



# Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

June 30, 2009

The Honorable Eliot Shapleigh  
Texas Senate  
P.O. Box 12068  
Austin, Texas 78711-2068

Dear Senator Shapleigh:

Thank you for your call yesterday concerning the Texas Department of Transportation (TxDOT) 2010-2011 Budget. Specifically you asked for an explanation of: how diversions were altered as a result of SB 1, 81<sup>st</sup> Regular Session; how Proposition 12 bonds could be utilized if passed through SB 1, 81<sup>st</sup> First Called Special Session; and if the utilization of these bonds impacts the previous forecast of no new money construction projects by 2012.

Heading into the session there was much discussion about reducing State Highway Fund appropriations for purposes other than transportation. Appropriators were successful in eliminating State Highway Fund appropriations to the Texas Education Agency to support school bus operations. And appropriators eliminated State Highway Funds for the Medicaid program administered by the Health and Human Services Commission. Additionally, the increase in the Department of Public Safety's budget was funded primarily with general revenue.

These and other reductions total \$365 million in 2010-2011 versus the 2008-2009. The total amount of diversions is reduced from \$1.57 billion to \$1.2 billion. However, the State Highway Fund is over appropriated by \$75 million (more is appropriated than what is projected to be generated) and thus only \$290 million is made available to TxDOT from reduced diversions. The increase in Fund 6 made available to TxDOT is offset by a reduction of \$285 million of general revenue appropriated to TxDOT for debt service, thereby resulting in an additional \$5 million over the course of the biennium to the State Highway Fund.

SB 1, 81<sup>st</sup> First Called Special Session, would authorize the issuance of general obligation bonds payable with general revenue. The amount that can be issued is subject to appropriation. TxDOT has been appropriated \$100 million of General Revenue for debt service on \$2 billion in bonds. Of that, \$1 billion is deposited to the Texas Transportation Revolving Fund. The remaining \$1 billion would be distributed throughout 2010 and 2011. In 2010, the department could utilize \$60 million for contracted planning and design, \$90 million for right of way acquisition, and \$250 million for new construction. In 2011, the department could utilize \$600 million of the funds for new construction. From these appropriations, TxDOT can go to contract on \$1.85 billion of projects in the biennium, as long as the payouts on those contracts do not exceed what is appropriated.

THE TEXAS PLAN

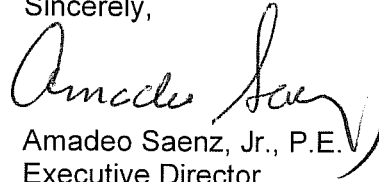
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As stated in the letter from Texas Transportation Commission Chair Deirdre Delisi to Senator John Carona on April 23, 2009, the Texas Association of Metropolitan Planning Organizations and TxDOT, in consultation with the Texas Transportation Institute, estimate transportation expenditures will exceed revenue by 2012 under the current funding scenarios. Even if SB 1 were to pass during the special session, the surrounding circumstances remain the same in relation to added capacity and maintenance needs, as well as the instability of federal funding, and would not impact this estimate.

We truly appreciate your continued interest in transportation and the financing of essential transportation functions for Texas. If you have any questions regarding this information, please feel free to contact me at (512) 305-9501, or should your staff have any questions they may contact Caroline Love, Government and Public Affairs Division, at (512) 463-1965.

Sincerely,



Amadeo Saenz, Jr., P.E.  
Executive Director

cc: The Honorable David Dewhurst, Lieutenant Governor of Texas  
The Honorable John Carona, Chair, Senate Transportation Committee  
The Honorable Steve Ogden, Chair, Senate Finance Committee  
Texas Transportation Commission  
Caroline Love, Government and Public Affairs Division, TxDOT