

# T E S T I M O N Y

## **MOBILITY ACHIEVEMENTS AND CHALLENGES**

**Testimony Before the  
Texas Senate Committee on State Affairs**

**John W. Johnson**  
Commissioner of Transportation

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***Texas Department of Transportation***

# JOHN W. JOHNSON

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#### INTRODUCTION

The Lieutenant Governor has wisely selected the Senate State Affairs Committee for a momentous task: reviewing the planning for transportation and providing recommendations for improvements and finance. I am John W. Johnson, and it gives me great pleasure as Commissioner of Transportation and Chairman of the Texas Transportation Commission to be invited here today for this hearing. In the next few minutes I will share with you some of our proudest achievements, our greatest challenges, and our thoughts on how we can work together to facilitate implementing the Texas Transportation Plan and addressing the state's transportation funding shortfall.

#### ACHIEVEMENTS

I come before you today representing an agency you can be very proud of. The Texas Department of Transportation (TxDOT) is fully engaged in improving mobility across Texas. Here a few highlights from recent efforts:

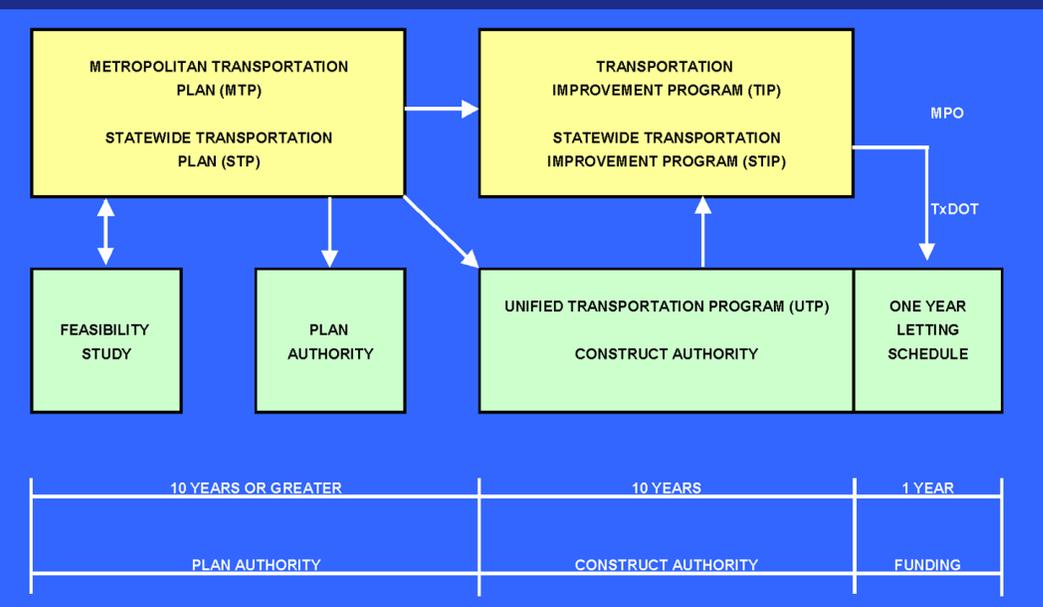
**Process Simplification.** Last interim, the Senate State Affairs Committee reviewed TxDOT's processes and called for simplifying the project selection process. We have taken your recommendations to heart.

The Commission has streamlined the Unified Transportation Program, reducing the number and complexity of categories from 36 to 14 and revising the levels of authority. This should make it easier to manage and more understandable for the general public.

**Record Highway Lettings.** The Fiscal Year 2001 highway lettings exceed \$3.2 billion dollars worth of projects. TxDOT

has some 1200 active state-let highway construction contracts and 6000 projects in the developmental stages.

Figure 1: Simplified Project Selection Process



**Advancement of the Statewide Road Network.** The Commission has placed an emphasis on statewide connectivity, approving an additional 506 miles for the Texas Highway Trunk System for a total of 10,500 miles. All told, TxDOT is responsible for more rural miles of road than the whole country has miles of Interstate Highway.

**Attention to Safety.** The Commission has approved 461 traffic safety projects for FY 2002, amounting to more than \$75 million for this vital effort. TxDOT sponsors traffic safety courses that train over 10,000 state and local officials a year.

**Use of Innovative Financing.** The Texas Transportation Commission has approved \$75 million in loans from the State Infrastructure Bank, giving a boost to more than \$1 billion in needed transportation improvement projects. A technique known as Advance Construction enabled the acceleration of eight projects around the state. Texas has received the largest federal TIFIA loan ever made, \$800 million for the Central Texas Turnpike Project.

