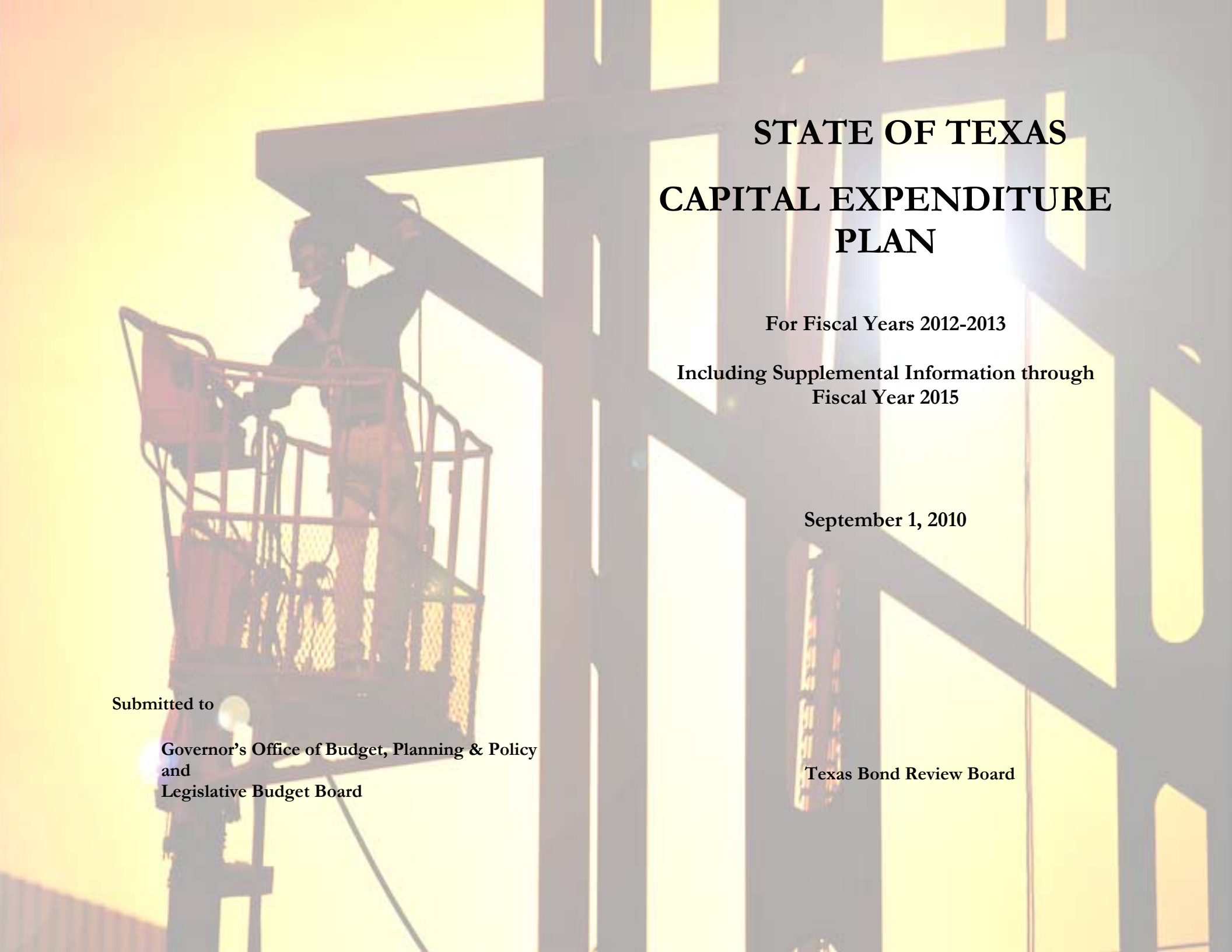


STATE OF TEXAS

CAPITAL EXPENDITURE PLAN

For Fiscal Years 2012-2013

Including Supplemental Information through Fiscal Year 2015

September 1, 2010

Submitted to

Governor's Office of Budget, Planning & Policy
and
Legislative Budget Board

Texas Bond Review Board

TEXAS BOND REVIEW BOARD

Fiscal Years 2011-2015
CAPITAL PLANNING ANALYSIS AND OVERVIEW

Capital Planning Review and Approval Process

Senate Bill 1, Article IX, Section 11.02 of the 81st Legislature directed the Texas Bond Review Board (BRB) to produce the state's Capital Expenditure Plan (CEP) for the 2012-2013 fiscal biennium.

The legislation specifies that all state agencies and higher educational institutions appropriated funds by the General Appropriations Act (GAA) are required to report capital planning information for projects that fall within the following four specific project areas: (1) acquisition of land and other real property; (2) construction of buildings and facilities; (3) renovations of buildings and other facilities estimated to exceed $1 million for a single state agency or institution of higher education; and (4) major information resources projects estimated to exceed $1 million. In previous reports, the BRB requested that all planned expenditures exceeding $250,000 must be reported, but the threshold was adjusted to $1 million in 2006 for future reports.

The BRB developed program guidelines, instructions and a formal process for submission of capital projects based on the legislative mandate with the assistance of various state agencies including the Governor's Office of Budget, Planning & Policy (GOBPP), Legislative Budget Board (LBB), Texas Higher Education Coordinating Board (THECB), Texas Facilities Commission (TFC) and agency input from BRB staff.

From a budgetary and capital planning standpoint, a number of state agencies work together to coordinate the budgetary and capital reporting and approval process for state agencies. They include the GOBPP, LBB, THECB, TFC, Comptroller of Public Accounts (CPA), House Committee on Appropriations (HAC) and Senate Finance Committee (SFC).

The legislature defines the types of projects and cost thresholds to be reported in the CEP. The BRB coordinates the submission of capital projects for the CEP, develops the report and determines the effect of the additional capital requests on the state's budget and debt capacity. The completed plan is then provided to the GOBPP and the LBB to develop recommended appropriations to the legislature. The GOBPP and LBB also assess short-term and long-term budget needs. Through HAC and SFC, the legislature makes the final decisions on projects to be funded for the two-year biennial period. Approved capital and operating budgets are integrated into the GAA that authorizes specific debt issuance for capital projects.

Through the capital budgeting process, capital projects are approved for the two-year biennial period (2012-2013). However, the CEP reports on the preceding year (2011) and the remaining two out years (2014-2015) for identifying long-term needs of the state and for future planning purposes.

Inventory Control of Capital Assets

Individual state agencies and institutions of higher education maintain capital inventory listings on an annual basis. In addition to the CEP, the biennial report *The Facilities Master Plan* produced by TFC addresses current and projected office inventory and space needs as well as methods for meeting those needs in a cost-effective manner. This report is also used to assist with the development of appropriation requests in the state's budget cycle. Decisions on whether facilities should be purchased, constructed, sold, renovated or leased are supported in this document. The process also assesses capacity and determines the best use for existing facilities.

Additionally, the state maintains a complete inventory of capital assets for all state agencies that is updated annually. The CPA collects information provided by each reporting entity through the State Property Accounting System, and the State Auditor's Office monitors inventory and asset control systems as part of its management control and performance audits.

The THECB maintains a *Facilities Inventory* for institutions of higher education and identifies available square footage as well as the replacement value for that space. State institutions of higher education are also required to report annually to the THECB information on planned construction projects and deferred maintenance. The THECB uses this information to produce a five-year *Campus Master Plan* document which guides the agency in its evaluation and approval of campus construction and land acquisition projects.

Capital Expenditure Plan for 2012-2013

The CEP is divided into two main parts:

Part One compiles the data submitted by the agencies and institutions of higher education and presents them in four ways:

- Functional Area;
- Categories of Expenditures;
- Sources of Funding; and
- Debt Financing by Functional Area.

Part Two gives an overview of Texas' state debt and its general obligation ratings.

This report is meant to serve as a general overview of the data received from the reporting agencies. A searchable database that offers detail on specific projects is available online on the BRB's website at http://www.brb.state.tx.us/capital/capital.aspx.

