

**October 2022
Cash Forecast**



Texas Department of Transportation
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Texas Department of Transportation

Executive Summary

October 2022 Cash Forecast

Executive Summary

Forecasting of revenues, expenditures and resulting fund balances is a critical function of the Texas Department of Transportation (TxDOT). The cash balance of the State Highway Fund (SHF) changes daily. Likewise, the needs of the traveling public and subsequent responsibilities of TxDOT continue to change. TxDOT maintains a primary obligation to the citizens to efficiently construct and maintain the best possible highway system by optimizing the resources available. Therefore, it is important for TxDOT to maintain a method by which revenue sources and expenditure needs can be tied together in an effort to project the future cash flows so that adjustments to project schedules or other cash outlays may be made to maintain reasonable cash balances.

TxDOT monitors cash flows through the cash management process, which is strategically connected with the administrative, accounting, payment management, revenue collection, budgeting, forecasting, letting and planning/programming activities of the department. The forecast is used by appropriate TxDOT decision makers within that process to plan and implement highway construction and maintenance projects and is submitted to the Legislative Budget Board and other state agencies for their use and reference.

The TxDOT Financial Management team meets monthly to review TxDOT's financial status and provide for group discussion and action on issues affecting TxDOT's operations and finances, such as contract letting.

The content of the cash forecast includes historical and projected revenues and expenditures and monthly ending and lowest daily balances for the various funding sources appropriated to TxDOT. The forecast also includes revenue activity from other agencies operating in the SHF. A chart of the actual and projected SHF operating balance is included on page 7 to provide a picture of the cash position at a glance.

Future revenues are projected based on financial analysis that includes historical trends, current statutes, the Comptroller's official revenue estimates, current events and other sources as appropriate. Federal highway reimbursement projections also consider the current highway bill, continuing resolutions, rescissions on obligation authority and apportionment, and other requirements made by the Federal Highway Administration (FHWA) and the Federal government for the use of those funds.

Future expenditures are projected based on budgets established within the framework of the General Appropriations Act (GAA), contract letting amounts in TxDOT's ten-year Unified Transportation Program (UTP), remaining obligations on previously let projects and other relevant data. To account for the effects of inflation, additional programs, legislative changes, etc., the forecast adds a percentage of total expenditures less contractor payments to a growth expenditure line item.

Historical revenue and expenditure data is balanced monthly to the Comptroller's Uniform Statewide Accounting System (USAS) before inclusion in the cash forecast. The total USAS balance in the SHF includes dedicated and obligated funds; therefore, ending balances in the cash forecast that take those into account may differ from the USAS total. For example, State Infrastructure Bank, Concessions, and Regional Toll Revenues (RTRs) are subaccounts within the SHF. These dedicated funds are legally unavailable for general use and subtracted from the SHF balance when determining the operating balance of the fund.

TxDOT forecasts monthly Ending Balances and Lowest Daily Balances to manage SHF cash flow through the budget and letting process and through the use of short-term borrowing. Historically, TxDOT could not borrow funds. The 78th Legislature provided that capability, and TxDOT now manages \$14-\$20 billion in yearly SHF transactions with a goal of maintaining an average daily traditional operating balance below \$100 million. This permits TxDOT to maximize the use of available cash in the SHF while allowing for daily balance swings caused by the timing of revenue and expenditures.

The cash forecast spans multiple funding sources, including the SHF, Texas Mobility Fund Taxes and Fees, SH 121 Toll Project Revenue, SH 130 Concession Funds, SH 288 Concession Funds, SH 161, Proposition 1 Oil and Gas Severance Tax revenue, Proposition 7 Sales and Use Taxes, State Infrastructure Bank (SIB), Federal COVID-19 Pandemic Relief, and General Revenue. The cash forecast considers the restrictions on the use of those funds, timing issues related to cash flow from revenue and expenditures, Federal and state regulations, economic uncertainty, other agency operations in the SHF and many other variables.

The cash forecast makes assumptions when projecting future revenue and expenditures. Notable assumptions and changes from previous forecasts are summarized below.

Assumptions

- Revenue growth per year: Vehicle Registration Fees growth rate of 3.4% for FY2023, 2.5% for FY2024-FY2025 and then blends with the TRENDS model in remaining years. State Motor Fuels Tax growth rate of 1.96% for FY2023-FY2025 which is based on 1.66% growth for gasoline with adjustments in future years for fuel efficiency and changing rates of population growth, while diesel grows at the projected gross state product of 2.78% with both adjusted in future years to blend with the TRENDS model. Lubricant Sales Tax and miscellaneous revenue grow at 1%. Some figures may not exactly match the percentages above due to rounding.
- Other Expansion and Growth increases at 4% annually to account for future increases to TxDOT, inflation, new legislation, etc. The calculation does not include TxDOT payments for highway construction, debt service, design builds, concession agreements or pass-through finance agreements.
- Includes funding from the Infrastructure Investment and Jobs Act (IIJA) enacted by Congress in November 2021. This 5-year federal highway bill applies to federal fiscal years 2022-2026.

