,397. The initial planned project start and finish dates were August 19, 2016, and August 31, 2019, respectively. Once a new development vendor is procured, TxDOT will revise the project schedule. Cost are not expected to change.</p>
TxTag Customer Service Systems and Operations Project	\$ 80.1	\$ 0.6	1.0%	36	<p>TxDOT is seeking to develop this system with a single, comprehensive services agreement covered under a blanket purchase order. The new solution takes in consideration all cost estimates for the entire service contract that includes an enterprise configuration to the Toll Operations Division (TOD), project staff augmentation, Cloud Services / Customer Service Representative, operators, facility hardware/software, maintenance and other related ancillary costs for equipment, fuel and courtesy patrol.</p> <p>QAT is currently reviewing a draft contract related to the project and is expecting to send comments to TxDOT on or before November 20, 2018.</p>

**Texas Department of Transportation (TxDOT)
Quality Assurance Team (QAT) Highlights - Senate**

TxDOT has nine projects subject to QAT oversight. The five projects below are within budget and on schedule as reported to the Quality Assurance Team.*

Project Name	Project Cost (In Millions)	Expenditures to Date	% Complete	Timeline in Months	Project Status
Enterprise Information Management Project	\$ 27.6	\$ 5.6	66.0%	23	<p>TxDOT procured a vendor for the Enterprise information Management (EIM) system to connect the agency's business processes, disciplines and practices used to manage the information created from their enterprise asset. EIM functions ensure that information is centrally available, protected, controlled and leveraged to ease the process of compliance regarding regulations and state and federal mandates.</p> <p>TxDOT began the project in fiscal year 2018 with estimated project costs of \$27.6 million. The initial planned project start and finish dates were September 1, 2018, and August 31, 2018, respectively.</p>
Cybersecurity Initiative	\$ 10.0	\$ 1.4	9.0%	23	<p>TxDOT is implementing a Governance, Risk and Compliance (GRC) framework approach to IT Security. Governance provides the oversight role to manage and mitigate IT security risks. Risk management will evaluate all relevant business and regulatory risks and controls and monitor mitigation strategies in a structured manner.</p> <p>The agency began the Cybersecurity project in fiscal year 2018. The initial estimated project cost is \$10.0 million. The initial planned project start and finish dates are May 1, 2018, and August 31, 2019, respectively.</p>
Enterprise Content Management (ECM) project	\$ 4.4	\$ 4.3	83.0%	17	<p>TxDOT's current content management system, approach, and technology are antiquated, exposing the organizations to security risks and liability due to its aged FileNets systems. TxDOT began the Enterprise Content Management Project in FY 2016. The initial estimated project cost was \$18.2 million. According to the agency, SB20 84-R integration has required extensive troubleshooting from DataBank and Onbase. The agency reduced scope, budget and schedule. The project was completed in August 2018.</p>

**Texas Department of Transportation (TxDOT)
Quality Assurance Team (QAT) Highlights - Senate**

TxDOT has nine projects subject to QAT oversight. The five projects below are within budget and on schedule as reported to the Quality Assurance Team.*

Project Name	Project Cost (In Millions)	Expenditures to Date	% Complete	Timeline in Months	Project Status
SiteManager Web Based Upgrade project	\$ 3.0	\$ 0.0	0.0%	17	<p>The SiteManager application is one of the primary tools used in the administration of construction and maintenance projects at TxDOT. The system sustains all aspects of project management, including inspections, contractor payments, materials, and testing requirements.</p> <p>This project converts the older client-based version of SiteManager, Laboratory Inventory Management System (LIMs), and Calibration Management to a web-based application creating a method that is accessible to the statewide divisions of the agency.</p> <p>The agency began the project in fiscal year 2018. The initial estimated project cost is \$3.0 million. The initial planned project start and finish dates are May 31, 2018, and November 15, 2019, respectively.</p>

*Note: These figures reflect all project costs (Capital and Informational) and timelines from self-reported monitoring reports that are sent to the Quality Assurance Team (QAT) for review. QAT includes representatives from the Comptroller of Public Accounts, Department of Information Resources, Legislative Budget Board and the State Auditor’s Office (Advisory Only).