In developing the CEP for the 2012-2013 biennium with supplemental information through 2015, the BRB received information from 79 state entities and institutions of higher education reporting 970 capital project request submissions totaling $47.03 billion through fiscal year 2015 and beyond. Of that amount, the CEP reports an estimated $9.49 billion in expenditures in FY2011, $9.11 billion in FY2012, $8.37 billion in FY2013, $7.90 billion in FY2014 and $12.16 billion in FY2015 and beyond.

It is important to note that of the 970 projects submitted for the 2012-2013 biennium, the Texas Department of Public Safety (DPS) reported nine projects without project cost estimates. DPS is waiting for TFC to provide a cost analysis for these projects that is due in late December or early January 2011, but costs for each were set at the minimum threshold amount of $1 million so each would be included in this CEP. Actual costs are expected to be higher.

Project Name	**Category**
Headquarters Security Fence	Infrastructure
El Paso Regional Headquarters	Land Acquisition
San Antonio Regional Headquarters	Land Acquisition
Lease Capture for new FTE's	Leased Space
El Paso Regional Headquarters	New Construction
San Antonio Regional Headquarters	New Construction
Tactical Training Center/Dorm	New Construction
Renovation of Training Academy	Repair and Renovation
Repairs and Rehabilitation (Deferred Maintenance)	Repair and Renovation

Anticipated total expenditures were $20.51 billion in the 2010-2011 CEP as compared to $47.03 billion in the 2012-2013 CEP, an increase of $26.51 billion (129.3%). TxDOT accounts for $25.72 billion (54.7%) of the increase, primarily as a result of new road projects that had not been detailed in previous CEP reports. (In the past TxDOT had aligned its CEP reporting with its LAR which did not include new road projects.) The remaining increase is attributable to pre-existing projects that were postponed due to lack of funds.

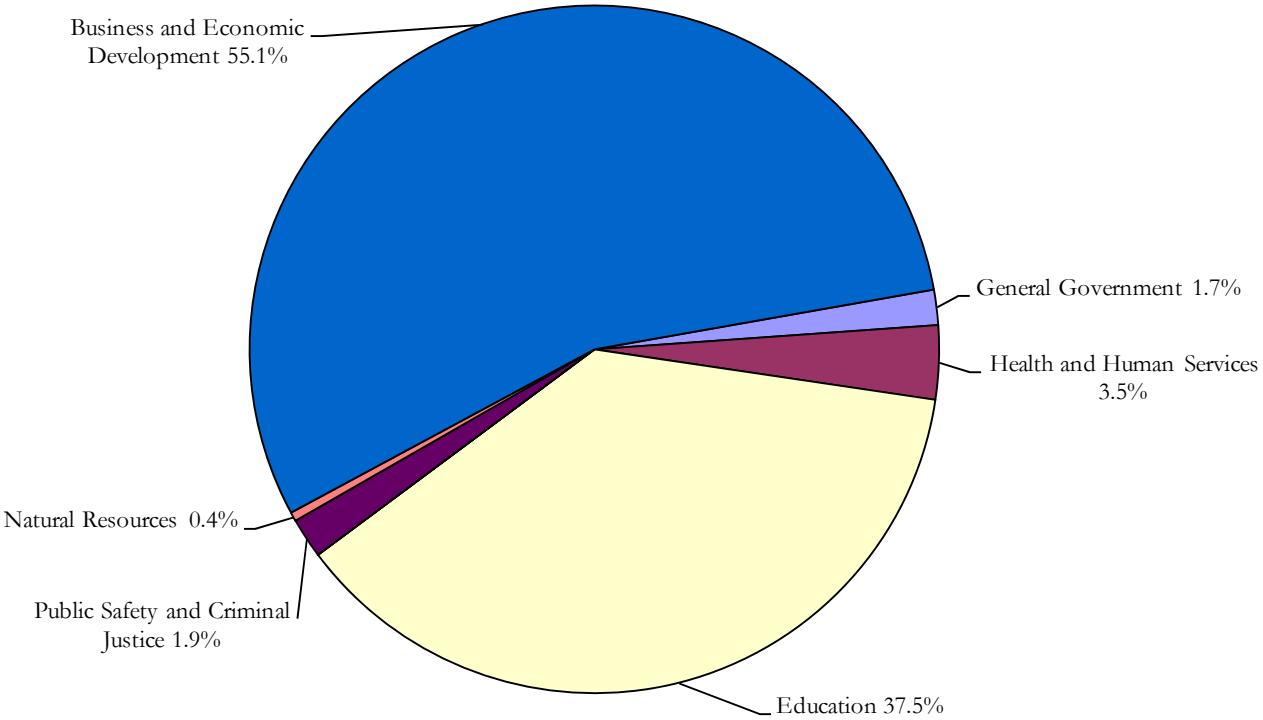
Functional Areas of Government

The state's GAA separates Texas state agencies and institutions of higher education into eight different "Articles" that group government agencies into functional units. Two government functional areas reported 92.6 percent of the planned capital expenditures for FY2011-2015 reporting period. Business and Economic Development which includes TxDOT, accounts for the largest portion of expenditures at 55.1 percent while Education comprises 37.5 percent of the total anticipated expenditures.

The following table and chart groups the planned capital expenditures by functional area.

Functional area	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures	% of Total
General Government	$65,009,691	$84,015,697	$64,573,826	$59,868,488	$503,316,234	$776,783,936	1.7%
Health and Human Services	539,061,375	241,240,766	238,778,755	234,833,267	375,740,170	1,629,654,333	3.5%
Education	1,327,138,769	2,457,533,633	3,239,411,429	3,378,377,597	7,225,976,269	17,628,437,697	37.5%
The Judiciary	-	1,253,800	-	-	-	1,253,800	0.0%
Public Safety and Criminal Justice	302,804,068	150,521,178	111,404,228	67,705,371	254,151,311	886,586,156	1.9%
Natural Resources	125,110,965	25,332,793	21,082,179	17,103,803	12,149,398	200,779,138	0.4%
Business and Economic Development	7,130,358,555	6,150,515,645	4,691,100,451	4,142,398,132	3,788,026,841	25,902,399,624	55.1%
Regulatory	-	-	-	-	-	-	0.0%
Total	**$9,489,483,423**	**$9,110,413,512**	**$8,366,350,868**	**$7,900,286,658**	**$12,159,360,223**	**$47,025,894,684**	**100.0%**

State of Texas
Capital Expenditures by Functional Areas of Government
Total Anticipated Expenditures $47,025,894,684



Categories of Expenditures

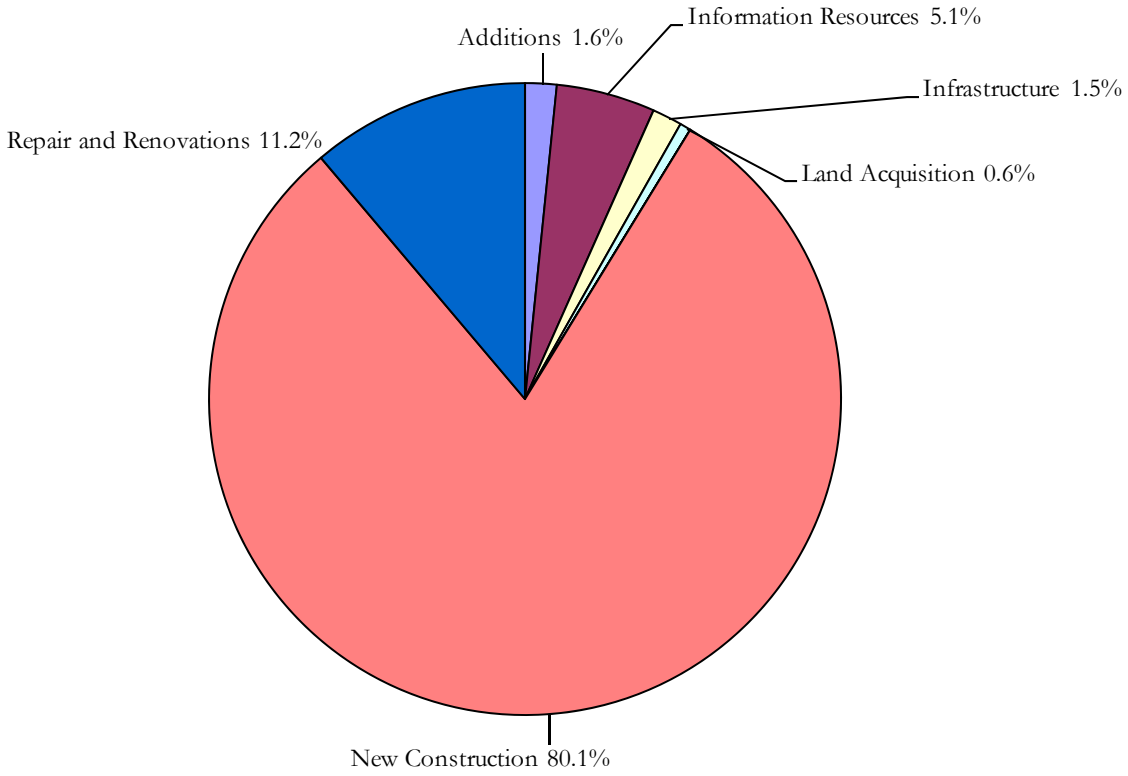
State agencies are required to report planned capital expenditures by categories as shown in the table below. New Construction is the largest category for the FY2011-2015 reporting period, accounting for 80.1 percent followed by Repair and Renovations at 11.2 percent. These two categories account for 91.3 percent of the total planned capital expenditures.