Changes from previous Cash Forecast include the following updates:

- Actual revenue and expenditures through September 2022.
- Expenditure projections for both active and future let projects, Pass-Through Finance, CDA, Design-Build, and Toll Equity Projects.
- State and Federal OA motor fuel tax (MFT) adjustments.
- Updated Planning Forecast for the 2024 UTP.

Significant variances from previous Cash Forecast

- N/A

Impact of the projected letting schedule on cash balances

- The current letting schedule, when combined with existing obligations and agency operations, results in a projected SHF ending balance including Proposition 1 and Proposition 7 of approximately \$8.2 billion in FY2023. See page 8.
- TxDOT has approx. \$32.6 billion of active highway contracts of which \$17.6 billion have yet to be paid that are committed against these cash balances.
- Unprecedented increases in Proposition 1 over 227% greater than then 10-year average have increased expected deposits in 2023 adding to current cash balances. TxDOT has accelerated project development and delivery leveraging these funds that will have ongoing payouts to reduce these cash balances over the life of these projects.
- Cash balances help hedge against increases in the Highway Cost Index (HCI), economic uncertainties, and legislative discretion that could impact TxDOT project development and delivery.

**Texas Department of Transportation
Total Project Awards
October 2022 Cash Forecast**

<u>Funding Source</u>	<u>Letting Program</u>				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Forecast	Forecast	Forecast
State Highway Fund ¹	3,923,217,319	4,939,729,421	3,963,264,236	4,299,372,682	4,344,107,974
Texas Mobility Fund Taxes & Fees	9,022,132	8,593,775	44,710,333	6,228,128	-
SH 121	11,917,728	-	6,094,398	-	-
SH 130 - Seg 5 & 6	864,695	-	7,000,000	-	-
SH 161	-	-	4,685,140	-	-
COVID Funds ²	-	6,000,000	179,648,390	-	-
Proposition 1	3,183,129	13,885,000	2,764,650,804	2,997,990,943	1,323,200,000
Proposition 7	2,728,387,722	2,740,136,514	4,589,544,195	3,691,168,209	4,570,004,525
Total Letting	6,676,592,725	7,708,344,710	11,559,597,497	10,994,759,963	10,237,312,499

<u>Funding Source</u>	<u>Non-Traditional Project Awards</u>				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Forecast	Forecast	Forecast
Design Build Projects ³	1,513,539,839	2,231,022,526	296,000,000	-	-
Pass Through Finance Projects ⁴	21,840,000	304,886,030	-	-	-
Total Non-Traditional Letting	1,535,379,839	2,535,908,556	296,000,000	-	-

Grand Total Project Awards	8,211,972,564	10,244,253,266	11,855,597,497	10,994,759,963	10,237,312,499
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Letting is a contract award amount. The letting figures above will have cash expenditures during the year of letting and during future years until the projects are completed. Subsequent pages of this forecast depict the actual and projected cash expenditures resulting from these letting amounts.

(1) Does not include Pass-through Finance projects, Local Bond Sales, Ferry or Right-of-Way letting. Future projects that may ultimately be delivered under the Non-Traditional Project Award or DB processes are included in the Letting Program totals until such time as enough information is available to move them to the appropriate line item. Examples of such projects can be found here:

<http://ftp.dot.state.tx.us/pub/txdot/pfd/strategic-contracts/alt-delivery/db-quarterly-report.pdf>. FY2022-FY2026 includes obligation authority levels from the Infrastructure Investment and Jobs Act passed by Congress in November 2021. Includes \$500 million and \$250 million of federal redistribution in FY2023 and FY2024, respectively.

(2) Congress authorized COVID relief funds under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in March 2021 and SB8, 87th Legislature, (See page 15)

(3) Includes design-build projects that may be delivered under the Comprehensive Development Agreement (CDA) authority. Projects under this classification may be funded by a variety of fund sources including CRRSAA. Prior to contract execution, amounts only include additional Right-of-Way and Engineering Cat 3 allocations for approved design build projects.

(4) Pass-through Finance projects in FY2022 include the 365 Tollway project, which was originally part of the PTF program.

Texas Department of Transportation
Total Expenses
October 2022 Cash Forecast

<u>Expenses</u>	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Research	24,352,635	25,833,447	26,642,665	27,000,000	27,000,000
Engineering	925,505,578	823,606,875	1,133,969,981	1,350,436,618	1,358,768,949
Right-of-Way	750,347,032	663,841,448	845,143,506	856,947,062	913,113,227
Plan	1,700,205,246	1,513,281,769	2,005,756,152	2,234,383,680	2,298,882,176
Build	2,491,254,913	2,370,477,443	3,494,876,531	2,912,035,232	2,324,792,666
Maintain	4,193,105,625	4,012,144,674	4,703,274,282	4,695,680,500	4,699,782,928
Use	222,511,747	216,889,212	214,501,895	194,435,277	189,435,277
Manage	319,142,118	373,889,931	289,509,156	301,387,000	301,385,000
Project Development & Delivery	3,832,663,583	3,864,752,493	5,878,868,425	7,714,882,182	8,125,747,052
Proposition 14 Debt Service	420,635,636	337,766,767	420,149,655	435,158,963	414,241,922
Texas Mobility Fund Debt Service	339,197,237	378,408,641	398,428,089	406,341,005	414,239,272
Proposition 12 Debt Service	277,522,835	283,198,860	282,914,380	275,695,075	271,120,856
Inflation/Additional Programs	-	-	-	183,492,180	379,872,767
Total Expenses	13,796,238,940	13,350,809,790	17,688,278,565	19,353,491,094	19,419,499,916

