

**STATE HIGHWAY & TRANSPORTATION DEPARTMENT (0090)**  
**FISCAL YEAR 2018**  
**As Enacted by Acts 523 and 773 of 2017**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

Provide a safe, efficient, aesthetically pleasing, and environmentally sound intermodal transportation system for the user.

The Arkansas State Highway Commission became constitutionally independent with the Mack-Blackwell Amendment (No.42) in 1952 and 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. The five commissioners are appointed by the Governor, with advice and consent of the Senate, for ten year terms.

Act 511 of 2007 authorized, and approved by voters in 2011, the issuance of bonds, together with previous authorized issuances (Act 1027 of '99) not to exceed \$575 million, to be repaid with federal GARVEE (Grant Anticipation Revenue Vehicles) funds and a 4 cents per gallon increase in the diesel fuel tax authorized by Act 1028 of 1999; the bonds are backed by the faith and credit of the State.

Constitutional Amendment 91 (HJR1001 of 2011), approved by voters in 2012, amended a temporary (no more than 10 yrs.) one-half cent sales tax (effective 7-1-13) into the Constitution to fund Four-Lane Highway Construction and Improvement Bonds with total principal not to exceed \$1.3 Billion and permanently dedicated one cent of existing fuel tax to municipal street aid.

**TOTAL APPROPRIATION**

The total appropriation for FY2018 is \$2,647,679,000.

**FUNDING SOURCE**

The appropriation is funded from special revenue (includes 21.5 ¢/gallon Motor Fuel Tax & 22.5 ¢/gallon distillate special fuel tax, half-percent sales/use tax [Amd.91], title transfer, & MV license, Natural Gas Severance Tax [including Road & Bridge Repair], Commercial Truck Safety Fee & overweight/trip permits), federal funds, trust funds (contributions to Highway Retirement System), non-revenue receipts (payments for services to cities and counties, interest, job credits), other receipts (scrap sales, insurance proceeds, etc.), and general revenue.

**II) CHANGE LEVEL REQUESTS**

**State Operations (Appropriation 182)**

This appropriation is used for state operations of the agency

and is funded from special revenues (fuel taxes, vehicle registration, NG severance tax, trip permits), federal funds, and bond proceeds. The total appropriation is \$1,613,300,000 in FY2018, a decrease of \$121,310,000 from FY2017 Budgeted. Change levels include the following changes:

**Regular Salaries** increases \$3,000,000 in FY2018 for possible COLA increases.

**Personal Services Matching** increases \$2,000,000 for possible increases in wages and overtime.

**Overtime** increases \$1,000,000 for projects that have overruns.

**Operating Expenses** increases \$29,500,000 for increased business costs.

**Conference Fees & Travel** increases \$50,000 for continuing education and increased conference fees.

**Professional Fees** increases \$15,000,000 for project based contracts with engineers.

**Capital Outlay** decreases \$171,860,000 due to shifting activity to the Four-lane Highway Construction appropriation section.

**Arkansas Public Transit Trust Fund (Appropriation 142)**

This appropriation is funded by a rental vehicle tax of 5% on rentals of 30 days or less. The total appropriation is \$5,000,000, an increase of \$400,000 from FY2017 Budgeted, due to increased revenue allowing for more spending on local public transportation programs.

**State aid Streets (Appropriation F53)**

This appropriation is funded by Motorfuel and Distillate Special Fuel taxes of 1 ¢/gallon and is used for payments to municipalities for construction, reconstruction, and improvement of the state aid street system. The total appropriation is \$34,000,000, an increase of \$4,000,000 from FY2017 Budgeted, to achieve parity with the State Aid Road appropriation, which has an identical funding mechanism and spends similar amounts.

**Four-lane Highway Construction and Improvement Bond Account (Appropriation F54)**

This appropriation is used for transfers to trustees for bond debt, redemption, investment, and highway construction and improvements as allowed by Constitutional Amendment 91, adopted Nov.2012, effective July 1, 2013 and is funded from 70% of the temporary, ten-year, half-percent sales tax levied by the amendment (other 30% to County and Municipal Aid funds, equally). Total appropriation is \$650,000,000, an increase of \$100,000,000 from FY2017 Budgeted. Tax collections from Amendment 91 have resulted in a fund balance that can support more activity and allows shift in capital outlay expenses from

the Operations appropriation, as noted above.

**Commercial Truck Safety and Education Program (M65)**

This appropriation is funded by the first \$2 million of a registration fee of \$1,350 (plus 15%) on Class 7 Trucks or International Registration Plan Vehicles between 73,281 lbs and 80,000 lbs. The total appropriation is \$5,000,000, an increase of \$2,000,000 from FY2017 Budgeted, due to a revamping of education program after consulting with industry.

**Arkansas State Highway Employees' Retirement System (Appropriation 49)**

This appropriation is funded by members' contributions of 6% of salary, employers' contributions of 12.9% of salary, and investment earnings. The total appropriation is \$300,000,000, an increase of \$50,000,000 from FY2017 Budgeted, to meet the liability of possible payments to those on DROP program and to meet refund payments.

**Intermodal Facilities Grants**

This appropriation is funded by interest generated on agency fund accounts and will provide funding to intermodal facilities as determined by Act 705 of 2017. The total appropriation is \$525,000 and is a new appropriation section created by Act 773 of 2017.

**Transportation Related Research Grants**

This appropriation is funded by interest generated on agency fund accounts and will provide funding for transportation related research at publicly funded institutions as determined by Act 705 of 2017. The total appropriation is \$500,000 and is a new appropriation section created by Act 773 of 2017.

**III) ADDITIONAL POSITIONS (Total Budgeted Positions FY2017: 4,815)**

Total Authorized Positions FY2018: 4,712

Total Authorized Positions FY2017: 4,815

Increase/(Decrease)from FY2017 Authorized: (103)

The department has a net reduction of 103 total authorized positions and a reduction of unique job titles from 471 to 348. Titles having similar duties and responsibilities were consolidated and many promotional positions were deleted. The changes are necessary to implement performance-based pay beginning in FY2018. (Many of the deleted positions were previously added due to the absence of a mechanism to raise an employee's salary in exchange for good performance).

**IV) SPECIAL LANGUAGE**

**Overtime:** Authorizes payment of overtime for eligible 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 line items with Leg. Council or Joint Budget review.

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

**\*LANGUAGE TO BE DELETED\* Liability Insurance Premium**

**Reimbursement:** Authorizes reimbursement from Maintenance & Operation Expense appropriation 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.

**\*LANGUAGE TO BE DELETED\* Dyess Colony/Johnny Cash Home Signage:** Requires the installation and maintenance of directional signage, on Interstate 55, to the projects by January 1, 2016.

**\*LANGUAGE TO BE DELETED\* Use of Funds:** Requires the special 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.

Revised: April 2017