The New Construction category only captures the estimated amount of funds needed to complete each anticipated project but does not account for additional maintenance and operation costs after project completion.

Category	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Category Expenditures	% of Total
Additions	$24,100,000	$71,620,000	$194,025,000	$216,943,750	$250,285,000	$756,973,750	1.6%
Information Resources	736,508,906	466,146,129	389,565,671	329,272,329	456,939,488	2,378,432,523	5.1%
Infrastructure	112,966,722	186,343,043	159,728,228	75,212,426	182,525,132	716,775,551	1.5%
Land Acquisition	51,683,752	56,584,030	29,606,330	21,268,130	108,278,970	267,421,212	0.6%
Leased Space	-	500,000	500,000	-	-	-	0.0%
New Construction	7,972,561,326	7,685,252,553	6,920,592,590	6,623,128,083	8,447,250,652	37,648,785,204	80.1%
Repair and Renovations	591,662,717	643,967,757	672,333,049	634,461,940	2,714,080,981	5,256,506,444	11.2%
Total	**$9,489,483,423**	**$9,110,413,512**	**$8,366,350,868**	**$7,900,286,658**	**$12,159,360,223**	**$47,025,894,684**	**100.0%**

State of Texas
Capital Expenditures by Category of Expenditure

Total Anticipated Expenditures $47,025,894,684



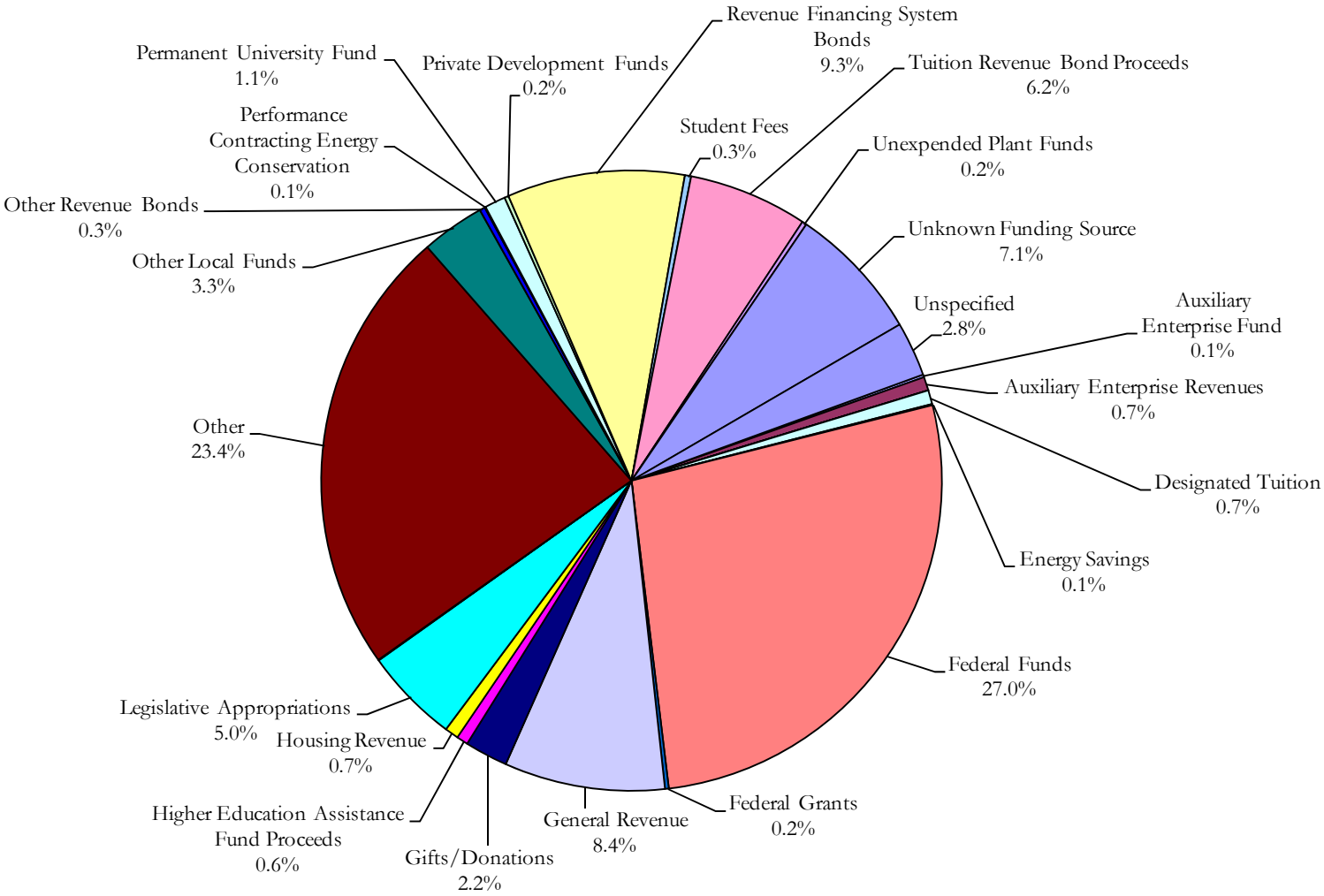
Sources of Funding

State agencies and institutions of higher education reported 25 funding sources to pay for their capital projects. Federal Funds comprised the largest portion of funding at 27.0 percent, 9 times the amount reported for FY2010-2011. The Other fund source category which includes sources such as student fees, indirect cost recoveries, institutional funds and hospital funds is the second largest source of funds for capital planning at 23.4 percent. Revenue Financing System Bonds comprised the third largest category at 9.3 percent.