Funding Source

State Highway Fund ¹	8,935,623,810	8,491,308,644	10,268,858,149	10,295,073,379	10,138,575,888
Texas Mobility Fund - Taxes & Fees ²	466,685,361	420,508,243	605,261,489	539,621,614	521,366,758
SH 121 ³	52,400,239	92,167,052	49,434,242	16,942,923	2,063,258
SH 130 - Seg 5 & 6 ⁴	5,765,667	7,513,433	11,044,666	2,014,677	1,682,090
SH 161 ⁵	33,192,835	-	-	1,348,435	1,125,832
SH 288 ⁶	944,289	1,976,667	-	-	-
Build America Bond Subsidy ⁷	58,639,731	33,046,379	83,869,196	56,316,727	54,621,498
General Revenue	3,520,698	2,666,144	14,220,247	1,938,277	1,938,277
State Infrastructure Bank (SIB) ⁸	58,606,876	31,571,458	50,000,000	150,000,000	150,000,000
COVID Funds ⁹	81,881,139	131,394,106	455,892,150	309,800,771	160,994,347
Proposition 1 ¹	876,332,203	1,061,563,213	1,938,685,537	3,175,950,378	3,152,167,242
Proposition 7 ¹	3,222,646,092	3,077,063,613	4,211,012,889	4,804,483,914	5,234,964,726
Total Funds	13,796,238,940	13,350,778,950	17,688,278,565	19,353,491,094	19,419,499,916

(1) See page 8 of 15 of this forecast for details.

(2) See page 9 of 15 of this forecast for details.

(3) See page 10 of 15 of this forecast for details.

(4) See page 11 of 15 of this forecast for details.

(5) See page 12 of 15 of this forecast for details.

(6) See page 13 of 15 of this forecast for details.

(7) Build America Bond subsidies are tax credit bonds introduced as part of the February 2009 American Recovery and Reinvestment Act (ARRA) and are administered by the Treasury Department. BABs are in use for portions of the Proposition 14, TMF and Proposition 12 bond programs.

(8) See page 14 of 15 of this forecast for details.

(9) See page 15 of 15 of this forecast for details.

Figures do not include TxDOT employee benefits (insurance premiums, Social Security, etc.) paid by other agencies.

**Texas Department of Transportation
Bond Programs - Debt Service
October 2022 Cash Forecast**

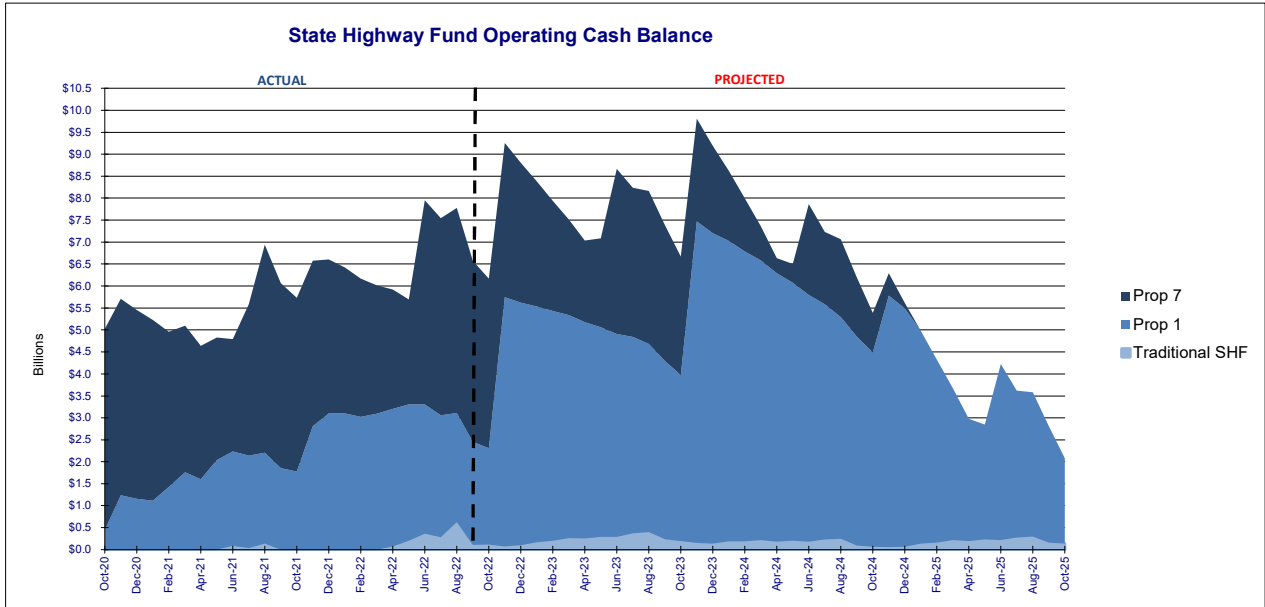
<u>Expenses</u>	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Texas Mobility Fund	339,197,237	378,408,641	398,428,089	406,341,005	414,239,272
Proposition 14	420,635,636	337,766,767	420,149,655	435,158,963	414,241,922
Proposition 12	277,522,835	283,198,859	282,914,380	275,695,075	271,120,856
Total Expenses	1,037,355,708	999,374,267	1,101,492,124	1,117,195,043	1,099,602,050
 <u>Funding Source</u>					
Texas Mobility Fund - Taxes & Fees ¹	317,252,363	367,431,021	365,229,213	384,485,849	392,463,296
Build America Bond Subsidy-TMF ³	21,944,874	10,977,620	33,198,876	21,855,156	21,775,976
TMF Total	339,197,237	378,408,641	398,428,089	406,341,005	414,239,272
State Highway Fund ²	395,148,901	325,022,535	381,563,715	410,840,357	391,132,340
Build America Bond Subsidy-Prop 14 ³	25,486,734	12,744,232	38,585,940	24,318,606	23,109,582
Proposition 14 Total	420,635,636	337,766,767	420,149,655	435,158,963	414,241,922
Proposition 7-Prop 12 ⁴	266,314,713	273,874,333	270,830,000	265,552,110	261,384,916
Build America Bond Subsidy-Prop 12 ³	11,208,122	9,324,527	12,084,380	10,142,965	9,735,941
Proposition 12 Total	277,522,835	283,198,860	282,914,380	275,695,075	271,120,856
Total Funds	1,037,355,708	999,374,268	1,101,492,124	1,117,195,043	1,099,602,050