**Electronic Government.** TxDOT continues to make its information and processes available to the public 24 hours a day via phone, fax, and the Internet. Hits on TxDOT's website have topped 12 million per month. 83,000 oversize and overweight permits were issued electronically in FY 2000. Electronic processes help the agency with the massive minutiae of conducting business, such as generating the 14,000 payments to vendors from the State Highway Fund in a typical month.

**Using Technology on Congestion.** TxDOT now has six traffic management centers - Austin, Dallas, El Paso, Fort Worth, Houston, San Antonio - to anticipate and address acute congestion incidents. El Paso's TransVista system involves 31 cameras, 13 dynamic message signs, and 163 lane control signals. Texas has 500 miles of roads enhanced through Intelligent Transportation Systems to reduce congestion.

**Air Quality.** TxDOT's fleet of 17,000 pieces of equipment includes 6,000 on-road vehicles powered by propane and natural gas. Natural gas or propane this year will displace more than 50% of our gasoline usage. In May 2001, TxDOT received the Propane "Exceptional Energy" Fleet award at the National Clean Cities Conference, sponsored by the U.S. Department of Energy.

**Enhancing the User Experience.** TxDOT is heavily involved in not just creating and maintaining the transportation network but also in making transportation a more human experience. Since 1991, the Texas Transportation Commission has awarded more than \$2.4 billion in Transportation Enhancement Projects around the state. Each year, TxDOT sows more than 47,000 pounds of wildflower seeds along Texas highways and operates a wildflower hotline that logs more than 5000 calls. The new Laredo Travel Information Center was honored with an Architectural and Heritage Award for Contemporary Architectural Design Incorporating Traditional Elements. Three million people visited travel centers in 2001 - a 5% increase over the previous year.

**Recognition of TxDOT Processes.** \$12 million of TxDOT purchases in FY 2001 were through procurement cards (credit cards). These eliminate the need for petty cash, reduce paperwork, and increase accountability. In February of 2002, the State Auditor issued a report on agencies that use procurement cards and complimented TxDOT's "successful" implementation and "strong system of controls."

**Figure 2: Chronicle Award**



**Recognition by our Customers.** It is a great source of pride that TxDOT receives a steady stream of mail singling out individual employees who go that extra mile to render outstanding public service. Public “thank yous” are more rare, but they do occasionally happen. In what is perhaps the ultimate compliment, someone rented billboard space in Lubbock to thank TxDOT for its work on South Loop 289. And on the lighter side, the readers of the Austin Chronicle voted TxDOT the “Best State Department.”

Also, your successful efforts to create the Texas Mobility Fund should be seen as a success for Texas and a vote of support for mobility that will prove every bit as important as any legislative effort to date.

Figure 3: Lubbock Billboard



## RECENT CHALLENGES

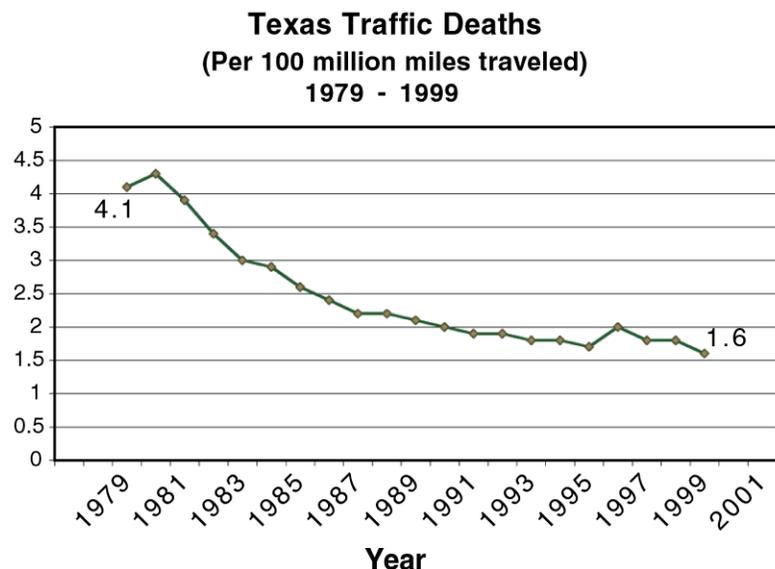
The last year has also been one of significant challenge for the department. A short review reminds us of these events:

**Queen Isabella Causeway.** The Queen Isabella Causeway spans 2.5 miles connecting South Padre Island to the mainland. It is the longest bridge in Texas and serves as the only land link to the South Padre Island. On September 15, 2001, a tugboat pulling several barges struck the Queen Isabella Causeway, which knocked out a 400 ft. section of the bridge. After the tragic incident that closed the Queen Isabella Causeway, TxDOT responded immediately by letting an emergency contract for \$4.3 million. The bridge was opened a month ahead of schedule on November 21, 2001.