Source Funds	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Source Funds Total	% of Total
Auxiliary Enterprise Fund	$9,411,408	$6,265,000	$14,437,592	$5,500,000	$31,500,000	$67,114,000	0.1%
Auxiliary Enterprise Revenues	24,833,114	53,383,125	53,708,000	55,627,500	144,950,000	332,501,739	0.7%
Available University Fund	-	2,000,000	-	-	-	2,000,000	0.0%
Designated Tuition	68,012,000	95,507,000	42,914,000	29,485,000	105,379,000	341,297,000	0.7%
Energy Savings	6,750,000	4,250,000	10,000,000	-	10,000,000	31,000,000	0.1%
Federal Funds	2,564,693,941	2,655,434,609	2,516,082,705	2,370,496,020	2,586,872,059	12,693,579,335	27.0%
Federal Grants	26,050,000	37,725,577	25,688,100	297,900	2,500,000	92,261,577	0.2%
General Revenue	1,983,335,156	928,942,150	521,285,567	322,126,281	176,726,022	3,932,415,176	8.4%
Gifts/Donations	75,204,506	193,248,210	124,634,003	146,428,000	516,370,000	1,055,884,719	2.2%
Higher Education Assistance Fund	69,612,950	55,419,255	43,662,107	37,506,530	74,468,667	280,669,509	0.6%
Housing Revenue	44,700,000	13,928,500	16,238,000	42,450,000	219,170,450	336,486,950	0.7%
Legislative Appropriations	546,431,112	367,104,794	317,811,762	233,511,140	867,749,032	2,332,607,840	5.0%
Master Lease Purchase Program	3,341,678	3,323,811	3,305,052	3,285,354	3,264,671	16,520,566	0.0%
Other	3,200,010,600	2,852,267,662	1,895,100,793	1,686,220,266	1,357,272,170	10,990,871,491	23.4%
Other Local Funds	165,350,000	206,579,408	256,200,000	274,500,000	653,371,800	1,556,001,208	3.3%
Other Revenue Bonds	29,658,228	10,500,000	28,650,000	20,450,000	43,000,000	132,258,228	0.3%
Performance Contracting Energy Conservation	4,000,000	3,500,000	-	8,000,000	8,000,000	23,500,000	0.1%
Permanent University Fund	75,116,970	55,166,969	55,810,000	108,360,000	216,760,000	511,213,939	1.1%
Private Development Fund	30,000,000	32,500,000	4,405,000	11,055,000	22,000,000	99,960,000	0.2%
Revenue Financing System Bonds	214,945,000	671,715,256	946,729,539	1,014,495,000	1,502,231,550	4,350,116,345	9.3%
Student Fees	19,225,000	5,250,000	58,125,000	67,000,000	3,585,009	153,185,009	0.3%
Tuition Revenue Bond Proceeds	167,490,823	394,730,573	712,092,430	764,638,076	877,661,823	2,916,613,725	6.2%
Unexpended Plant Funds	30,717,079	32,597,583	28,778,888	13,150,000	7,000,000	112,243,550	0.2%
Unknown Funding Source	50,400,000	228,880,000	365,033,000	320,121,750	2,366,682,000	3,331,116,750	7.1%
Unspecified	80,193,858	200,194,030	325,659,330	365,582,841	362,845,970	1,334,476,029	2.8%
Total	**$9,489,483,423**	**$9,110,413,512**	**$8,366,350,868**	**$7,900,286,658**	**$12,159,360,223**	**$47,025,894,684**	**100.0%**

State of Texas Sources of Funding for Capital Expenditures

Total Anticipated Expenditures $47,025,894,684



The following table lists the Source Funds with the largest increases for the 2012-2013 biennium compared to the 2010-2011 biennium:

Source Funds	FY2010-2011	FY2012-2013	% Increase
Federal Funds	$641,793,706	$12,693,579,335	1,877.8%
General Revenue	586,771,108	3,932,415,176	570.2%
Unexpended Plant Funds	19,222,408	112,243,550	483.9%
Other	3,270,564,017	10,990,871,491	236.1%
Designated Tuition	219,463,000	341,297,000	55.5%
Legislative Appropriations	1,717,288,823	2,332,607,840	35.8%
Total	**$6,455,103,062**	**$30,403,014,392**	**371.0%**

General Revenue & Federal Funds

Anticipated expenditures from General Revenue (GR) increased by $3.35 billion (570.2%) from $586.8 million in the 2010-2011 CEP to $3.93 billion in the 2012-2013 biennium. This increase is due to the addition of TxDOT's expenditures for new road projects that account for $2.96 billion (75.3%) of anticipated GR expenditures. State agencies accounted for $3.75 billion (95.4%) of anticipated GR expenditures and institutions of higher education accounted for $181.7 million (4.6%). Additionally, TxDOT expects to fund its future road projects with approximately $11.97 billion in federal funds as compared to $641.8 million reported in the 2010-2011 CEP. This accounts for most of the increase of $12.05 billion (1877.8%) in use of federal funds to $12.69 billion reported for the 2012-2013 biennium.

Legislative Appropriations

Anticipated expenditures from Legislative Appropriations increased $606.3 million (35.8%) from $1.72 billion reported in the 2010-2011 CEP to $2.33 billion reported for the 2012-2013 biennium. Thirteen state agencies and institutions of higher education submitted project costs requiring Legislative Appropriations with the Department of Criminal Justice, the Department of Public Safety, Building and Procurement Commission and the Historical Commission representing $1.30 billion (55.7%) of the total $2.33 billion.

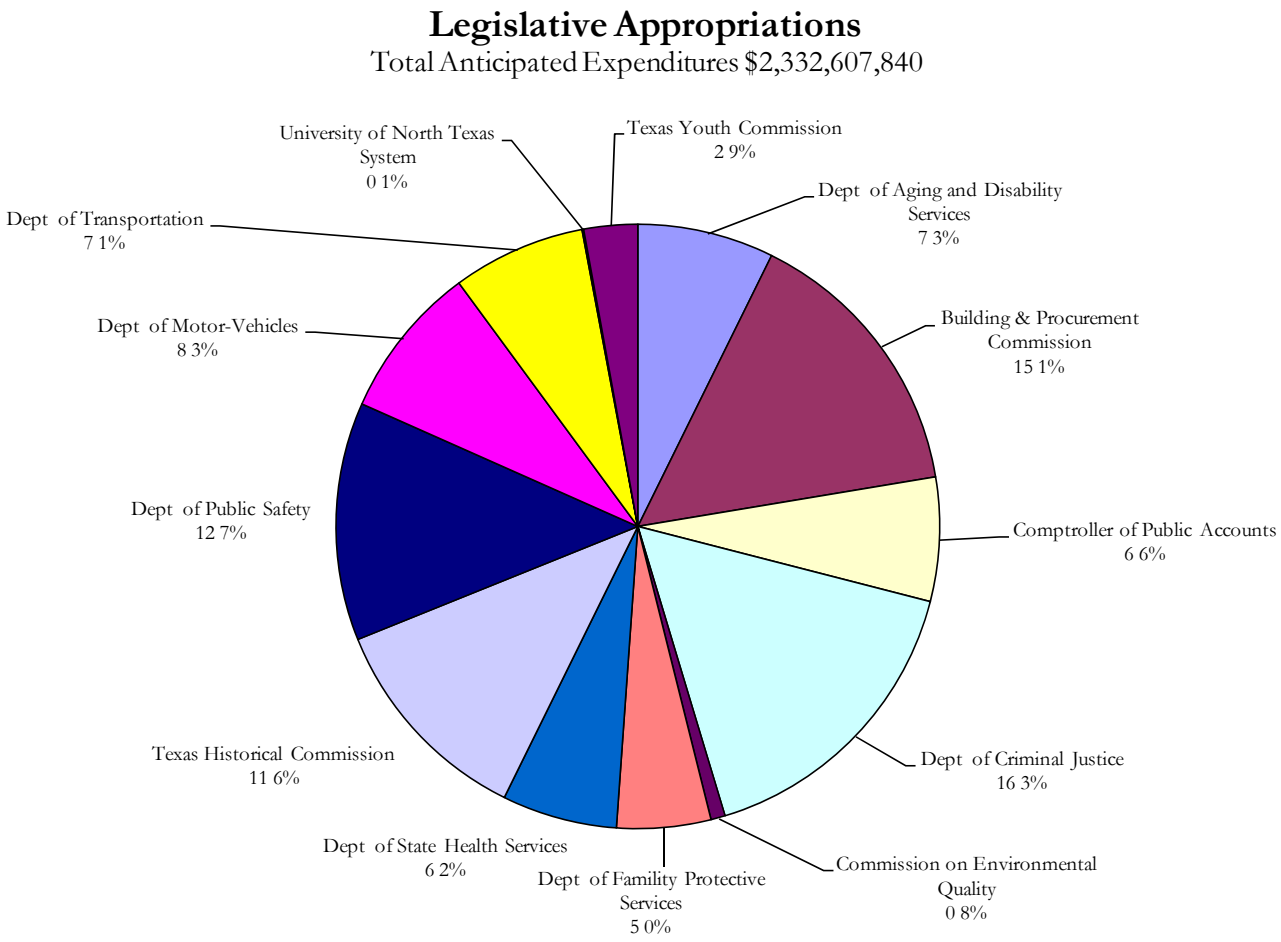
Unexpended Plant Funds & Designated Tuition

Institutions of higher education reported an increase of Unexpended Plant Funds of $93.0 million (483.9%) and an increase of Designated Tuition of $121.8 million (55.5%). Unexpended Plant Funds are initially allocated for operation and maintenance costs of the physical plant but are expected to fund other projects as well.