(1) The Texas Mobility Fund, made up of taxes and fees set aside by statute for that purpose, pays the principal and interest for the Texas Mobility Fund bond program.

(2) The State Highway Fund pays the principal and interest for the Proposition 14 bond program.

(3) Build America Bond subsidies are tax credit bonds introduced as part of the February 2009 American Recovery and Reinvestment Act (ARRA) and are administered by the Treasury Department. BABs are in use for portions of the Proposition 14, TMF and Proposition 12 bond programs.

(4) Proposition 7 funds the principal and interest for the Proposition 12 bond program as per the 2022-2023 General Appropriations Act (GAA). The forecast assumes Proposition 7 will continue to pay all future principal and interest payments for the Proposition 12 bond program.



**State Highway Fund
Operating Cash Balance
as of September 30, 2022**

SHF Cash Balance	\$7,591,568,091
Less Dedicated/Obligated funds:	
State Infrastructure Bank	(360,913,895)
SH 121 Concession	(492,507,836)
SH 130 (Seg. 5 & 6) Concession	(34,240,583)
SH 161 Concession	(5,948,372)
SH 288 Concession	(9,673,055)
NTE Seg 1&2W Concession	(38,302,395)
NTE Seg 3A & 3B Concession	(4,743,378)
I-635 (LBJ) Concession	(21,335,921)
Montgomery County - PTF Escrow Account	(34,140,758)
I-635E - Surplus Toll Revenue Account	(13,276,202)
Operating SHF Cash Balance*	\$6,576,485,695
Less Cash Reserved for Prop 1 & Prop 7 Non-Tolled Project Development & Delivery	
Prop 1	(2,338,210,484)
Prop 7	(4,126,940,700)
Traditional Operating SHF Cash Balance	\$111,334,511
Cash Reserved for Payroll	(85,655,709)
Remaining Balance for Operations	\$25,678,802

*TxDOT has approx. \$32.6 billion of active highway contracts of which \$17.6 billion have yet to be paid that are committed against these cash balances

Texas Department of Transportation
State Highway Fund Operating Account - Cash Forecast
October 2022 Cash Forecast

