Q&A with the Director, 01/08/09

FY 2008 Year-End

We had a good end to a tough year, both financially and otherwise. We started out with some financial challenges because of the TxDOT cutbacks but ended the year on a good note. We had the second lowest employee turnover rate in the A&M System; it was our third year to be first or second among the 17 System universities and agencies.

In the first quarter of FY 2009, our total research expenditures were up 2.7 percent. Our TxDOT research expenditures were down 8.5 percent, but our non-TxDOT expenditures were up 19.6 percent, showing good progress toward our research diversification goal.

National Economy—How is TTI Affected?

I have received a number of inquiries about how the state of the national economy is impacting TTI. Although it is difficult to respond to such a broad topic, we are definitely better off because we are in Texas. Half of the jobs being created in the U.S. are here in Texas, so our state’s economy is better than most. However, there is no doubt that our economy is taking a hit: auto sales in Texas are down by 40 percent in the last two months, and that is used as an indicator of future economic conditions.

We are also better off here in the A&M System than in the private sector, as we are a little more insulated from the job cuts under way there. I also believe that we are better off because we are in the transportation field. This is the most exciting time during my career to be involved in transportation. President-Elect Obama is placing more emphasis on transportation infrastructure than any president since Eisenhower. The stimulus plan is expected to provide $35 billion to roads and highways, with $2 billion likely going to Texas. These funds could result in some additional research projects for us.

The Highway Trust Fund balance was down 8 percent in 2008. Factors such as a possible gas tax increase, green technologies and a new energy policy are being considered in the reauthorization of the Transportation Bill, which will make the new bill different from the current one. I expect the research potential resulting from the reauthorization to be significant. In the next six to 12 months, we need to identify the staff and equipment we need in place to successfully compete for research proposals resulting from the reauthorization.

Strategic Plan—TTI Going Forward

The reduction in TxDOT research expenditures and increase in non-TxDOT research expenditures represents a paradigm shift in funding that we need to pay close attention to. The funding for the TxDOT research program is at the same level as it was more than a decade ago
and is getting smaller every year. Going forward, there are two basic premises we need to embrace for TTI to continue to be a viable research agency:

- Contract research should grow 4 percent to 5 percent per year to create growth opportunities and continue to maintain a stable employment base.

- We must continue to broaden and diversify our research program to achieve this level of growth.

This business model is conceptually different than the model TTI has been following historically. However, we have made good progress in diversifying so far and need to continue this trend. To provide further focus on this new model, we are revising TTI’s Strategic Plan under the following three imperatives:

- Build and maintain a viable research program;
- Attract and retain exceptional staff; and
- Develop and maintain key relationships.

Our current strategic plan was developed with extensive employee review and input. Everyone will have an opportunity to provide extensive review and feedback to the plan revisions as well. We plan to have a major discussion at TTI Day (May 6) about the recommended direction for the agency to take going forward. We plan to provide information on TTINet about the revised plan, as well as key performance measures that will be tied to promotions and merit salary increases. We have already been successful this past year in diversifying our research, and I expect our success to continue and grow.

2009 Legislative Session

The Sunset Commission’s review of TxDOT has further thrust transportation into the limelight. We are expecting that transportation will be one of the largest issues in the upcoming session. Texas voters have authorized $5 billion in bonding authority for road construction. The Legislature is expected to address diversions out of Fund 6. There is also serious discussion of the state gas tax.

At least half of the $11 billion budget surplus expected four months ago will be used to fund rebuilding as a result of Hurricane Ike. The Texas economy is also predicted to be at its worse by mid-spring, which will be the middle of the session. Gov. Perry has already sent a letter asking all state agencies to cut travel expenses by 10 percent. I believe this may be the first of several similar letters we could receive.

As we begin the session, we do so with a great deal of legislative support. We have had more visits with legislators than ever before and provided a significant amount of legislative testimony
during committee hearings held in the interim period. We expect to be providing a lot of
testimony during the session as well. If you receive a legislative request, please remember to
keep Bernie Fette in the loop. Similarly, notify Sue James of any congressional delegation
requests that you received.

With possible diversions out of Fund 6 imminent, TTI is requesting to move from Fund 6 back
into General Revenue like most other higher education institutions. In the way of special items,
we are requesting $3 million each year of the biennium ($6 million total) for a new Center for
Strategic Transportation Solutions. The Center would conduct public policy research on
transportation issues—research that is not taking place anywhere in Texas. This proposed TTI
center would provide the Texas Legislature with a vehicle similar to the federal government’s
National Academy of Sciences by performing transportation research on statewide transportation
issues and options as requested by the Legislature through an external advisory board. If the
center is funded by the Legislature, it will result in a whole new realm of research for us. We are
also requesting a significant increase in funding for our Center for Transportation Safety.

With a new Speaker of the House, the Texas House will need to reorganize, and it could be
March before our House budget hearing is scheduled.