Other

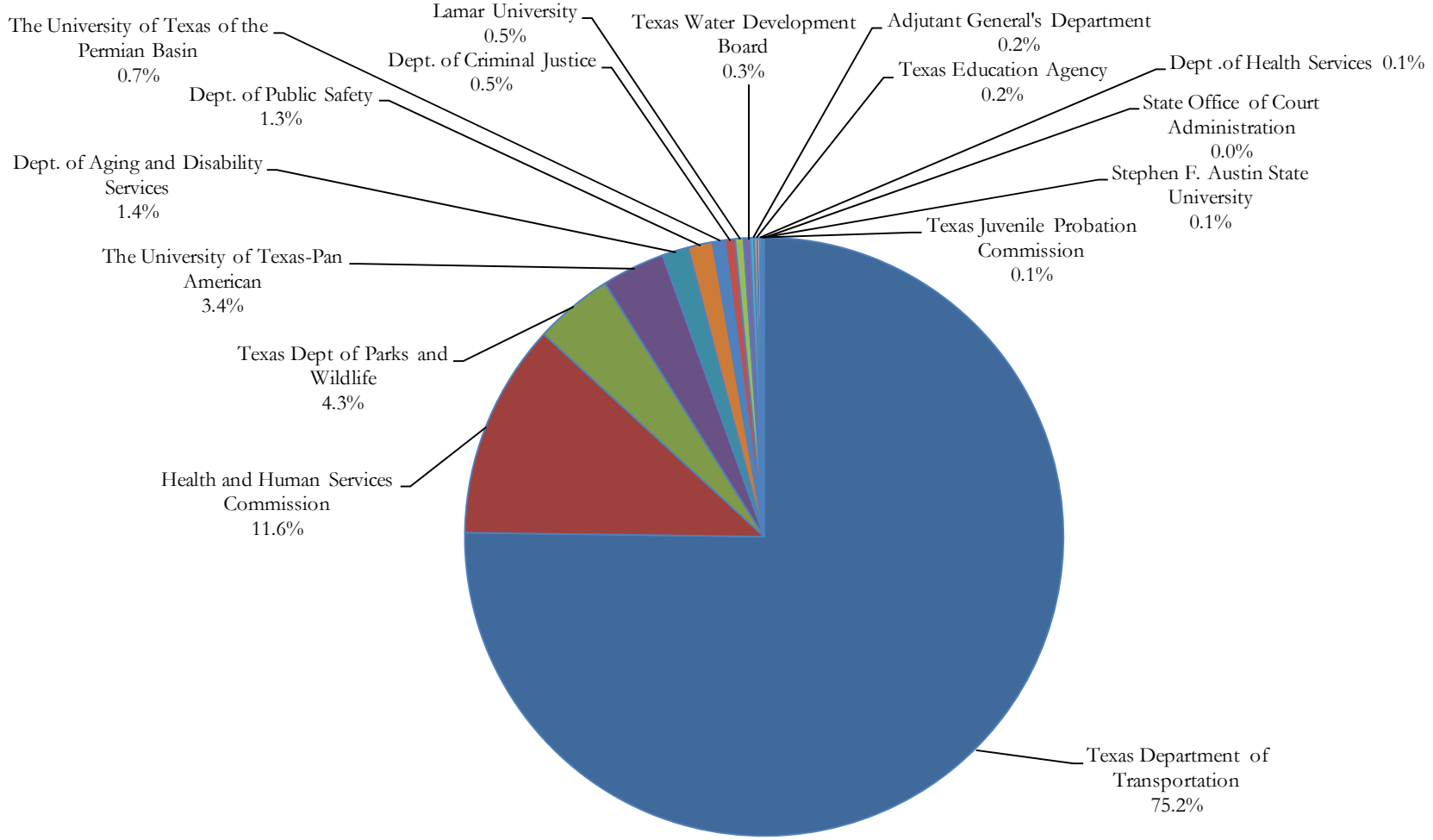
The Other source fund category increased from $3.27 billion in the 2010-2011 CEP to $10.99 billion (236.1%) for the 2012-2013 biennium, $10.58 billion of which is attributable to TxDOT.

The following 3 charts represent the state entities and institutions of higher education that plan to utilize state and federal monies to finance ongoing and future projects.