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Forecast	Forecast	Forecast
Traditional SHF Beginning Cash Balance	(765,304,555)	134,483,534	628,093,155	401,339,424	248,055,032
Proposition 1 Beginning Cash Balance	1,803,618,422	2,070,771,770	2,481,120,015	4,283,289,923	5,046,260,030
Proposition 7 Beginning Cash Balance	5,201,048,839	4,734,615,118	4,666,103,456	3,483,683,548	1,766,217,492
Beginning Balance	6,239,362,706	6,939,870,422	7,775,316,626	8,168,312,894	7,060,532,555
Revenues					
State Gas Tax	2,583,552,413	2,792,142,151	2,846,881,000	2,902,762,000	2,959,810,000
Registration Fees	1,591,792,635	1,601,627,536	1,656,048,000	1,697,449,000	1,739,885,000
FHWA Reimbursements	5,172,274,263	4,162,769,359	5,339,998,851	5,319,327,615	5,253,104,306
Other Fed Reimbursements	185,798,391	184,765,333	183,846,166	190,581,000	190,581,000
Proposition 1 Transfer In	1,133,688,060	1,457,259,515	3,637,494,353	3,802,000,000	1,604,200,000
Proposition 1 Interest	9,797,491	14,651,943	103,361,091	136,920,486	111,965,937
Proposition 7 Transfer In ²	2,737,036,058	2,989,203,826	2,955,938,700	3,044,176,248	3,135,943,298
Proposition 7 Interest	19,176,313	19,348,126	72,654,280	42,841,610	9,197,252
Other	788,702,734	669,476,079	581,073,874	583,616,158	588,135,492
Total Revenues	14,221,818,357	13,891,243,868	17,377,296,316	17,719,674,117	15,592,822,284
Available Funds	20,461,181,063	20,831,114,290	25,152,612,942	25,887,987,011	22,653,354,839
Expenses					
Research	24,352,635	25,833,447	26,642,665	27,000,000	27,000,000
Engineering	903,169,381	806,125,150	1,085,985,206	1,335,436,618	1,343,768,949
Right-of-Way	737,382,895	659,483,700	800,143,506	841,947,062	898,113,227
Plan	1,664,904,911	1,491,442,297	1,912,771,377	2,204,383,680	2,268,882,176
Build	2,224,326,008	2,146,152,070	2,824,628,012	2,342,177,662	1,940,408,677
Maintain	4,193,105,625	4,012,144,674	4,703,274,282	4,695,680,500	4,699,782,928
Use	138,996,246	142,657,138	157,111,607	157,112,000	157,112,000
Manage	319,142,118	373,889,931	289,509,156	301,387,000	301,385,000
Proposition 1 Project Development & Delivery ¹	876,332,203	1,061,563,213	1,938,685,537	3,175,950,378	3,152,167,242
Proposition 7 Project Development & Delivery ¹	2,956,331,380	2,803,189,280	3,940,182,889	4,538,931,803	4,973,579,810
Prop 14 Debt Service	395,148,901	325,022,535	381,563,715	410,840,357	391,132,340
Prop 12 Debt Service from Proposition 7	266,314,713	273,874,333	270,830,000	265,552,110	261,384,916
Inflation/Additional Programs	-	-	-	183,492,180	379,872,767
TxDOT State Highway Fund Total	13,034,602,105	12,629,935,470	16,418,556,575	18,275,507,671	18,525,707,856
Other Agencies and Fund Transfers ³	147,447,773	33,415,443	157,950,000	144,153,785	135,959,000
Other Agencies for TxDOT	339,260,763	392,446,750	407,793,473	407,793,000	407,793,000
Total Expenses	13,521,310,641	13,055,797,664	16,984,300,048	18,827,454,456	19,069,459,856
Ending Balance	6,939,870,422	7,775,316,626	8,168,312,894	7,060,532,555	3,583,894,984
Traditional SHF Ending Cash Balance	134,483,534	628,093,155	401,339,424	248,055,032	297,242,943
Proposition 1 Ending Cash Balance	2,070,771,770	2,481,120,015	4,283,289,923	5,046,260,030	3,610,258,725
Proposition 7 Ending Cash Balance	4,734,615,118	4,666,103,456	3,483,683,548	1,766,217,492	(323,606,684)
Traditional Letting	3,923,217,319	4,939,729,421	3,963,264,236	4,299,372,682	4,344,107,974
Proposition 1 Letting	3,183,129	13,885,000	2,764,650,804	2,997,990,943	1,323,200,000
Proposition 7 Letting	2,728,387,722	2,740,136,514	4,589,544,195	3,691,168,209	4,570,004,525
Design Build Project Awards ⁴	1,513,539,839	1,434,536,972	296,000,000	-	-
Total	8,168,328,010	9,128,287,907	11,613,459,236	10,988,531,835	10,237,312,499

(1) Includes engineering, right-of-way and construction costs.

(2) FY2024 Proposition 1 and FY2023 Proposition 7 transfer projections are from the Comptroller's 2022-2023 Certification Revenue Estimate (CRE), July 2022.

(3) FY 2022 reflects a \$117 million reimbursement from TCEQ for prior year excess transfers.

(4) State assistance for Design Build and Comprehensive Development Agreements to be paid from the State Highway Fund, Proposition 1 and Proposition 7.

Note: Projected revenue is based on current information available at the time of the forecast. Expenditures are based on historical information with adjustments for inflation or other known factors. Future fiscal year expenditures and letting amounts may be adjusted for forecast purposes only, based on available revenue projections. Actual budgets and lettings in those years will depend upon current law and the direction of the Legislature, Transportation Commission and TxDOT Administration.

