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

February 12, 2010

The Honorable Rick Perry
Governor's Office
P.O. Box 12428
Austin, Texas 78711

Dear Governor Perry:

Your January 15, 2010, joint letter with the Lieutenant Governor and Speaker of the House, requested that all state agencies submit a plan to identify savings and expenditure reductions totaling five percent of the general revenue and general revenue-dedicated appropriations for the 2010 – 2011 biennium.

I would like to inform you that the Texas Department of Transportation (TxDOT) not only has met this goal but has exceeded reductions targeted to this agency. As such I would ask that you consider TxDOT's submission in response to your request to not only address the responsibilities you place on us on this matter but that the amounts reduced by TxDOT count toward the required reductions of our new sister agency—the Texas Department of Motor Vehicles (TxDMV).

In summary, TxDOT's plan recommends reducing our General Obligation Debt Service Strategy (F.1.1 General Obligation Bonds) by $20,000,000. Please note the biennial general and general revenue-dedicated target amount for TxDOT as provided by the LBB was just under $1,000,000. However, based on current projections we believe we can safely reduce this appropriation by $20,000,000. The amount we are returning is over twenty times that which was asked of us. We have submitted our proposal per the instructions provided by Legislative Budget Board (LBB; see attached).

The targeted amount for TxDMV was approximately $1,600,000. Even modest reductions in the amounts appropriated to TxDMV as a startup agency may have some affect on the delivery of services and raise safety concerns. Again, I would ask that, in this one instance, because TxDOT's reductions in general revenue far exceeded what was asked of us, that the requirements placed on TxDMV to reduce their general revenue expenditures be substituted with, and coupled with, our reductions at this time.

We appreciate and support the desire to curb costs and work towards a more balanced state budget sooner rather than later. If you have any questions or need additional information please contact our Chief Financial Officer, James M. Bass at (512) 305-9507.

Sincerely,

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

Attachment
cc: Lt. Governor David Dewhurst
Speaker Joe Straus, Texas House of Representatives
Mary Katherine Stout, Director of Budget, Planning and Policy, Governor's Office
John O'Brien, Director, Legislative Budget Board
Texas Transportation Commission
James Bass, Chief Financial Officer, TxDOT
Victor Vandergriff, Chair, TxDMV Board
Ed Serna, Executive Director, TxDMV

Agency code: **601** Agency name: **Department of Transportation**

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
1 General Obligation Bonds Debt Service Payments				
Item Comment: The Department will manage the timing and optimize the structure of general obligation bond issuances to minimize the debt service amount to be paid from GR. This will be done in a manner to cause the least amount of disruption in the schedule of the planned projects.				
GENERAL REVENUE FUNDS				
1 General Revenue Fund	$0	$20,000,000		
General Revenue Funds Total	**$0**	**$20,000,000**		
Item Total	**$0**	**$20,000,000**		
Agency General Revenue Total	**$0**	**$20,000,000**		
Agency GR Dedicated Total				
Agency Grand Total	**$0**	**$20,000,000**	**$20,000,000**	**$959,408**

*** - Indicates amount does not meet target requirements.**