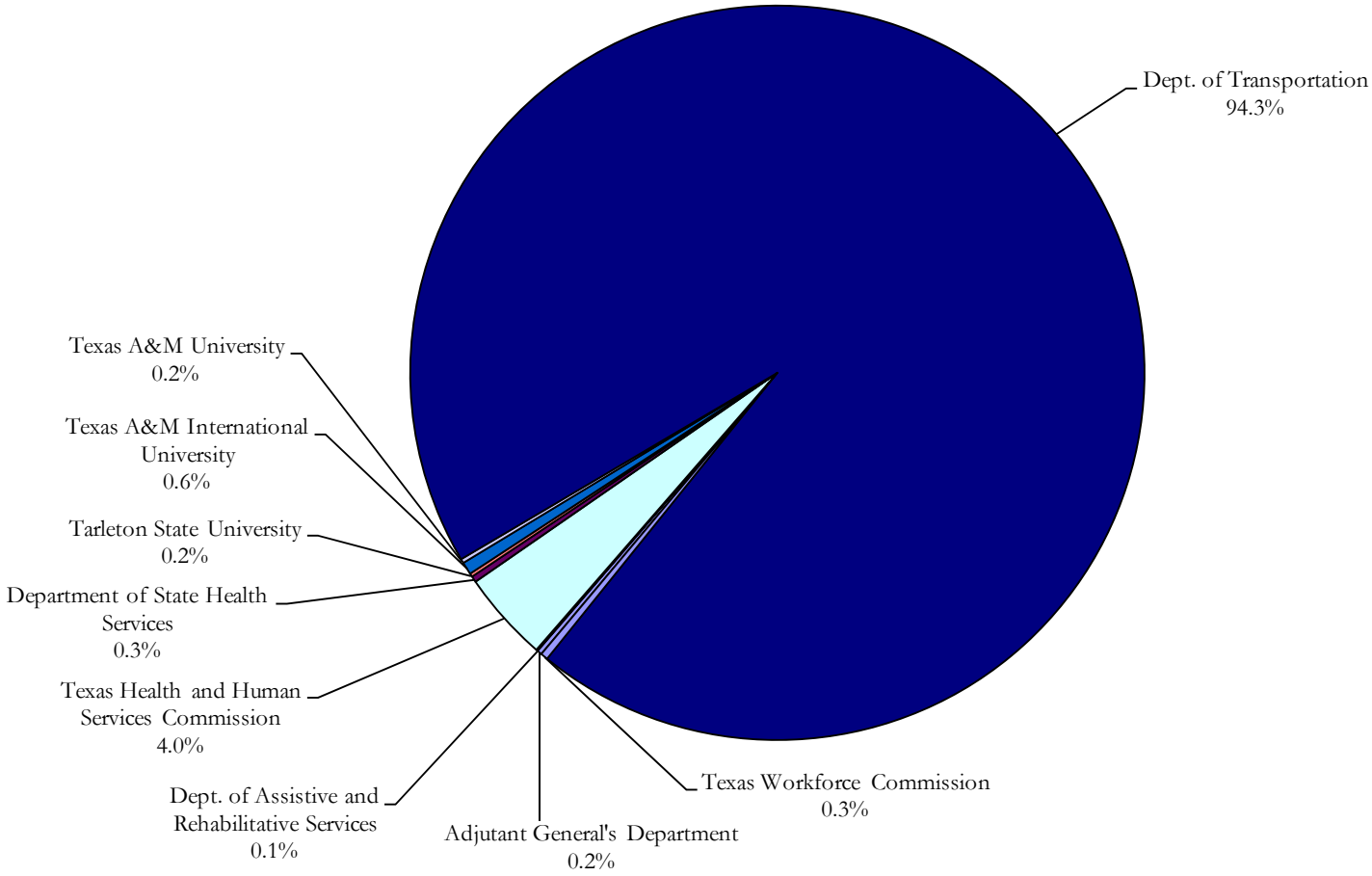
General Revenue

Total Anticipated Expenditures $3,932,415,176



Federal Funds

Total Anticipated Expenditures $12,693,579,335



Debt Financing of Capital Projects

Texas ranks low in total tax-supported state debt outstanding at $520 per capita. Although most of the state's debt is non-general obligation self-supporting debt, a small portion is classified as general obligation not self-supporting debt and is used for certain projects including prisons, buildings and the like. This debt has increased steadily from slightly less than $400 million at August 31, 1986 to over $3.07 billion at August 31, 2009. Recent growth in both state population and debt authorizations requires additional review and analysis as provided by the state's Debt Affordability Study. This study focuses on general obligation not self-supporting debt and outlines the impact of additional debt on total debt outstanding, future debt-service requirements and the constitutional debt limit.

A total of 507 projects submitted in the 2012-2013 CEP will be financed through the issuance of debt. Debt service on these projects is $841.4 million and $3.06 billion for FY2012 and FY2013, respectively. As described below, debt service over the life of all the capital projects reported to the BRB is expected to total $31.67 billion.

Functional Area	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Expected	% of Total
General Government	$750,400	$4,092,900	$8,611,450	$13,186,100	$817,904,150	$844,545,000	2.7%
Health and Human Services	20,104,552	6,921,545	10,920,946	16,483,443	540,606,669	595,037,155	1.9%
Education	171,460,504	387,524,312	2,574,356,271	743,835,998	12,824,021,082	16,701,198,167	52.7%
The Judiciary	-	-	-	-	-	-	0.0%
Public Safety and Criminal Justice	42,952,911	31,822,987	24,857,288	25,313,609	464,021,204	588,967,999	1.9%
Natural Resources	18,885,692	9,815,569	9,725,552	6,904,764	84,616,836	129,948,413	0.4%
Business and Economic Development	394,835,604	401,240,074	429,169,357	429,173,157	11,158,515,988	12,812,934,180	40.5%
Regulatory	-	-	-	-	-	-	0.0%
Total	**$648,989,663**	**$841,417,387**	**$3,057,640,864**	**$1,234,897,071**	**$25,889,685,929**	**$31,672,630,914**	**100.0%**

State Debt Overview

The following table sets forth the state's total general obligation debt for which the full faith, credit and taxing power of the state are pledged and non-general obligation debt outstanding by self-supporting or not self-supporting categories as of February 28, 2010.

DEBT OUTSTANDING ($ billions)		
	As of 2/28/2010	
General Obligation Debt		
Self-Supporting	$9.93	28.1%
Not Self-Supporting	2.70	7.6%
Total General Obligation Debt	**$12.63**	35.7%
Non-General Obligation Debt		
Self-Supporting	$22.34	63.2%
Not Self-Supporting	0.40	1.1%
Total Non-General Obligation Debt	**$22.74**	64.3%
Total Debt Outstanding	**$35.37**	**100.0%**

Authorized but unissued debt may be issued at any time without further legislative action, but the issuance requires BRB approval. Certain authorized but unissued debt requires debt service appropriations prior to issuance. The following table sets forth the state's total general obligation and non-general obligation authorized but unissued debt by self-supporting or not self-supporting categories as of February 28, 2010.

AUTHORIZED BUT UNISSUED DEBT ($ billions)		
	As of 2/28/2010	
General Obligation Debt		
Self-Supporting	$3.89	21.0%
Not Self-Supporting	9.80	52.9%
Total General Obligation Debt	**$13.69**	73.8%
Non-General Obligation Debt		
Self-Supporting	$4.66	25.1%
Not Self-Supporting	0.19	1.0%
Total Non-General Obligation Debt	**$4.85**	26.2%
Total Authorized But Unissued Debt	**$18.54**	**100.0%**

The state's Constitutional Debt Limit provides that additional tax-supported debt may not be authorized if the maximum annual debt service on debt payable from general revenue, including authorized but unissued debt exceeds 5 percent of the average annual unrestricted general revenue for the previous three fiscal years. As of August 31, 2009, the constitutional debt limit stood at 4.08 percent, consisting of 1.22 percent for outstanding debt and 2.86 percent for authorized but unissued debt.

Developments Affecting State Debt

The state's credit ratings are an important determinant of interest rates on the state's bond offerings and therefore directly affect the cost-effectiveness of the state's debt issuance. Credit rating agencies consider the following four primary factors when rating state debt:

- *Economic* - the state's income, employment, economic diversity and demographics;
- *Financial* - the state's revenues, cost structure, balance sheet health and liquidity;
- *Debt* - debt ratios and debt security and structure; and
- *Management* - budget development and management practices; constitutional constraints, initiatives and referenda; executive branch controls; mandates to maintain a balanced budget; rainy day funds and political polarization.

Texas' general obligation (GO) debt is split-rated at Aaa/AA+/AAA by the three major credit rating agencies, Moody's Investors Service (Moody's), Standard & Poor's (S&P) and Fitch Ratings (Fitch), respectively. The S&P rating is one step below AAA.

In August 2009 S&P upgraded the state's GO debt from AA to AA+. S&P concluded that the core factors that led to the higher rating were: (1) the state's large and diversifying economy; (2) improving reserve levels; and (3) low tax-supported burdens. Factors that continue to pose risk to Texas' GO credit rating include the state's reliance on the energy sector and ongoing budgetary pressures primarily linked to the state's obligations to fund school revenues.

In April 2010 Moody's and Fitch began recalibrating their municipal rating scales to align with their global rating scales. Moody's rating for the state's GO was recalibrated from Aa1 to Aaa, and Fitch's rating was recalibrated from AA+ to AAA. Moody's recalibration was designed "to enhance the comparability of ratings across the Moody's rated universe," and Fitch's "intent of the recalibration is to ensure a greater degree of comparability across Fitch's global portfolio of credit ratings." Moody's also states that the recalibration should not be viewed as a rating upgrade but as a recalibration of ratings to a different rating scale.

S&P did not recalibrate their municipal bond rating scale because they have been using a global rating scale across the structural finance, corporate and government sectors. S&P believes that "comparability of ratings is important because it can serve as a common vocabulary for investors to use when comparing the credit risk of securities in different sectors."

Tax and Revenue Anticipation Notes (TRAN) Ratings

Since 1986 the CPA has sold TRANs before the beginning of each fiscal year to meet the state's short-term cash needs, particularly with the distribution of state funds to school districts. S&P, Moody's and Fitch rated Texas' 2010 Series TRANs SP-1+, MIG 1 and F1+, respectively, the highest short-term ratings issued by the three bond firms.

In an article entitled "Texas Plans Record $7.8 Billion Tran Sale" in the August 17, 2010 issue of the "Bond Buyer", Moody's was quoted as stating that "The upcoming note issuance reflects the largest since Texas began its short-term borrowing program and in part reflects the strain that the flow of school aid transfers can have on the state's overall cash position, particularly during an economic downturn and weak revenue performance. It also indicates the challenge the state will face in its next biennial budget." In the same article, Fitch stated that "Despite the continued diversification of Texas economy, the energy sector remains one of the state's main economic drivers, which in our opinion increases the potential for revenue and employment volatility in the medium term."