**Texas Department of Transportation
Texas Mobility Fund - Taxes and Fees
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Forecast	Forecast	Forecast
Beginning Balance	358,699,893	393,001,816	459,642,976	356,816,218	322,882,326
Revenues ¹					
Drivers License Fees	185,919,145	178,704,553	181,280,000	183,999,200	186,759,188
Drivers Record Info Fees	65,050,452	70,829,381	72,401,000	73,125,010	73,856,260
Vehicle Inspection Fees ²	97,447,101	234,462,963	104,315,000	105,358,150	106,411,731
United We Stand	2,270	2,191	2,000	2,000	2,000
Certificate of Title ²	149,291,785	(116,968,390)	-	-	-
Transfer in from SHF ³	-	115,027,559	133,450,000	134,451,000	135,459,000
Motor Carrier Penalties	2,010,357	3,334,130	3,500,000	3,500,000	3,500,000
Interest	1,251,234	1,736,697	7,470,695	5,252,361	4,671,979
Build America Bonds ⁴	21,944,874	10,977,620	33,198,876	21,855,156	21,775,976
Miscellaneous	14,939	20,320	16,036	-	-
Total Revenues	522,932,158	498,127,022	535,633,607	527,542,877	532,436,135
Available	881,632,051	891,128,839	995,276,583	884,359,096	855,318,461
Expenses					
Plan	27,591,864	21,382,577	65,000,000	30,000,000	30,000,000
Build	121,841,133	31,694,645	144,646,641	89,750,765	68,518,462
Use	-	-	30,385,635	35,385,000	30,385,000
Debt Service	339,197,237	378,408,641	398,428,089	406,341,005	414,239,272
Total Expenses	488,630,235	431,485,862	638,460,365	561,476,770	543,142,733
Ending Balance	393,001,816	459,642,976	356,816,218	322,882,326	312,175,727
Lowest Daily Balance ⁵	175,142,190	180,923,671	242,234,507	123,385,326	81,342,424
Letting	9,022,132	8,593,775	44,710,333	6,228,128	-

(1) Future revenue projections are from the Comptroller's 2022-2023 Certification Revenue Estimate (CRE), July 2022.

(2) Reclassification of prior years' fees from Certificate of Title to Vehicle Inspection Fees. See page 8 for corresponding SHF transfer.

(3) Transfer of non-dedicated State Highway Fund to Texas Mobility Fund required per HB 4472, 87th Legislative Session. This transfer replaces the Certificate of Title fees previously deposited directly to the Texas Mobility Fund. FY 2023 and future projections provided by Texas Commission of Environmental Quality (TCEQ).

(4) BUILD AMERICA BONDS:

Build America Bonds are tax credit bonds introduced as part of the February 2009 American Recovery and Reinvestment Act (ARRA) and are administered by the Treasury Department. A Build America Bond (BAB) is a bond issued prior to January 1, 2011 by a state or local entity for governmental purposes (non-private activity purposes) and for which the issuer elects to have the interest on the bond be taxable in return for a federal interest subsidy. Governmental purposes include financing surface transportation projects. Direct Payment BABs allow issuers to receive a subsidy from the federal government equal to 35% of the interest paid to investors for purchasing the bonds. TxDOT issued \$1.2 billion of Direct Payment BABs in Taxable Series 2009A and estimates it will receive \$648 million in interest subsidy. Those direct payments will be used to partially offset the cost of debt service.

(5) TMF RESERVE REQUIREMENTS:

Prior to the issuance of bonds by TxDOT, a certified revenue estimate must be received from the Comptroller that projects the revenue to be received and the balance in the Mobility Fund will be equal to at least 110% of the principal and interest requirements on the obligations, both proposed and outstanding, during each year the obligations will be outstanding. The forecasted additional 10% would be available for any purpose of the TMF. As authorized by law, the Commission has elected to pledge the state's full faith and credit as a backstop on the TMF bonds issued to date. With the full faith credit as a backstop, General Revenue would be used to pay debt service if the revenues of the TMF prove to be insufficient. Debt service payments on fixed rate bonds are made twice a year, April 1 and October 1. Variable rate bonds pay debt service monthly.

While the forecast produces a projected lowest daily balance, that projected balance serves as an internal balance reserve:

- if the funds projected to be in the TMF for future debt service are not available, the TMF would have funds in a reserve to assist in the debt service payment before looking to GR to fund the shortfall;
- for cost escalations due to change orders on funded projects; and,
- to act as a hedge on interest rates for the variable rate bonds. While the interest paid on variable rate bonds has historically been less than that paid on fixed rate bonds, the variable rate bonds are subject to volatility in the rates as they are reset weekly. With balances available and invested the TMF is protected against a possible rise in variable interest rates because the rates earned on investments would also rise and the investment earning would offset any increase in debt service payments.

**Texas Department of Transportation
SH 121 Proceeds
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Beginning Balance	582,445,155	563,983,651	503,608,101	574,419,681	584,235,250
<u>Revenues</u>					
Proceeds ¹	19,447,139	11,165,972	91,289,967	-	-
Interest	5,145,277	10,268,541	16,257,156	13,676,692	14,187,024
Toll Revenue Sharing	9,346,320	10,356,989	12,698,700	13,081,800	17,916,160
Total Revenues	33,938,735	31,791,502	120,245,822	26,758,492	32,103,184
Available	616,383,890	595,775,153	623,853,923	601,178,173	616,338,434
<u>Expenses</u>					
Engineering	1,551,060	(57,352)	8,500,000	-	-
Right-of-Way	6,157,616	399,023	12,500,000	-	-
Plan	7,708,676	341,670	21,000,000	-	-
Build	44,691,563	91,825,381	28,434,242	16,942,923	2,063,258
Total Expenses	52,400,239	92,167,052	49,434,242	16,942,923	2,063,258
Ending Balance	563,983,651	503,608,101	574,419,681	584,235,250	614,275,175
Letting	11,917,728	-	6,094,398	-	-

(1) Proceeds includes repayments from a loan made from SH 121 funds to NTTA for early retirement of a SIB loan.