**Houston Floods.** In June of 2001, Tropical Storm Allison caused significant damage in five TxDOT districts. We estimate spending \$5.6 million to clean up, with \$5.2 million of that going directly to highway repairs and the rest spent for traffic control, debris removal, flood damaged supplies, repairs to buildings and vehicles, and overtime.

**Terrorism.** The events of last September 11<sup>th</sup> speak directly to infrastructure, involving TxDOT on all fronts. 130 TxDOT employees have been called to military duty. This has raised the importance of a host of issues, including

Figure 4: Texas Traffic Deaths





events such as increased construction lettings, contractor payments, right of way expenses, bond issuance timing, and to a lesser extent revenue failing to meet projections, it has created a cash flow problem. Our cash flow problem is a temporary one — the department has taken steps to return the balance to a comfortable level by early fall. We currently believe that a floor of \$75 million for the lowest average daily balance is prudent; but it is interesting to note that North Carolina hired a consultant to look at their fund balance. The consultant recommended a target closer to \$300 million and also recommended looking at a short-term borrowing capability, which would also be beneficial to Texas.

**Record Project Size and Complexity.** In April of 2001 the Commission let a project for the construction of an interchange at US 75 and Interstate 635 in Dallas. This project, which has its own name - the “High Five” - and its own website, will cost \$260 million. Construction will be phased to allow traffic to flow continuously through the area while work progresses. TxDOT has ten projects that range in size from \$58 million to \$260 million. More attention than ever before is given to all aspects of design and construction -to preserve the environment, protect the workers in the construction zone, and expedite the projects while maintaining traffic flow as much as possible.

**Rising demand levels.** Texas is growing by about 30,000 people per month. There are 168 counties with fewer people than that. It’s the equivalent of adding a Nacogdoches, a Deer Park, a Farmers Branch, a Weslaco, or a Georgetown every month. Still, this rate of growth is meager compared to the growth in transportation usage. Our cities are seeing double-digit increases in traffic delay. Urban Texans are driving more than their counterparts in other states — Houstonians drive 37 miles per day per person, the most of any urbanized area in the country. Austin and Dallas-Fort Worth are in the top five, with San Antonio not far behind. On a race day, 60,000 cars will park at the Texas Motor Speedway alone.

**Performance Measures.** Another finding of the Senate State Affairs Committee’s Interim Report to the last legislature called for establishing acceptable minimum levels of transportation service. TxDOT has an internal system for roadway performance that is the industry standard, involving levels of service A through F. However, this system is not appropriate for use in this context — they speak only to lane vehicle capacity and so provide no guidance for preservation, cost comparisons, safety issues, transit improvements, or alternate routes or modes serving the same customers. It also does not take into account truck vs. car impacts or the different needs of rural roads.

Figure 6: Population and Travel Growth Projections

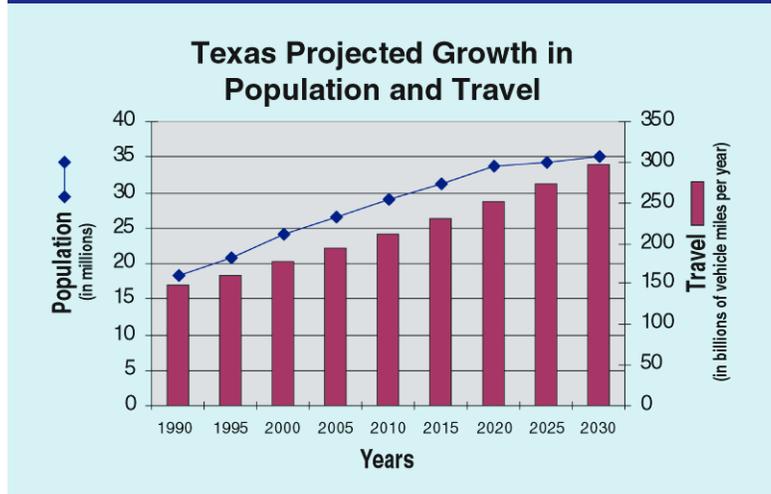


Figure 7: Levels of Service “A” (left) and “F” (right)



