

STATE HIGHWAY & TRANSPORTATION DEPARTMENT (0090)
2011-13 BIENNIUM - Agency Request

I) AGENCY SUMMARY & REVENUE SOURCES

The Arkansas State Highway Commission was created in 1913 and gained constitutional status with passage of the Mack-Blackwell Amendment in 1952. The Commission is responsible for maintaining and improving the State Highway System, including the planning, design and management of highway projects and administering the State Highway Employees Retirement System.

Act 1027 of 1999 authorized, subsequently approved in a special election in June 1999 by voters, the issuance of \$575 million in bonds for highway rehabilitation; these bonds are being repaid through federal GARVEE (Grant Anticipation Revenue Vehicles) funds and an Act 1028 of 1999 4 cents per gallon increase in the diesel fuel tax (approximately \$253.2 million is outstanding).

TOTAL BIENNIAL BUDGET

The Department's total requested appropriation for the biennium is \$1.736 billion each year.

FUNDING SOURCE

The budget is funded from approximately 41% Federal Funds, 35% Special Revenue (includes 70% of 21.5 cents per gallon, title transfer, & MV license, all of 1 cent additional per gallon & overweight/trip permits), 14% Trust Funds (Hwy Retirement Sys), with the remaining as fund balances (6%), Non-Revenue receipts (Cities, Counties, interest, job credits), other (scrap sales, insurance proceeds, etc.), and some General Revenue (\$2.9 million).

II) SIGNIFICANT CHANGES

* Road & Bridge Repair Appropriation - Requests "Road & Bridge Repair, Maintenance, and Grants to Political Subdivisions" appropriation at the currently authorized level, an increase of approximately \$1 million each year over the current budgeted.

* Highway Employees' Retirement System- Increase for Program Expenses over budgeted of \$50 million for each year to pay possible Deferred Retirement Option Plan (DROP) pay-outs.

III) ADDITIONAL POSITIONS

Total positions for 2011-13 Biennium: 4,834

Total budgeted positions for FY 2011: 4,849

Increase/(Decrease): (15)

IV) SPECIAL LANGUAGE

* <Not Special Language> Appears in the Regular Salaries section of the bill: Authorizes the Highway Department pay plan and allows the last payroll in the fiscal year to be paid from the next year's appropriation

* Overtime - Authorizes payment of overtime for certain employees from transfers of Overtime appropriation to the Regular Salaries line item.

* Transfers Authorized: Authorizes transfer of savings in

Salaries, Match, Overtime, or General Operations appropriation line items to maintenance & general operations within the same fiscal year with Leg. Council or Joint Budget review.

* Personal Services Matching Transfer: Allows for the transfer of maintenance and general operations appropriation to personal services matching appropriation in the event the personal services matching appropriation is insufficient, with Leg. Council or Joint Budget review.

* Liability Insurance Premium Reimbursement: Authorizes reimbursement to Highway Department employees for personal liability insurance premiums paid by them on State owned vehicles of the Highway Department, up to \$50 per year per employee.

* Reporting Requirements: Authorizes the Highway Department to take appropriate action to reduce costs and furnish at least quarterly to the Legislative Council an expenditure status report.

* Use of Funds: Requires the general revenue provided for road & bridge repair be used for damage caused by heavy equipment used for natural gas or other drilling operations, not for regular maintenance, by granting of funds to counties/cities without regard to equity.

* Modified Arkansas Code 19-5-302(9)(C): ~~Requires maximum funding provided by law.~~ Agency requests deletion due to codification.

* Maximum Funding Allocation: Limits the general revenue funding for the road & bridge repair appropriation to the 5% collected in the previous fiscal year, less \$650,000. Agency suggests codification.

* Carryforward - Miscellaneous Agencies Fund - Allows the fund balance for the road & bridge repair appropriation to be carried forward to the next year to be used for the same purpose; ~~requires agency justification, reporting by DFA Budget, and agency status report prior to budget hearings with DFA inclusion in budget manuals.~~ Agency requests deletion of reporting language.