The ongoing project selection and letting process in conjunction with the MPO will ensure that actual expenditures remain within, and fully utilize, the available funds. As the selections are refined, future forecasts will be adjusted.

**Texas Department of Transportation
SH 130 (Segments 5 & 6) Proceeds
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Beginning Balance	36,103,308	35,321,923	34,778,324	31,123,364	36,734,601
<u>Revenues</u>					
Proceeds	1,218,477	2,186,146	2,067,964	2,142,825	2,220,395
Interest	2,284,180	2,253,669	2,780,925	2,729,831	2,794,716
Toll Revenue Sharing	1,481,625	2,530,019	2,540,816	2,753,259	2,980,529
Total Revenues	4,984,283	6,969,834	7,389,706	7,625,914	7,995,640
Available	41,087,590	42,291,757	42,168,030	38,749,278	44,730,241
<u>Expenses</u>					
Engineering	-	-	-	-	-
Right-of-Way	-	-	-	-	-
Plan	-	-	-	-	-
Build	1,703,616	-	44,666	2,014,677	1,682,090
Maintain	-	-	-	-	-
Use	4,062,051	7,513,433	11,000,000	-	-
Manage	-	-	-	-	-
Total Expenses	5,765,667	7,513,433	11,044,666	2,014,677	1,682,090
Ending Balance	35,321,923	34,778,324	31,123,364	36,734,601	43,048,151
Letting	864,695	-	7,000,000	-	-

Specific projects that will fully utilize this funding have not been identified. As projects are identified, the timing of letting amounts and resulting expenditures may change.

The ongoing project selection and letting process in conjunction with the MPO will ensure that actual expenditures remain within, and fully utilize, the available funds. As the selections are refined, future forecasts will be adjusted.

**Texas Department of Transportation
SH 161 Proceeds
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Beginning Balance	38,968,952	5,940,319	5,969,836	6,109,865	4,892,137
<u>Revenues</u>					
Proceeds	-	(206)	-	-	-
Interest	164,202	29,723	140,029	130,707	104,649
Total Revenues	164,202	29,517	140,029	130,707	104,649
Available	39,133,153	5,969,836	6,109,865	6,240,572	4,996,787
<u>Expenses</u>					
Engineering	(206)	-	-	-	-
Right-of-Way	-	-	-	-	-
Plan	(206)	-	-	-	-
Build	33,193,040	-	-	1,348,435	1,125,832
Total Expenses	33,192,835	-	-	1,348,435	1,125,832
Ending Balance	5,940,319	5,969,836	6,109,865	4,892,137	3,870,954
Letting	-	-	4,685,140	-	-

Specific projects that will fully utilize this funding have not been identified. As projects are identified, they will be added to estimated letting and expenditures.

**Texas Department of Transportation
SH 288 Proceeds
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021 Actual	FY 2022 Actual	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast
Beginning Balance	12,351,862	11,381,326	9,800,469	9,885,518	10,122,621
<u>Revenues</u>					
Proceeds	(73,633)	342,934	(143,398)	-	-
Interest	47,385	52,877	228,447	237,103	242,790
Total Revenues	(26,248)	395,811	85,049	237,103	242,790
Available	12,325,614	11,777,136	9,885,518	10,122,621	10,365,411
<u>Expenses</u>					
Engineering	-	-	-	-	-
Right-of-Way	-	-	-	-	-
Plan	-	-	-	-	-
Build	944,289	1,976,667	-	-	-
Total Expenses	944,289	1,976,667	-	-	-
Ending Balance	11,381,326	9,800,469	9,885,518	10,122,621	10,365,411

Specific projects that will fully utilize this funding have not been identified. As projects are identified, they will be added to estimated letting and expenditures.

**Texas Department of Transportation
State Infrastructure Bank
October 2022 Cash Forecast**

	<u>Base Case</u>				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Actual	Actual	Forecast	Forecast	Forecast
Beginning Balance	384,294,932	382,707,119	386,209,912	355,887,264	225,333,187
<u>Revenues</u>					
Loan Reimbursement	55,180,035	33,144,396	11,058,549	10,809,872	9,839,335
Interest	1,839,028	1,929,854	8,618,802	8,636,051	5,490,387
Total Revenues	57,019,063	35,074,251	19,677,351	19,445,923	15,329,722
Available	441,313,995	417,781,370	405,887,264	375,333,187	240,662,909
<u>Expenses</u>					
Engineering	-	-	-	-	-
Right-of-Way	-	-	-	-	-
Plan	-	-	-	-	-
Build ¹	58,606,876	31,571,458	50,000,000	150,000,000	150,000,000
Total Expenses	58,606,876	31,571,458	50,000,000	150,000,000	150,000,000
Ending Balance	382,707,119	386,209,912	355,887,264	225,333,187	90,662,909

(1) Projected SIB loans include approved loans, loans with applications, and expected to be applied for in the near term.