The current system of formal performance measurement is a complicated exercise in bean counting and without meaning to the vast majority of transportation system users. To address the issues raised by the Senate State Affairs Committee, I formed the Transportation Working Group and charged it with developing a simpler approach. I would like to see this work incorporated in the Strategic Plan to

enable us to work towards the proposed five objectives: Reliable Mobility, Improved Safety, Responsible Systems Preservation, Streamlined Project Delivery, and Economic Vitality. Each of these has an implementing strategy: enhance mobility so congestion is less than comparable peer U.S. cities; reduce the fatality rate on Texas roadways by five percent within ten years; ensure that 90 percent of Texas' roads and 80 percent of bridges will be in good or better condition within 10 years; speed project delivery by 15 percent within 5 years; and attract and retain businesses and industry

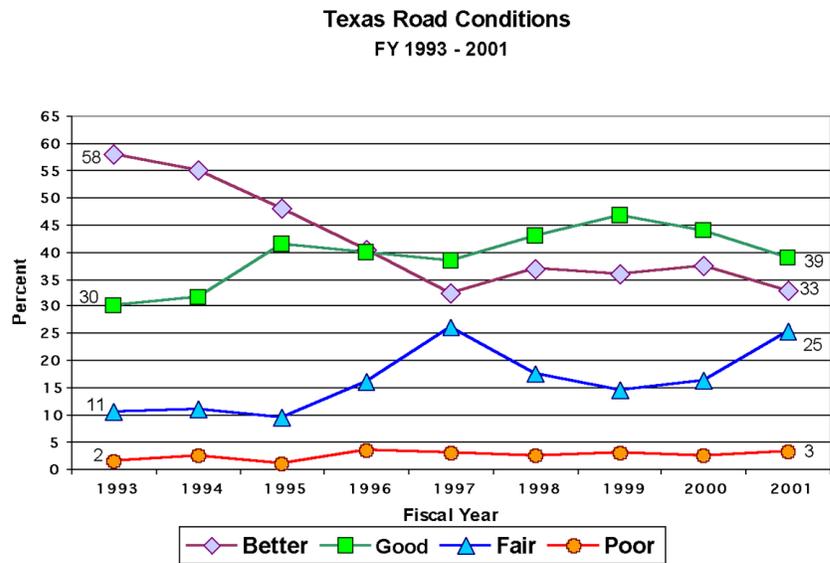
with adequate transportation systems and services. I believe a version of this approach will enable us to work towards the Priority Goal for Texas that Governor Perry has defined: To provide for all of Texas' transportation needs of the new century as a priority goal for Texas.

**Trans Texas Corridor.** On January 30, 2002, Governor Rick Perry challenged the Texas Transportation Commission to assemble the department's best and brightest and prepare a plan implementing his vision for the future of cross-state mobility. We are well on our way to producing such a plan.

**Federal Funding Outlook.** TxDOT is greatly appreciative of the interest the committee has shown in maximizing federal transportation funds coming to Texas. There are two key issues to discuss in this regard. The first involves a possible major reduction in transportation funding to the states, and the second rounds out our discussion of whether Texas is leaving any federal funds on the table.

First, **RABA.** In passing TEA-21, Congress based its authorization levels on estimates of the annual gas and related tax receipts into the Highway Trust Fund through FY 2003. However, to ensure full utilization of the receipts the law created a new mechanism, Revenue Aligned Budget Authority (RABA), to annually compare the original estimates to updated receipt estimates throughout TEA-21's life. Under RABA, the budget authority and obligation levels are adjusted based on changes in revenues. To ensure that the Domestic Discretionary Spending caps do not prevent the use of available revenues, a "firewall" provision was inserted in the Budget Enforcement Act to increase or decrease highway spending each year so that it aligns with Highway Trust Fund receipts. This mechanism is also known as guaranteed spending and has provided \$8.9 billion nationwide in additional authority through FY 2002.

Figure 8: Texas Road Conditions



The US Department of Transportation has advised that revenue to the Highway Trust Fund has fallen \$4.369 billion short of earlier estimates. As a result, for the first time, the application of RABA will have a negative effect on highway program funding. This change will have dramatic consequences for the program. One estimate is that it could result in a reduction of over 150,000 jobs in FY 2004 nationwide. This change could also significantly affect future highway funding by reducing the funding baseline for highways that will be used by Congress as the starting point for the next reauthorization. Starting from a reduced base will make it more difficult to grow the program.