**TTDOT –Related Activities**

As you know, Terry Childers has been visiting with every TxDOT district director and division
director over the last few months to discuss the TxDOT research program and identify how we
can serve TxDOT better. This is a sort of “report card” on how TxDOT views TTI and the value
of our research. One aspect that has been communicated in these meetings is that TTI folks need
to be more visible in the TxDOT offices across the state.

At the suggestion of Senator Robert Nichols of the Senate Transportation and Homeland
Security Committee, Paul Krugler is updating the “Value of Texas Transportation Research”
report he developed in 2003 while at TxDOT. (Sen. Nichols requested the initial version of this
report when he was on the Texas Transportation Commission) The updated version of the report
should be available in the next two to three weeks for use during the session.

**TRB Travel**

As you know, I am a huge supporter of TRB and the value of traveling to TRB. It is a high-
priority issue for TTI. However, as I mentioned, we do have a letter from the Governor asking
us to curtail our travel. Also, many of you probably don’t realize we also have an agreement
with the Legislature on the criteria we will use to travel to TRB. Our current policy has resulted
in a real increase in TTI TRB papers, which is good, and places us in a defensible position
regarding travel.
New TTI Building

We are on track to move into our new building in October. During the months of March and April, Holly will be working with us to determine space assignments.

Environmental Chamber

I am pleased to report that Joe Zietsman has a signed contract with the EPA to conduct emissions-related testing. Our new environmental chamber for this purpose will be constructed at Riverside, with $600,000 in funding from the A&M System and $300,000 from TTI. We will break ground for the new building soon.

TAMU Institutional Review Board (IRB)

We have been working with Texas A&M’s IRB to determine the process for approval for research involving human subjects. We recently learned that we had a lack of knowledge about when we should request IRB approval for research projects with human subjects. We are working to understand the process better to ensure we are in complete compliance. For about two weeks, the IRB would not approve our projects until we met certain criteria. Katie Turnbull has been taking the lead on this for us, helping ensure we are following proper procedures. As a result, researchers can expect to take a required 15-minute on-line training course about our relationship with IRB. More training also is likely as the process continues.

Alternate Work Location and Flexible Work Schedule Rules

As I announced right before the holidays, our alternate work location and flexible work schedule rules are in place. We will be reviewing the rules as they are implemented and will modify them if there is a need. See the rules at: http://ttinet.tamu.edu/mgmt_org/policy/rules/.

Direct Deposit for Travel Reimbursements

Direct deposit is now available for travel reimbursement checks. (See Fiscal Memorandum 09-02 at http://ttinet.tamu.edu/fiscal_services/memos/fm09-02.pdf.)

TTI Vehicles

I would like your feedback on the use of TTI vehicles. I believe it is important to be in a marked TTI vehicle when conducting research along the roadway. However, for use in traveling to meetings around the state, I always use a rental car from a local firm. I would like to know your opinion on the use of TTI vehicles as we make decisions about whether to add more cars to our fleet or to rely more on rental cars.
Professional Development

The first Delta-T leadership development class of 11 people has completed the program. We have received positive reviews on the program and the 2009 class will be selected later this month. We are also receiving good feedback on our lunchtime research development seminars and are considering expanding this program.

I want to remind those of you who are behind on fulfilling your online course requirements to complete your courses as soon as you can. At performance evaluation time, we will be looking at those who still have courses to complete.

Early Releases

Chancellor McKinney has informed us that we will not have any more early release times before the Thanksgiving and Christmas holidays. However, TTI does have some control over its holiday schedule. For example, we could choose to take a half-day off before the Christmas and Thanksgiving holidays and one less day for Spring Break. Or we can choose to use vacation time if we want to take extra time before the holidays. Please give me some feedback on your preference related to this.

Summary

I am pleased at where TTI is today. We are a better agency for having gone through the challenges of the last year. I am confident that we have the staff and the intellect to take advantage of the many new opportunities that are ahead in 2009.

Questions & Answers

What is Fund 6?

It is the state’s dedicated highway fund. In the 2003 Legislative Session, TTI was taken out of General Revenue where most of higher education is funded, and put into Fund 6 to solve some state budget issues. Fund 6 is the same fund that TxDOT is funded from, which has the potential to create the perception that TTI is taking away funding from TxDOT or is biased toward TxDOT. The ideal scenario for TTI to be perceived as completely objective in its research, is to be funded through General Revenue.

What is happening with federal earmarks?

We believe there will be fewer federal earmarks in the new administration. However, historically, earmarks have not been very helpful for TTI. We are involved in fewer federal projects now with earmarks than we were before earmarks were available. TTI performs better on competitive research proposals. Also, The Texas congressional delegation does not chairmen or ranking members on transportation committees. As long as earmarks continue to be a major part of the process, we will continue to aggressively pursue them.
Isn’t there a policy banning talking on cell phones while driving TTI vehicles?

Yes. As TTI employees, we are not allowed to talk on cell phones while driving TTI vehicles, and I would strongly encourage everyone not to do it. As a transportation agency it is ill-advised and could affect insurance coverage should a traffic crash occur involving cell phone usage.