Recent reports from the rating agencies

Moody's outlook for Texas' rating is stable. In June 2010 Moody's cited that "the rating reflects a state economy with strong fundamentals that lagged other states entering the downturn and that is expected to emerge from the recession earlier and stronger than the nation; a notably large rainy day fund that is still available to help the state close budget gaps; low but rising debt levels; and a sizable structural budgetary imbalance that results partly from near-term reliance on federal stimulus funds and from the costs of state-funded property tax relief, that will challenge the state's finances in a lower revenue environment."

S&P's outlook for the state's rating also remains stable. S&P's rationale for the state's outlook "was based on the state's continued economic diversification, and our expectation that the state officials and policymakers will remain committed to the maintenance of an adequate level of reserves in the Economic Stabilization Fund." S&P also states that "the stable outlook reflects the expectation that the Texas Legislature's recent fiscal priorities will continue and that the state's officials will remain committed to the maintenance of healthy reserves despite ongoing budget challenges and the potential for a sluggish economic recovery and reduced revenue collections. Without the flexibility provided by a significant increase in financial reserve levels, supported by a structurally sound budget, an upgrade is not expected."

Fitch's outlook for Texas is stable and "reflects the state's low debt, conservative financial operations and an economy that has expanded and diversified, despite recessionary conditions. However, education funding reform and large transportation needs are cited as financial pressures."

Rating Challenges

The sometimes overlapping conclusions reached by all three rating agencies reflect their collective judgment that several challenges may arise if Texas is faced with a low revenue environment. Among the most prominent and commonly cited of these problems are:

1) the state's heavy dependence on the sales tax without support from a state income tax;
2) unresolved issues related to public school funding; and
3) continued rapid population growth that will necessitate budget increases for operating costs as well as increases in capital expenditures for growing infrastructure needs.

APPENDIX A

Proposed Capital Expenditures by Functional Area of Government

This appendix provides a breakout of proposed capital expenditures by Functional Area of Government along with the agency or institution of higher learning proposing the capital expenditure. A searchable database that offers further detail on specific projects submitted for the 2012-2013 CEP is available online at the BRB's website at http://www.brb.state.tx.us/capital/capital.aspx.

General Government Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Comptroller of Public Accounts	$37,217,691	$40,695,697	$17,798,826	$18,618,488	$40,266,234	$154,596,936
Texas Facilities Commission	21,442,000	41,250,000	41,250000	41,250000	206,250,000	351,442,000
Texas Historical Commission	6,350,000	2,070,000	5,525,000	-	256,800,000	270,745,000
Total	**$65,009,691**	**$84,015,697**	**$64,573,826**	**$59,868,488**	**$503,316,234**	**$776,783,936**

Health & Human Services Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Dept. of Aging and Disability Services	$27,231,673	$31,282,739	$42,929,70	$45,215,066	$79,579,65	$226,238,842
Dept. of Assistive and Rehabilitative Services	3,042,266	839,346	839,34	839,346	839,34	6,399,650
Dept. of Family and Protective Services	23,501,644	23,492,929	23,492,92	23,492,929	23,492,92	117,473,360
Dept. of State Health Services	28,353,407	44,617,378	41,275,00	42,585,35	42,464,67	199,295,815
Health and Human Services Commission	456,932,385	141,008,374	130,241,76	122,700,57	229,363,56	1,080,246,666
Total	**$539,061,375**	**$241,240,766**	**$238,778,75**	**$234,833,26**	**$375,740,17**	**$1,629,654,333**

Education Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Angelo State University	$38,400,000	$30,000,000	$25,658,000	$52,323,750	$15,000,000	$161,381,750
Lamar Institute of Technology	3,710,351	32,210,610	-	-	-	35,920,961
Lamar State College-Orange	200,000	200,000	200,000	9,750,000	9,750,000	20,100,000
Lamar State College-Port Arthur	-	2,000,000	6,500,000	1,750,000	-	10,250,000
Lamar University	17,650,000	44,850,000	53,050,000	39,200,000	9,120,000	163,870,000
Midwestern State University	-	20,000,000	23,173,000	19,950,000	73,377,000	136,500,000
Prairie View A&M University	7,500,000	7,500,000	14,000,000	28,000,000	28,000,000	85,000,000

Education Detail (cont.)	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Sam Houston State University	26,500,000	53,100,000	33,600,000	42,000,000	138,000,000	293,200,000
Stephen F. Austin State University	5,300,000	16,050,000	37,050,000	53,100,000	49,250,000	160,750,000
Sul Ross State University	6,750,000	1,315,000	15,331,000	17,059,000	4,890,000	45,345,000
Tarleton State University	8,008,370	25,074,030	42,873,830	70,088,840	171,631,370	317,676,440
Teacher Retirement System of Texas	400,000	900,000	900,000	3,000,000	7,000,000	12,200,000
Texas A&M International University	9,300,000	12,000,000	30,000,000	91,000,000	76,000,000	218,300,000
Texas A&M University	123,766,117	154,758,431	138,905,316	110,750,000	64,750,000	592,929,864
Texas A&M University-Central Texas	-	16,000,000	32,000,000	49,500,000	47,500,000	145,000,000
Texas A&M University-San Antonio	-	31,100,000	59,660,000	59,660,000	2,580,000	153,000,000
Texas A&M University System Health Science Center	1,710,190	40,723,000	108,997,500	143,964,290	97,884,600	393,279,580
Texas A&M University-Commerce	6,395,000	25,100,000	40,280,000	21,075,000	10,875,000	103,725,000
Texas A&M University-Corpus Christi	34,500,000	58,600,000	80,000,000	94,800,000	86,400,000	354,300,000
Texas A&M University-Galveston	180,000	26,960,000	35,930,000	11,430,000	-	74,500,000
Texas A&M University-Kingsville	400,000	44,000,000	105,980,000	108,515,000	132,175,000	391,070,000
Texas A&M University-Texarkana	3,400,000	1,360,000	19,920,000	15,720,000	61,800,000	102,200,000
Texas Education Agency	-	3,181,480	3,181,480	-	-	6,362,960
Texas Southern University	58,782,073	59,786,573	59,786,573	59,786,573	59,786,573	297,928,365
Texas State Technical College -Harlingen	5,114,000	5,125,000	5,519,000	3,696,000	12,374,000	31,828,000
Texas State Technical College -Marshall	2,500,000	2,500,000	-	-	3,000,000	8,000,000
Texas State Technical College -Waco	-	5,500,000	6,000,000	5,000,000	17,500,000	34,000,000
Texas State Technical College -West Texas	-	1,000,000	2,000,000	-	-	3,000,000
Texas State University-San Marcos	57,038,160	84,658,533	91,957,391	191,950,697	155,355,009	580,959,790
Texas Tech University	11,000,000	75,950,000	178,525,000	180,850,000	230,325,000	676,650,000
Texas Tech University Health Sciences Center	1,000,000	38,480,000	109,750,000	70,798,000	152,637,000	372,665,000
Texas Tech University System	1,500,000	2,500,000	500,000	-	-	4,500,000
Texas Woman's University	1,650,000	16,426,000	38,880,857	23,308,503	400,000	80,665,360
The University of Texas - Arlington	32,900,000	69,600,000	69,600,000	37,850,000	176,800,000	386,750,000
The University of Texas - Austin	72,485,000	94,814,000	37,644,000	237,000	1,942,500,000	2,147,680,000
The University of Texas - Brownsville	4,308,750	10,059,000	44,547,000	47,421,000	37,289,250	143,625,000
The University of Texas - Dallas	19,500,000	50,700,000	235,000,000	214,100,000	225,900,000	745,200,000
The University of Texas - El Paso	12,500,000	79,630,577	167,783,000	205,250,000	158,667,000	623,830,577
The University of Texas - San Antonio	62,230,000	198,050,000	179,500,000	186,894,711	179,750,000	806,424,711