The proposed reduction would create a national drop of roughly \$9 billion in obligation authority from 2002 to 2003. Texas' share would be roughly \$568 Million. Texas' obligation authority in FY 2002 is roughly \$2.1 Billion. TxDOT does not anticipate any negative impacts of this RABA reduction to active projects, but we would anticipate that we wouldn't be able to award \$3 Billion in contracts in 2003 if this comes true. TxDOT has not assigned the proposed reductions to specific projects because the proposal is still subject to debate, revision, and possibly rejection. TxDOT is actively working with the Texas delegation to minimize any "hit."

Second, to address the question of whether Texas is leaving any federal money on the table. If we are eligible for it, we go after it, so the answer from that perspective is no. There are two programs that we are not eligible for but that offer funding for states. Both could be considered controversial in terms of the Texas Legislature.

The first is Section 410 of the federal Traffic Safety Act (23 USC 410), **alcohol-impaired driving programs**. This is incentive funding of \$2.3 million for one year only, to be expended on programs to reduce impaired driving. There are seven criteria for eligibility, of which a state must meet five. Texas meets four and is therefore not eligible for the program.

The three criteria we do not meet can be summed up as license revocation, sobriety checkpoints, and mandatory sentencing.

- License Revocation, actually the time from notification to suspension and revocation of the license. Texas law allows 40 days from the time a person is notified of suspension until actual suspension occurs; to be eligible for 410 funds, the time period must not exceed thirty days.
- Sobriety checkpoints. The state must have a statewide program for stopping motor vehicles.
- Mandatory sentencing. The federal criteria is that the sentence is not subject to suspension or probation. There must be imprisonment of not less than 48 consecutive hours or community service of not less than ten days for any person convicted of DWI more than once in a five year period.

The second program is known as the **National Scenic Byways Program** and is found in 23 USC 131. Texas would have to establish a qualified Scenic Byways program that includes land use provisions, specifically removal of billboards. About \$22 million is available for the whole program, nationwide, in FY 2003, on an 80/20 federal/local match basis. The Transportation Commission looked at the issue in 1996 but public opposition because of private property rights was such that the agency has not adopted a program. The 77<sup>th</sup> Legislature passed Senate Bill 1178, which limits off-premises signs on twelve specific road segments and calls for consideration of preservation and scenery, but does not rise to the level of the federal program.

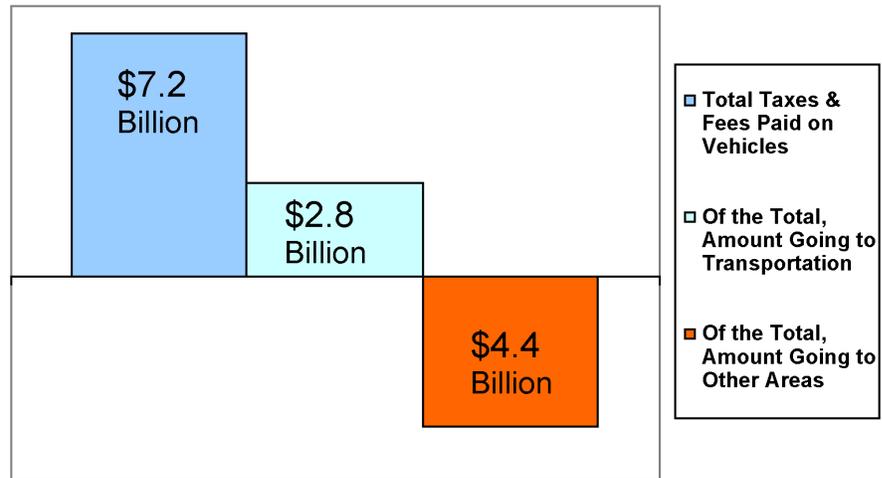
**Other Challenges.** A host of other challenges are part of the daily concerns at TxDOT. According to the Center for Public Policy Priorities, a growing majority of the entry-level jobs most accessible to low income workers are located in outlying suburbs far from the central cities and rural communities where most low-income families live. How can we best use the tools available to us to enable their

participation in economic vitality? Local roads and bridges continue to be a concern, although city and county roads combined carry less than a third of the state’s motor vehicle traffic. The right balance between safety and access for bicycles, a topic of some discussion last session, continues to be a department issue, with aspects being addressed by such efforts as the Safe Routes to Schools program. TxDOT has testified at the committee’s previous hearings about the effects of trucks, and the effects of nonattainment for air quality standards have been well aired.

