

**STATE HIGHWAY & TRANSPORTATION DEPT. (0090) - 2009-11 BIENNIUM**

**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 \$378.9 million is outstanding).

**TOTAL BIENNIAL BUDGET**

The Department's total requested appropriation for the biennium is \$1.728 billion the first year & \$1.634 billion the second year.

**FUNDING SOURCE**

The budget is funded from approximately 41% Federal Funds, 37% Special Revenue (includes 70% of 21.5 cents per gallon, title transfer, & MV license, all of 1 cent additional per gallon & overweight/trip permits), 8% Trust Funds (Hwy Retirement Sys), with the remaining as fund balances (7%), Non-Revenue receipts (Cities, Counties, interest, job credits), other (scrap sales, insurance proceeds, etc.), and some General Revenue (\$354,000).

**II) SIGNIFICANT CHANGES**

\* Operations Appro.- Increase over budgeted in Salary and Matching of approx. \$6 million in year 1 and \$12 million in year 2, which includes an approx. 2.7% and 2.3% COLA each year, respectively. A decrease of \$5 million each year in Operating Expense appropriation and an increase of \$5 million each year in Debt Service appropriation compared to budgeted.

\* State Aid Roads Appro. - Increase in Operations Expense appropriation of \$4 million each year over budgeted.

\* Highway Employees' Retirement Sys.- Increase for Program Expenses over budgeted of \$100 million for the first year only in order to potentially pay out deferred retirement.

**III) ADDITIONAL POSITIONS**

Total positions for 2009-11 Biennium: 4,849

Total budgeted positions for FY 2009: 4,864

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 a fiscal year to be paid from the succeeding 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.