Education Detail (cont.)	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
The University of Texas - Tyler	2,480,000	7,000,000	24,520,000	28,000,000	82,700,000	144,700,000
The University of Texas Health Center at Tyler	6,495,000	25,640,000	38,990,000	36,500,000	22,500,000	130,125,000
The University of Texas Health Science Center at Houston	1,000,000	10,000,000	47,000,000	64,100,000	140,500,000	262,600,000
The University of Texas Health Science Center at San Antonio	41,340,000	77,800,000	46,500,000	11,000,000	1,000,000	177,640,000
The University of Texas MD Anderson Cancer Center	151,850,000	267,574,000	292,200,000	274,500,000	820,671,800	1,806,795,800
The University of Texas Medical Branch at Galveston	39,300,192	59,725,000	27,000,000	78,500,000	338,000,000	542,525,192
The University of Texas of the Permian Basin	32,666,666	37,966,666	36,666,668	6,100,000	-	113,400,000
The University of Texas Southwestern Medical Center at Dallas	181,942,032	176,673,583	178,500,000	186,000,000	208,000,000	931,115,615
The University of Texas System	1,500,000	2,000,000	3,000,000	2,500,000	22,500,000	31,500,000
The University of Texas-Pan American	48,196,868	80,348,505	65,383,714	9,250,000	-	203,179,087
University of Houston	11,350,000	9,150,000	21,115,000	48,740,000	742,945,000	833,300,000
University of Houston-Clear Lake	1,100,000	3,255,000	12,393,100	39,121,900	33,256,000	89,126,000
University of Houston-Downtown	9,625,000	20,625,000	30,765,000	23,762,333	21,766,667	106,544,000
University of Houston-Victoria	10,000,000	2,500,000	-	38,350,000	38,150,000	89,000,000
University of North Texas	102,500,000	138,990,000	114,150,000	104,500,000	172,500,000	632,640,000
University of North Texas - Dallas	-	36,500,000	79,000,000	48,500,000	64,000,000	228,000,000
University of North Texas Health Science Center at Fort Worth	12,935,000	10,435,000	57,500,000	50,000,000	5,000,000	135,870,000
University of North Texas System	19,500,000	37,250,000	16,250,000	20,000,000	10,000,000	103,000,000
West Texas A&M University	16,780,000	12,338,645	14,295,000	39,175,000	64,220,000	146,808,645
Total	**$1,327,138,769**	**$2,457,533,633**	**$3,239,411,429**	**$3,378,377,597**	**$7,225,976,269**	**$17,628,437,697**

Judicial Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
State Office of Court Administration	$0	$1,253,800	$0	$0	$0	$1,253,800
Total	**$0**	**$1,253,800**	**$0**	**$0**	**$0**	**$1,253,800**

Public Safety & Criminal Justice Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Adjutant General's Department	$10,751,743	$9,528,147	$12,867,570	$12,860,743	$17,066,787	$63,074,990
Dept. of Criminal Justice	60,833,356	40,000,000	40,000,000	44,006,745	217,511,403	402,351,504
Dept. of Public Safety	216,779,397	89,588,626	12,919,036	10,837,883	19,573,121	349,698,063
Texas Juvenile Probation Commission	4,279,200	-	-	-	-	4,279,200
Texas Youth Commission	10,160,372	11,404,405	45,617,622	-	-	67,182,399
Total	**$302,804,068**	**$150,521,178**	**$111,404,228**	**$67,705,371**	**$254,151,311**	**$886,586,156**

Natural Resources Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Texas Department of Agriculture	$1,922,650	$604,550	$ -	$ -	$ -	$2,527,200
Texas Commission on Environmental Quality	5,105,572	4,333,784	4,181,182	2,169,473	2,100,973	17,890,984
Texas Parks and Wildlife Department	115,860,722	18,172,438	14,678,976	12,712,309	5,604,383	167,028,828
Texas Water Development Board	2,222,021	2,222,021	2,222,021	2,222,021	4,444,042	13,332,126
Total	**$125,110,95**	**$25,332,793**	**$21,082,179**	**$17,103,803**	**$12,149,398**	**$200,779,138**

Business & Economic Development Detail	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
Dept. of Motor Vehicles	$54,274,201	$39,151,065	$38,184,872	$33,084,872	$28,084,872	$192,779,882
Texas Department of Transportation	7,070,142,446	6,093,402,553	4,646,849,649	4,104,213,260	3,754,841,969	25,669,449,877
Texas Workforce Commission	5,941,908	17,962,027	6,065,930	5,100,000	5,100,000	40,169,865
Total	**$7,130,358,555**	**$6,150,515,645**	**$4,691,100,451**	**$4,142,398,132**	**$3,788,026,841**	**$25,902,399,624**

Regulatory Detail – No Projects Reported.

Total Expenditures	FY2011	FY2012	FY2013	FY2014	FY2015 & Beyond	Total Project Expenditures
	$9,489,483,423	**$9,110,413,512**	**$8,366,350,868**	**$7,900,286,658**	**$12,159,360,223**	**$47,025,894,684**

APPENDIX B

Enabling Legislation – Capital Expenditure Plan

Senate Bill 1, Article IX, Section 11.02
81st Legislature, Regular Session – 2009

(a) An agency or institution of higher education appropriated funds by this Act shall supply to the Bond Review Board capital planning information relating to projects subject to this section and financing options for the 2012-13 fiscal biennium in a format and according to guidelines developed by the Bond Review Board. Such information shall include:
   (1) a description of the project or acquisition;
   (2) the cost of the project;
   (3) the anticipated useful life of the project;
   (4) the timing of the capital need;
   (5) a proposed source of funds (method of financing);
   (6) a proposed type of financing; and
   (7) any additional related information requested by the Bond Review Board.

(b) The Bond Review Board shall compile a statewide capital expenditure plan for the 2012-13 fiscal biennium from the information submitted by agencies and institutions in accordance with the capital planning guidelines. Copies of the guidelines shall be filed with the Governor and the Legislative Budget Board no later than December 31, 2009. The Bond Review Board shall file copies of the capital expenditure plan for the period beginning September 1, 2010 with the Governor and the Legislative Budget Board no later than September 1, 2010.

(c) The statewide capital plan required by this section shall identify the state's capital needs and alternatives to finance these needs. The Bond Review Board shall review input from all state agencies and institutions regarding the agencies' and institutions' current and future capital needs as part of the strategic planning process. The Bond Review Board shall inform the Legislature on the possible budget impact of the capital plan on the state's debt capacity.

(d) This section applies to each anticipated state project requiring capital expenditures for:

   (1) land acquisition;
   (2) construction of building and other facilities;
   (3) renovations of buildings and other facilities estimated to exceed $1 million in the aggregate for a single state agency or institution of higher education; or
   (4) major information resources projects estimated to exceed $1 million.

(e) The Higher Education Coordinating Board and the Bond Review Board shall eliminate redundant reporting by consolidating this report and the Higher Education Coordinating Board's Master Plan report, to the greatest extent possible.

APPENDIX C

Notes on the Fiscal 2012-2013 – Capital Expenditure Plan

- Data collection was handled by using an online reporting system developed and managed by the Texas Higher Education Coordinating Board (THECB). The staff of the Bond Review Board sincerely appreciates the hard work and professionalism of the staff of the THECB.

- In an effort to improve reporting by state agencies and institutions of higher education, the reporting threshold for all categories of expenditures was raised to $1 million in 2006. The prior reporting threshold was $250,000.

- TxDOT accounts for a large portion of the total capital expenditures because the 2012-2013 CEP is taking into account anticipated expenditures for new road projects for the first time. In previous CEP reports, TxDOT has aligned the CEP reporting to the LAR. However, the LAR does not take into account new road projects. To capture a more accurate picture of future capital expenditures, the BRB requested that TxDOT submit estimated project cost for future road expenditures for the current CEP report.

- Texas Department of Public Safety reported nine projects with immeasurable dollar amounts. The agency is waiting for the Texas Facilities Commission to provide them with their cost analyses for these projects. This information should be available in late December or early January. As placeholders, total project costs were estimated to be the minimum threshold amount of $1 million for comparison purposes.

- Two new sources of funding were added to the source list: Revenue Financing System Bonds and Unspecified.

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TEXAS BOND REVIEW BOARD
300 West 15th Street – Suite 409
P.O. Box 13292
Austin, TX 78711-3292

512-463-1741 or 800-732-6637
http://www.brb.state.tx.us