**POSSIBLE SOLUTIONS**

**Revenue.** The commission is very appreciative for the efforts of the Chair and the committee in maximizing funds available for transportation. The committee’s interim report for the previous legislature specifically calls for restoring motor vehicle inspection fees, driver license fees, and driver record information fees to the State Highway Fund, as well as Fund 6 money used by DPS for non-highway related purposes. Special emphasis was placed on undoing the registration fee for vehicle sales tax switch that was instituted in 1992. And finally, the committee recommended looking at possible benefits from moving the point of collection of motor fuels taxes.

Figure 9: Texas Transportation Fees - 2001



This session, it is our hope that the committee will pick up where it left off by restoring the eroded funds and directing appropriate revenue streams into transportation, where they can be put directly to work for mobility.

Commissioner Robert Nichols will address specific funding possibilities in his testimony during the finance panel.

**OPTIONS TO INCREASE ANNUAL TRANSPORTATION FUNDING**  
**Options for Texas Mobility Fund and Long-term Highway Funding**

**A. Redirect Transportation Fees to Transportation Purposes \$3,151,700,000**

Taxes and fees related to use of the state highway system but directed to General Revenue:

Motor Vehicle Sales and Use Taxes	2,707,000,000
Motor Vehicle Rental Tax	176,500,000
Motor Vehicle Certificates	27,000,000
Personalized License Plate Fees (\$38.50 of \$40.00)	3,200,000
*Motor Vehicle Inspection Fees	67,000,000
*Driver License Fees	122,000,000
*Driver Record Information Fees	49,000,000

\*Program primarily funded by State Highway Fund and assigned to DPS, but revenue generated goes to GR.

- B. 1. Increase the base 2060 Permit rate to \$2,000** **\$36,000,000**  
Cover the added costs imposed by overweight vehicles as determined by TTI research.
- 2. Deposit State Receipts from Oversize/Overweight Permits to the State Highway Fund** **\$25,000,000**  
Oversize/Overweight permits issued by TxDOT generated over \$25 Million for the General Revenue Fund.
- C. Alternate Funding of Aviation Services** **\$61,000,000**  
Dedication or use of existing sales tax on aircraft and aircraft parts could generate \$47 million a year for state airport development grants for local communities. An additional \$14 million could come from related franchise taxes.
- D. Deposit Revenue from DPS Citations** **\$60,000,000**  
Revenue from traffic citations issued by DPS troopers retained by the locality where the traffic violation occurred. DPS trooper salaries are paid from the State Highway Fund, yet the revenue generated is not deposited to the fund.

### Options for Long-term Highway Funding Only

- E. End Registration Fee Subsidy of General Revenue Fund** **\$133,000,000**  
Vehicle Registration Fees equal to 5% of Vehicle Sales Tax have gone to GR since 1992.
- F. 1. One Registration fee for passenger vehicles** **\$160,000,000**  
Change the registration fee for all passenger vehicles, regardless of age, to \$58.80. Vehicles from new to 2 years old now pay \$58.80; 3-5 years, \$50.80; older than 5 years, \$40.80.
- 2. Increase Registration fees for all passenger vehicles** **\$73,000,000**  
Change the registration fee for all passenger vehicles, by adding \$5.00.
- 3. Increase Registration fees for all trucks** **\$23,000,000**  
Change the registration fee for all trucks, regardless of weight, by adding \$5.00.
- G. 1. Increase Diesel Tax Rate to \$0.25/gallon** **\$106,000,000**  
Change only the state diesel fuel tax rate from \$0.20/gallon to \$0.25/gallon. An additional \$35.0M would be added to the Available School Fund.
- 2. Increase the State Motor Fuel Tax Rate to \$0.21/gallon** **\$102,000,000**  
1¢ more state motor fuel tax would add \$102M to the State Highway Fund and \$38M to the Available School Fund.
- H. Alternate Funding of DPS** **\$350,000,000**  
Funds appropriated from the State Highway Fund for use by the Department of Public Safety, including the amount appropriated for DPS employee benefits.
- I. Point of Collection of State Motor Fuel Tax** **\$50,000,000 - \$75,000,000**

## **CONCLUSION**

The Commission, staff, and employees of the Texas Department of Transportation are proud of the accomplishments to date and ready for the challenges ahead. It will take all of us working together to meet the transportation needs of the new century. We are grateful for the interest and assistance provided to date by the Texas Senate State Affairs Committee and look forward to our continued partnership in improving mobility in Texas. Please feel free to contact the department at any time if we can be of service.