**Texas Department of Transportation
Federal COVID-19 Pandemic Relief Fund 0325 ¹
October 2022 Cash Forecast**

		<u>Base Case</u>				
		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
		Actual	Actual	Forecast	Forecast	Forecast
Beginning Balance		-	558,033	17,290,215	-	-
<u>Revenues</u>						
	Other Federal Reimbursements	82,439,172	148,126,288	438,601,935	309,800,771	160,994,347
Total Revenues		82,439,172	148,126,288	438,601,935	309,800,771	160,994,347
Available		82,439,172	148,684,321	455,892,150	309,800,771	160,994,347
<u>Expenses</u>						
	Engineering	-	115,225	6,984,775	-	-
	Right-of-Way	-	-	-	-	-
	Plan	-	115,225	6,984,775	-	-
	Build	4,308,071	66,427,498	434,840,999	309,800,771	160,994,347
	Use	77,573,068	64,851,383	14,066,376	-	-
Total Expenses		81,881,139	131,394,106	455,892,150	309,800,771	160,994,347
Ending Balance		558,033	17,290,215	-	-	-
	Letting	-	6,000,000	179,648,390	-	-
	Design Build Project Awards	-	796,485,554	-	-	-

(1) Projected expenditures and related reimbursements provided by federal COVID relief funds, under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP) Act.

**Texas Department of Transportation
Total Awards - Planning Forecast
September 12, 2022**

BASELINE	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast	FY 2033 Forecast
Traditional SHF ¹	4,299,372,682	4,344,107,974	4,398,672,030	2,904,776,404	2,987,721,571	3,071,101,104	3,145,435,311	3,206,151,082	3,281,008,018	3,472,962,726
Proposition 1 ²	2,997,990,943	1,323,200,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000
Proposition 7 ³	3,691,168,209	4,570,004,525	2,091,249,118	2,260,236,944	2,347,908,740	1,788,657,088	1,344,523,370	(0)	(0)	-
Total Project Awards	10,988,531,834	10,237,312,499	7,773,281,148	6,448,373,348	6,618,990,311	6,143,118,192	5,773,318,681	4,489,511,082	4,564,368,018	4,756,322,726

Planning Forecast

BASELINE + Additional Funding	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	FY 2031 Forecast	FY 2032 Forecast	FY 2033 Forecast
Traditional SHF ¹	4,479,372,682	4,624,107,974	4,678,672,030	4,615,228,435	4,675,713,440	4,424,807,541	4,448,400,489	4,454,152,612	4,473,676,343	4,670,866,051
Texas Mobility Fund ⁴	1,000,000,000	1,000,000,000	-	-	-	-	-	-	-	-
Proposition 1 ²	2,997,990,943	1,828,240,000	1,788,400,000	1,788,400,000	1,788,400,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000	1,283,360,000
Proposition 7 ³	3,691,168,209	4,570,004,525	2,091,249,117	2,260,236,944	2,347,908,741	2,028,078,713	2,498,827,444	2,343,637,944	2,032,913,329	1,997,766,429
Total Project Awards	12,168,531,834	12,022,352,499	8,558,321,147	8,663,865,380	8,812,022,181	7,736,246,254	8,230,587,933	8,081,150,556	7,789,949,672	7,951,992,480

Subject to change dependent upon legislative direction.

For the purposes of this Planning forecast:

¹ Baseline cash forecast includes \$250 million of federal redistribution in FY2024 and estimated federal funds levels from the Infrastructure Investment and Jobs Act (IIJA) for years FY2024-FY2026. Planning forecast includes estimated federal redistribution of \$400 million in FY2024 and \$250 million in FY 2025-FY2028. The Planning Forecast assumes that estimated IIJA obligation authority FY2026 levels are maintained thru FY2033. Approximately 77.5% of those federal funds are allocated towards project awards (lettings). For planning purposes, \$30 million of discretionary funding is included thru FY2028.

² The FY2024 transfer was projected based on the FY2023 oil and natural gas production revenue levels from the Comptroller's July 2022 Certification Revenue Estimate (CRE) Revision. Proposition 1 transfers are contingent on future oil and gas production tax revenue levels as well as possible future legislative action. FY2025-FY2028 were estimated based on a five year average of actual and potential transfers (FY2020-FY2024), and excluding the highest/lowest transfers within that five year period. FY2028-FY2033 applies the same projection methodology but using a ten year average (2015-2024). (Eighty percent of transfers are shown as available for letting. Proposition 1 transfers are set to expire in FY2035 pursuant to SB 962, 86th Legislature.

³ Proposition 7 projections for Sales & Use taxes and Motor Vehicle Sales (MVST) taxes are based on the Comptroller's July 2022 CRE revised estimates. Currently, pending additional Legislative action, the MVST portion of Proposition 7 is scheduled to expire in FY2029 and Sales & Use taxes in FY2032. However, the Planning Forecast assumes these revenue sources will continue through FY2033 for planning purposes only.

⁴ Estimated Texas Mobility Fund bond proceeds (HB 2219, 87th Legislature).

Letting is a contract award amount. The letting figures above will have cash expenditures during the year of letting and during future years until the projects are completed. Those expenditure projections are not included on this page. Category 3 allocations for local funds, regional toll revenue, and port access improvements are not included above.